



CSR POLICY OF KANAN DEVAN HILLS PLANTATIONS COMPANY PRIVATE LIMITED

Introduction and Background

The Kanan Devan Hills Plantations Company (P) Ltd succeeded Tata Tea Limited on the 1st of April, 2005, when the latter exited most of its plantations in Munnar to focus on the growth of its branded tea business. Having created an exemplary plantation model, KDHP is the first ever employee-owned plantation company in India and nearly all its employees are shareholders. With 7 extensive tea gardens covering an area of 24000 Hectares, 16 tea manufacturing units with an annual production of about 25 Million Kilograms of tea and close to 12000 employees, KDHP is today the largest tea corporate in South India. Operating on a unique management model, KDHP is the first tea plantation to implement a formalized participatory management structure that fosters an employee-centric environment. The unique model involves a large number of employees from all categories to discuss all matters of importance and suggest improvements for the betterment of the organization in a healthy, innovative and democratic way.

CSR Vision

Much before Corporate Social Responsibility (CSR) found a place in the corporate lexicon, it was already ingrained into the value system of KDHP. The company carries forward a legacy in tea plantations and social responsibility that was handed over by the pioneer planters and predecessor companies such as the Kanan Devan Hills Produce Company Limited, James Finlay & Company Limited, Tata-Finlay Limited and Tata Tea Ltd.

The CSR vision of Kanan Devan Hills Plantations Company Private Ltd is to **“To become the most admired Plantation Company in India”**

Objectives of the Policy

The **objectives** of this policy are to –

- Preserve the ecology & biodiversity of the Western Ghats and conserve the wildlife in the High Ranges.
- Demonstrate commitment to the society where it operates mainly, the people in the High Ranges and the adjoining areas, and the society as a whole, such as eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water, promoting education, including special education and employment enhancing vocation skills especially among the differently abled, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens etc.
- Engage in Rural Developments Projects
- Demonstrate commitment to the common good through responsible business practices and good governance
- Set high standards of quality in the manufacturing of the products by creating robust processes and replicable models.



- Engender a sense of empathy and equity among employees of KDHP to motivate them to give back to the society.

Corporate Social Responsibility

KDHP has always strived to make a positive contribution in the tea & tribal community that it operates in by engaging and supporting a wide range of environmental, socio-economic, educational, sports and health initiatives. Responsibility towards the society is one of the key objectives of the company, a fact that is evident from its Mission Statement.

Since its inception, the Company has been at the fore front of preservation of the rich biodiversity of the Mankulam, Devikulam and Anaviratty villages where it operates from.

Tribal Welfare is another area where the Company has relentlessly continued to pursue the purely voluntary activities begun by its predecessors. The Company extends medical assistance to the ‘Muthuvan’ tribe in its estate hospitals and dispensaries and organises medical camps across the various hamlets located along the periphery of the Company’s estates.

The Company has also constantly supported and encouraged communities that are indigenous to the land through its Social Outreach Programmes. Further to this, free medical camps are also arranged for the small-scale tea growers in the Idukki District, where the office of the Company is located.

All these activities have been performed by KDHP since inception in 2005, i.e, long before the CSR activities became mandatory by statute.

Development of CSR Policy

The CSR Policy of the Company depicts the activities performed by the Company since its inception without an intention to generate profit out of it and all the activities the Company intends to implement as part of its social commitment. The Policy has been framed based on the Section 135 of the Companies Act, 2013, Schedule VII of the said Act and the rules notified there under as amended from time to time. The Policy will be viewed by the CSR Committee and the Board on the basis of the experience gained during the implementation of the CSR activities.

CSR Budget

The CSR Committee will recommend the project-wise annual budgeted expenditure to the Board of Directors for its consideration and approval. The Company intends to spend not less than 2% of the average net profit calculated as per the Companies Act, 2013, in the CSR activities.

Where the company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that – (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule. (ii) the Board of the company shall pass a resolution to that effect.



Operationalization of the Policy

The Company intends to appoint specialists' agencies / institutions which were established for performing such activities and have a track record of more than 3 years to implement the CSR Policies.

Due Diligence of the Implementation Agency

The Implementation agencies will be selected after conducting a due diligence on their track records and field visits performed by the executives of the Company to the concerned premises of the agencies.

Project Conceptualization and Development

The conceptualization and Development of the CSR projects / programs will be made in close interaction by the Company with the Implementing agencies concerned after considering the local area requirement and the Schedule VII of the Companies Act, 2013 as amended from time to time.

Approval of the CS Projects / Programs

The implementing agencies and the heads of the various departments will be required to submit their CSR budgets and list of programmes, projects, and activities to the CSR Committee, for its approval.

The CSR Committee and the Management that monitors the CSR functions of the Company will analyze each and every project submitted by these agencies after considering various norms such as the beneficiaries, number of beneficiaries likely, impact on the lives of the beneficiaries and cost of the project etc. After approval of the projects / programs, by the Board, the Company will enter into a Memorandum of Understanding (MOU) with the Implementing Agencies concerned for implementation of the approved projects.

The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by - (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or (c) a public authority:

Implementation

The projects / programmes will be submitted to the Board of Directors on the recommendation of the CSR Committee. After approval of the Projects by the Board, the allocated funds for CSR will be transferred to a separate Bank account of KDHP and all the CSR spend will be paid out of this bank account only to evidence accountability. The concerned agencies will submit the implementation schedule of the Projects to the Managing Director along with the request for release of the money. The amount of money will be released on a monthly basis, or on the receipt of the request etc, depending on the nature of the activity undertaken.

The Company will ensure that every project / program has a clearly defined objectives (developed out of existing societal needs determined through baselines / studies / research), targets and timelines. A robust progress monitoring system for monitoring the implementation of projects / programs will be put in place,



which monitors the project / program during the course of implementation and corrective action will be taken if needed.

Board

The Board of Directors of KDHP will be responsible for:

- Approving the CSR policy as formulated by the CSR Committee
- Ensuring that the Company spends at least 2% of the average net profit before taxation in each financial year, excluding profits arising from overseas branches made during the three immediate preceding financial years.
- Ensuring that the funds committed by the Company for CSR activities during every financial year are utilized effectively and that implementation is monitored regularly.
- Disclosing in its Annual Report the names of CSR Committee members and the content of the CSR Policy, and to ensure annual reporting of its CSR activities on the Company's website.
- Ensuring the annual reporting of the CSR policy to the Ministry of Corporate Affairs, Government of India in the prescribed format.

As per Section 135, the reasons for under-spending of the allocated CSR budget shall be specified in the Board of Director's Report. The surplus arising out of the CSR activities, if any, will not be considered as a part of the business profits of the Company.

CSR Committee

I. Composition of the CSR committee – The CSR Committee of the Company consists of three (3) Directors. The current Directors are as follows: Mr. Chacko P Thomas, Nominee Director, Mr. K Mathew Abraham, Managing Director, KDHP, Mr. Nithin George, Director and Mr. E Iyyappan, Director.

II. The CSR committee of KDHP Co. (P) Ltd. will be responsible for:

- Formulating the CSR policy in compliance to Section 135 of the Companies Act 2013.
- Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy
- Identifying activities to be undertaken as per Schedule VII of the Companies Act 2013.
- Recommending the CSR expenditure to be incurred to the Board of Directors.
- Recommending modifications to the CSR policy to Board of Directors, as and when required.
- Regularly monitoring the implementation of the CSR policy.

Monitoring and Reporting Framework

KDHP's CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the activities. The Committee shall in turn recommend this to the Company's Board of Directors for its final approval. A comprehensive Monitoring and Reporting Framework shall be put in place in compliance with the Act, to ensure funds spent on the CSR programmes are creating the desired impact at the ground level, The Monitoring and Reporting Framework is divided into three distinct areas:



- Programme Monitoring:
- Evaluation:
- Reporting and Documentation:

Programme Monitoring

I. The Programme Monitoring mechanism will ensure:

- The CSR policy is implemented as per the Act and the Rules.
- The CSR policy is implemented ensuring that all projects / programmes are duly carried out as budgeted.

II. CSR spends will be closely monitored and funds shall be released against verified utilizations as per the approved work plans. This may include monthly field visits, comprehensive documentation, and regular interaction with beneficiary communities.

III. CSR spends will be audited in an accountable and transparent manner.

IV. Half yearly or yearly reporting and review shall be undertaken by the CSR committee based on the project undertaken and its outlay.

Evaluation

I. A robust MIS monitoring mechanism and evaluation plan shall be put in place.

II. Expected outcomes, outputs and inputs shall be clearly defined for each programme, as per stated timelines.

III. There shall be clarity about the scope and need of the programme before evaluations are undertaken.

IV. Third parties shall be engaged to ensure objective assessment across baseline and end line parameters, if required.

V. The Management may decide whether it will be internal, external or third-party evaluation based on the outlay as per the Companies Act 2013 and the Rules framed thereunder as amended from time to time.

Surplus generated out of the CSR activities:

The surplus generated out of the CSR projects, programmes or activities shall not form part of the business profit of the Company.

Volunteering

Volunteering is one of the core human resource strengths at KDHP. As part of the initiatives of the sister concerns of the Company viz, Tata Volunteering Week (TVW), Tata Engage, Tata ProEngage, Tata

**Kanan Devan Hills Plantations Company Private Limited**

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Strive etc., KDHP encourages its Management Staff and other employees to volunteer time in CSR activities envisaged by the Company, and through various organisations like HRW&EPA, Help the Needy Fund etc.

List of Activities pursued / to be pursued by the Company year after year with time schedule.

Target / Goal	KPIs	Geography	Beneficiary	Partners	Timeline	Schedule
Promoting education, including special education and employment enhancing vocation skills especially among the differently abled	No. of differently abled children receives the benefit	Anywhere in Kerala with preference to the localities in which the Company operates	Differently abled children	Registered Trusts, Societies and Other Institutions having a track record of more than 3 years after the due diligence	2020/ 2021/ 2022/ 2023	(i), (ii) & (iii)
Improving living conditions of old orphaned and mentally ill inmates	No. of patients receiving the benefits	Anywhere in Kerala with preference to the localities in which the Company operates	Orphans and Mentally ill patients	Registered Trusts, Societies and Other Institutions having a track record of more than 3 years after the due diligence	2020/ 2021/ 2022/ 2023	(iii)
Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;	No. of trees planted, hectares of shola forest preserved, No. of animals and birds saved from poaching and from endanger of extinction.	Anywhere in Kerala with preference to the localities in which the Company operates	Tea & Tribal Community in the high ranges and the Society as a whole	Registered Trusts, Societies and Other Institutions having a track record of more than 3 years after the due diligence	2020/ 2021/ 2022/ 2023	(iv)
Eradicating hunger, poverty and malnutrition, promoting preventive health	No. of people receiving the benefits	Anywhere in Kerala with preference to the localities in which the	No. of financially backward people receiving the	Registered Trusts, Societies and Other Institutions having a track	2020/ 2021/ 2022/ 2023	(i)



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care and sanitation and making available safe drinking water:		Company operates	benefits.	record of more than 3 years after the due diligence		
Rural development projects	No. of people receiving the benefits	Anywhere in Kerala with preference to the localities in which the Company operates	No. of people living in the rural areas receiving the benefits.	Directly by the Engineering Department of the Company and through Registered Trusts, Societies and Other Institutions having a track record of more than 3 years after the due diligence	2020/ 2021/ 2022/ 2023	(x)
Promotion of Health Care including preventive health care, sanitation & disaster management in connection with Covid 19 Pandemic	No. of people receiving the benefits	Anywhere in Kerala with preference to the localities in which the Company operates	No. of people living in the rural areas receiving the benefits.	Directly by the Engineering Department of the Company and through Registered Trusts, Societies and Other Institutions having a track record of more than 3 years after the due diligence	2021/ 2022/ 2023	((i) to (xii))