

HOTAHOTI WOOD PRODUCTS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

Introduction:

The following policy has been formulated by the Corporate Social Responsibility Committee (CSR Committee) and adopted by the Board of Directors.

This policy shall be read in line with the provisions of section 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications as may be applicable and as amended from time to time.

As a corporate entity, the company shall commit itself towards social and environmental development and sustainability including addressing stakeholders' expectation and enhancing shareholder's value. The company shall endeavour that all developmental activities/initiatives undertaken in the field of education, healthcare, sanitation, employment, generation infrastructure development, caring of older section of societies shall bring social and economic development.

In order to provide impetus to social interventions and make the entire process and activities more efficient, it is imperative to outline the Corporate Social Initiatives of the Company into a formal document.

Effective Date:

This policy shall be effective from the financial year beginning 14th April, 2014.

Definitions:

- "Act" means the Companies Act, 2013
- Board means Board of Directors of the Company.
- Directors mean Directors of the Company.
- Committee means Corporate Social Responsibility Committee of the Company as constituted or reconstituted by the Board.
- Company means Hotahoti Wood Products Limited

Constitution of the Corporate Social Responsibility Committee (CSR Committee):

The Corporate Social Responsibility Committee has been constituted at the Meeting of the Board of Directors held on 5th October, 2015 in accordance with the provisions of section 135 of the Companies Act, 2013.

The duties, functions and scope of the Committee:

- a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Act read alongwith the rules made thereunder ;
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) monitor the Corporate Social Responsibility Policy of the company from time to time.

Objectives:

Activities for social and inclusive development

The Company shall undertake activities for economic and social development of communities and geographical areas, mainly in the vicinity of the areas where the facilities of the Company are located. Such activities may include:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects, monetary contributions to academic institutions with the object of assisting students in their studies.
- Promoting gender equality, 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 and measures for reducing inequalities faced by socially and economically backward groups;
- 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;

- 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 arts and handicrafts;
- Measures for the benefit of armed forces, war widows and their dependents;
- Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Rural development projects.
- Such other matter as may be prescribed from time to time as CSR activity.

The CSR Committee shall be authorized to consider CSR activities within the CSR rules framed by the Ministry of Corporate Affairs not falling in the above list. All activities under the CSR activities should be environment friendly and should be in the interest of the of the society and mostly to the local population where the company's activities are undertaken.

Collaboration:

The Company can form Collaborative partnerships with the Government, the District Authorities, local authorities, NGOs and other like-minded stakeholders after taking prior approval of the CSR Committee.

Information dissemination:

The Company's CSR activities shall be disseminated on its website and in the Annual Report of the Company.

Corporate Social Responsibility Committee:

The Committee shall be fully responsible for the monitoring and review of the implementation of this policy as per guidelines laid down from time to time. The Corporate Social Responsibility Committee shall provide recommendations as and when it deems necessary

to the Board so as to amend/ modify/ revise the CSR policy to be consistent with the needs of the Company and applicable statutory requirement.

Source of Fund

For achieving its CSR objectives through implementation of meaningful and sustainable CSR program, the Company shall endeavor to allocate the following as its annual CSR corpus.

- i. 2% of average net profits made during the three immediately preceeding financial years, as prescribed under the Companies Act 2013, and the Rules
- ii. Any income arising therefrom and
- iii. Surplus arising out of CSR activities

It is clarified that surplus arising out of CSR projects/ programs shall not form part of business profits of the Company.

Mode of implementation :

CSR programs, projects or activities, will be implemented through one or more of the following methods:

- i. Directly by the Company;
- ii. Any other registered Trust, Society or Section 8/ Section 25 Company (i.e. Company registered under Section 8/25 of the Companies Act 2013/ Companies Act 1956) with an established track record of atleast 3 years in carrying on activities in related areas and duly approved by the CSR committee;
- iii. in collaboration with other organizations

Spending limits:

All the expenditure relating to CSR shall be approved by the CSR Committee. The Managing Director/CFO/CS shall jointly monitor the utilization of funds for the purposes set forth.

Review of Expenditure

The Internal Auditors of the Company shall carry out the audit with regard to the Utilization of the CSR expenditure and report to the CSR Committee every 6 months. The expenditure on CSR activities shall be reviewed by the committee every 6 months.

CSR Committee shall have the powers to ask the Organization/ Institution to whom CSR fund is allocated to submit an Utilization Certificate with statement of expenditure duly certified by an auditor appointed/nominated by the Committee

Upkeep and Maintenance of Assets Created

Maintenance of Assets created under CSR would be the Responsibility of the Company. Before any Capital investment is made, an undertaking would be taken from the representatives of local community that they would be responsible for maintenance of the Assets and the disposal of such assets shall not be made without the prior approval of the CSR Committee.

Documentation of CSR Activities

It shall be the duty of the Company to keep all documents pertaining to the activities undertaken under CSR policy and submit the annual report to the CSR Committee. The CSR activities will be reflected in the Annual Report and Accounts of the Company under (CSR).

Amendments:

The CSR committee will review the Policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.