

Classification: Internal (I)



UPL CORPORATE SOCIAL RESPONSIBILITY POLICY

Policy fact sheet

Policy owner:	Rishi Pathania
Policy approver:	CSR Board
Version:	Version 3
Date:	1 February 2023
Scope:	The “CSR Policy” is applicable to “UPL and its Group Companies” (hereafter referred to as UPL Group) for operations in the Indian Subcontinent as per Section 135 of the Companies Act.
Confidential:	For Public Access

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UPL Group has always been proud of the fact that community outreach programs at UPL began even before company started manufacturing. CSR initiatives at UPL have been driven by the need of the community first.

UPL Group believes in contributing to harmonious and sustainable development of society and that a company's performance must be measured not only by its bottom line but also with respect to the social contributions made by the company while achieving its financial goals. UPL in India is committed to undertake CSR activities in accordance with the provisions of Section 135 of the Companies Act, 2013 read with CSR Rules.

1. Objective of the policy

The objective of this document is to articulate UPL's CSR Policy and outline the relevant activities for adhering to the same.

2. Scope of the policy

This policy shall apply to all CSR initiatives and activities undertaken at the various UPL locations. Our work is aimed at implementing projects directly as well as partnering with the government and not for profit organizations towards national building to support the growth trajectory of the country through various social interventions as well as meeting the Sustainable Development Goals with our approach and philosophy.

3. CSR Vision, Mission, and Values (VMV)

The core ethos of UPL's CSR approach enumerated towards its societal goals are listed below:

3.1 CSR Vision - to be a catalyst for a more equitable and inclusive society by supporting long term sustainable transformation and social integration.

3.2 CSR Mission - we will achieve our vision by

- implementing need-based projects through participatory approach
- developing partnership.
- transferring knowledge

3.3 CSR Values - the values that will govern to achieve our vision are:

- care
- excellence and
- sustainability

4. Focus Areas in CSR

Two core UPL values "**Always Human**" & "**Open Hearts**" are guiding force of our CSR initiatives. Hence our interventions are not restricted to the development of our neighbouring communities only as we work on initiatives that cater to the wider national interest. Before undertaking any program, a sound

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assessment of the scope, need, projected benefits are carried out. Our commitment and interventions cater all the segment of the society and have been classified in four focus areas, they are:

4.1 Institutions of excellence

UPL and UPL promoted non-profit organizations have built institutions of excellence to raise responsible and skilled Human capital through academic excellence, holistic growth and vocational & life skills.

4.2 Sustainable Livelihood

An integrated approach that engrosses and covers all the major three marginally oppressed section of the society enumerated as Women, Dropout youths and Marginal farmer. We will focus to Improve Quality of Life of these section through:

- Agriculture Development
- Women Empowerment & Entrepreneurship
- Skill Development

4.3 Nature Conservation

Focus on protecting & conserving the nature and environment.

4.4 Local and National Need

A holistic approach towards community development through:

- a. Gram Pragati – meeting specific local area needs around our Factory locations.
- b. United Bharat – meeting national needs, also including Relief or Rebuild support arising from natural calamities.

5. Definition of Normal Course of Business for UPL Limited

UPL is a provider of an integrated portfolio of agriculture solutions, including seeds, conventional crop protection products, BioSolutions, post-harvest products and physical and digital services throughout the food value chain. This enables us to create and enhance sustainable food systems and makes us a leader in the Agri-solutions space. We are focused on helping farmers maximize their yields, optimize costs and enhance their resilience against climate risks. Our diverse product portfolio includes seeds, patented and post-patent agricultural solutions, including conventional crop protection, BioSolutions and seed treatment, for various row and specialty crops, post- harvest products and agronomic services for the farmers. Through our holistic solutions portfolio, we add value throughout the lifecycle of a diverse crop base worldwide.

6. CSR activities as per Schedule VII of the Companies Act, 2013.

The company will align all its CSR activities as per the categories listed under Schedule VII of the Companies Act, 2013 (as amended from time to time). Schedule VII is enclosed as Annexure 1 on page 11 of this policy.

7. Activities that do not qualify as CSR.

The company chooses to not consider the following activities as its CSR initiatives:

7.1 CSR activities must not include the activities undertaken in pursuance of normal course of business of the Company.

7.2 Projects, programmes, activities, or monies spent exclusively that benefit the employees of the Company and their families [as defined in clause (k) of section 2 of the Code on Wages, 2019) and their families].

7.3 Activities, if any, undertaken outside India, except for training of Indian sports personnel representing any state or union territory at the national or international level.

7.4 Activities, if any, supported on “sponsorship basis” for deriving marketing benefits for its products or services. One-off events such as marathons/awards/ charitable contribution/ advertisements/ sponsorship of TV Programmes etc.

7.5 Contributions made, if any, to any political party under section 182 of the Companies Act, 2013; and

7.6 Activities conducted for fulfilment of any other statutory obligations under any law in force in India.

8. Target Group and Geographic

In its efforts to meet the CSR mission, the company has defined the target groups and geographic boundary for its CSR activities as under:

8.1 Target Group:

- People at the bottom of the socio-economic pyramid/ underserved communities, small holder, marginal farmers, girls, women, youth, senior citizen; and
- Communities affected by calamities

8.2 Geographic Boundary:

The company follows a need-based approach with focused CSR projects around its manufacturing units. However, this does not restrict the company to undertake impactful projects in other areas defined in the geographic boundary of the country. All CSR activities are to be undertaken within the geographic boundary of the country.

9. Implementation of CSR Projects

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In accordance with sub-section (1) of section 135 of the Companies Act 2013, UPL has set up a CSR committee to advise on the company's CSR policy and monitor the CSR activities of UPL Limited. All projects are identified as per the needs of the community. The day-to-day implementation and execution of the CSR activities/projects shall be carried out by CSR team headed by Head - CSR.

UPL shall undertake the CSR activities: -

- Directly,
- Through UPL promoted NGO's, non-profit organizations, and
- Through various implementing agencies such as, NGO's, non-profit organizations, etc.

Rule 4 of the Companies (CSR Policy) Rules, 2014 provides the eligible entities which can act as an implementing agency for undertaking CSR activities are:

9.1 Entity established by the company itself or along with any other company – a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961;

9.2 Entity established by the Central Government or State Government – a company established under section 8 of the Act, or a registered trust or a registered society;

9.3 Statutory bodies – any entity established under an Act of Parliament or a State legislature; and

9.4 Other bodies – a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

10. Duties and Responsibilities of CSR Committee

Enumerated below are the duties and responsibilities of the CSR Committee envisioned by UPL for a

10.1 Prepare the annual report of the CSR activities undertaken for UPL and submit such report to the Board for approval appraised by the Head CSR;

10.2 The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act; the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and any amendments thereof;

10.3 Recommend to the Board the modalities of utilization of funds and implementation schedules for the projects or programmes;

10.4 To review the monitoring and reporting mechanism for the projects or programmes;

10.5 To review the details of need and impact assessment, if any, for the projects undertaken by UPL; and

10.6 The Board may alter such plan any time during the financial year, as per recommendation of the CSR Committee

11. Responsibilities of the Board

Enumerated below are the duties and responsibilities of the CSR Committee envisioned by UPL for smooth functioning:

11.1 Approve the CSR Policy and the CSR Expenditure after taking into consideration the recommendations made by the CSR Committee;

11.2 Ensure the CSR spending every financial year of at least 2% of average net profits made during the three immediately preceding financial years, in pursuance with the Policy;

11.3 Ensure that CSR activities included in the CSR Policy are undertaken by UPL and that such activities are related to the activities specified in Schedule VII of the Companies Act;

11.4. Ensure disclosure on the UPL Directors' Report and website detailed as required under CSR Rules, stated as under:

- a) Contents of the CSR Policy
- b) Composition of the CSR committee
- c) An annual report on CSR as per the format prescribed in Companies Act 2013, as amended from time to time
- d) All Board approved CSR projects
- e) Reasons for failure (if any) to spend required amount on CSR activities
- f) To ensure that the funds are utilized for approved purpose and shall be certified by Chief Financial Officer (CFO) of UPL Limited

11.5 To monitor Ongoing CSR projects and modify the same on reasonable justification from the CSR Committee to approve annual action plan;

11.6 To monitor admin expenses and restrict the same to 5% of the CSR spend; and

11.7 In case of excess spend in any given year, pass resolution to allocate the same to succeeding financial years, limiting to three financial years.

12. Classification of projects

As per Section 135 and the CSR Rules, the Company implements two kinds of projects i.e., Ongoing Projects & Onetime Projects, defined as:

12.1 Ongoing Projects: those projects approved by the Board as multi- year projects with a timeline not exceeding 3 years excluding the year of commencement (also those projects that were originally single year projects however, based on reasonable justification to the Board the duration of such projects has been extended beyond one year).

12.2 One-time Projects: those projects approved by the Board for execution and closure in the same FY as the year in which it is approved and NOT classified as multi-year or ongoing projects.

This classification of projects shall determine various treatments to be met out to projects.

13. CSR Resource Contribution

CSR Expenditure shall mean all expenditure incurred in respect of specific projects / programs relating to the approved CSR activities considering the following modalities:

13.1 In every financial year, UPL shall contribute a minimum of 2% of its average Net Profits made during the three (3) immediately preceding financial years;

13.2 CSR Expenditure shall not include expenditure on an item not in conformity or not in line with activities which fall within the purview of the CSR activities listed in Schedule VII; and

13.3 CSR Expenditure shall not include Projects or programs, or activities undertaken outside India.

14. Administrative Overheads

Administrative overheads are classified as employee cost, utility, office supply, legal expenses & expenses incurred by the company for general management of CSR function. The company has defined the maximum permissible limits for administrative overheads as “5% of Total CSR Expenditure of the company in the given financial year”, in line with the CSR Rules.

15. Treatment of amounts in CSR (Surplus, excess amount spent, unspent amount)

Following treatment shall be met to the monies from CSR projects in line with the regulations set out by the Companies Law and decided by the company towards:

15.1 Surplus amount: Surplus refers to income generated from the funds spent on CSR activities, e.g., interest income earned by the implementing agency on funds provided under CSR, revenue received from the CSR projects, disposal/sale of materials used in CSR projects, and other similar income sources. The company decides to redirect any surplus arising out of CSR towards its CSR activities only and will not use the same for any other business purposes. Treatment of surplus will be as per Rule 7 of CSR Rules.

15.2 Excess amount spent: The company may choose to utilize any excess amount spent in CSR of a particular financial year by setting off the amount against the requirement to spend under section 135, in succeeding 3 financial years.

15.3 Unspent amounts: There are two ways of utilizing the unspent amount based on the nomenclature of the project: -

a. Ongoing projects:

a.1 The company will transfer the balance unspent amount within a period of 30 days from the end of the financial year to a special account to be opened by the company in any scheduled bank named as “Unspent Corporate Social Responsibility Account” and such amount would be spent within a period of 3 financial years from the date of such transfer.

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a.2 In case the unspent funds allocated to the unspent account do not get spent within a period of 3 years, the balance funds would be transferred to a Fund specified in schedule VII of the Act within a period of thirty days from the date of completion of the third financial year

b. One-time projects:

b.1 In case of any unspent amounts, the CSR Committee/Board shall decide the way forward of utilization of the balance aligned with the provisions of the Companies Act, 2013. However, if there is any unutilized balance at the end of the Financial Year it needs to be transferred to a schedule fund within 6 months from the end of financial year.

16. Treatment of Capital Assets

CSR amount may be spent by the Company for creation or acquisition of a Capital Asset, which shall however, be held by either:

16.1 Company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR registration number.

16.2 Beneficiaries of the CSR Project, in the form of self-help groups, collectives, entities; or

16.3 A public authority

17. CSR Reporting

The Board in its Annual Report shall include the details of the CSR activities undertaken in the Financial Year. The particulars to be stated in the report shall be in accordance with the provisions of Section 135 of the Companies Act, 2013 read with CSR rules. UPL shall display on its website the contents of its CSR Policy and other information as may be required to be displayed. UPL shall mandatorily disclose the followings on its website:

17.1 Composition of CSR Committee

17.2 CSR Policy

17.3 Projects approved by the Board.

18. CSR Review, Audit, and Impact Assessment

The CSR Committee shall be apprised on the implementation of the CSR activities and the progress shall be monitored on a quarterly basis.

18.1 Review and Audit: UPL shall through its internal controls, monitoring and evaluation systems implement, assess, document, and report the impact of its CSR activities/projects. Records relating to the CSR activities and the CSR expenditure shall be meticulously maintained. The records shall be submitted for reporting and audit. The financial audits of the implementing agencies shall also be done through periodic audits. In this regard, UPL may appoint independent external consultants for carrying out such audits.

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18.2: Impact Assessment: Company having average CSR obligation of Rs 10 Crore or more in the immediately preceding three financial years shall have to undertake Impact Assessment in pursuance of Rule 8 of Section 135 (5) of the Act.

The Company shall consider the following aspects to undertake the same:

- Impact assessment is to be undertaken by an independent agency.
- Impact assessment shall be done in respect of CSR projects having outlays of Rs. 1 crore or more, and which have been completed minimum one year of execution on ground before being considered for impact study.
- The impact assessment reports shall be placed before the Board and shall be annexed to the CSR section in the Directors Report and shall also form part of public disclosures where applicable; and
- Impact assessment expenditure for a financial year shall not exceed 2% percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

19. Amendments

Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, the CSR Rules made thereunder or in any amendment thereto. This CSR Policy shall also be subject to such clarifications and FAQs as may be issued by Ministry of Corporate Affairs from time to time.

The Board reserve the right to amend or modify this Policy in whole or part, in accordance with any regulatory amendment or notification or otherwise, at any time without assigning any reason whatsoever. Any such amended Policy will be updated on the website of the Company. The Board hereby authorize the Company Secretary to amend the Policy for any statutory amendment / modification.

(This policy was revised effective 01st February 2023)

Signature of Global Head



Rishi Pathania
Head CSR

Date: - 20/11/2023

Place: - Mumbai

Revision: - 3

Signature of Chief



Vikram Shroff
Chairman CSR Committee

Annexure 1: Schedule VII of the Companies Act, 2013

UPL aligns all its CSR activities to Schedule VII of the Companies Act, 2013, listed below: -

- i. Eradicating hunger, poverty, and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts.
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- vii. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.
- viii. Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities, and women.
- ix. **(a)** Contribution to incubators or research and development projects in the field of science, technology, engineering, and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and **(b)** Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)
- x. Rural development projects.
- xi. Slum area development; and
- xii. Disaster management, including relief, rehabilitation, and reconstruction activities.