

SUBJECT: Corporate Social Responsibility

APPLIES

TO: Lennox India Technology Centre Private Limited

APPROVED

BY: LITC Leadership Team

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Corporate Social Responsibility

BACKGROUND:

At the outset, social activities at Lennox India Technology Centre Private Limited ('Lennox') are already in existence however, the same have been largely confined for the benefit of the employees and their immediate family members in the areas of extending loan to employees, participation at festivals and best worker award etc.

It is recognized that integrating social, environmental and ethical responsibilities into the governance of businesses ensures the long term success, competitiveness and sustainability.

With the implementation of Corporate Social Responsibility ("CSR") provisions under the Companies Act, 2013, Rules and regulation made and amended thereunder, the CSR policy is formulated and recommended by the CSR Committee in compliance with Section 135 (3) (a) read together with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules") notified by the Ministry of Corporate Affairs, Government of India.

Since Lennox is committed to being a good corporate citizen, as we believe it helps us to achieve our goals and build a sustainable business for our current and future stakeholders. It is therefore, a conscious strategy to design and implement social investments / CSR programs to create shared values to the society at large.

OBJECTIVE:

The main objective of CSR policy is to make CSR a key business process for sustainable development of the society. Lennox will act as a good corporate citizen and aims at supplementing the role of Government in enhancing the welfare measures of the society within the framework of its policy.

Measures:

In the aforesaid backdrop, policy on CSR of Lennox is broadly framed taking into account the following measures:

1. The CSR activities shall be undertaken by Lennox, as stated in this Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
2. The CSR activities which are exclusively for the benefit of Lennox employees or their family members shall not be considered as CSR activity.
3. Lennox shall give preference to the local area or areas around it where it operates, for spending the amount earmarked for CSR activities.
4. The Board of Lennox may decide to undertake its CSR activities as recommended by the CSR Committee, through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company pursuant to Section 135 of the Companies Act, 2013 and rules made there-under.

The following is the list of CSR projects or programs which Lennox plans to undertake pursuant to Schedule VII of the Companies Act, 2013:

5. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
6. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
7. 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;

8. 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;
9. 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:
10. measures for the benefit of armed forces veterans, war widows and their dependents;
11. training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
12. 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;
13. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
14. Rural development projects;
15. Any other measures with the approval of Board of Directors on the recommendation of CSR Committee subject to the provisions of Section 135 of Companies Act, 2013 and rules made there-under.

Organizational Mechanism And Responsibilities:

Constitution of Corporate Social Responsibility Committee: The Board of Directors of Lennox has constituted a Corporate Social Responsibility Committee ("CSR Committee") consisting of all the directors prevailing from time to time.

The CSR Committee will–

16. Formulate and recommend to the Board, CSR policy and activities to be undertaken by the company as per Schedule VII;
17. Recommend the amount of expenditure to be incurred on the activities; and
18. Monitor the Policy of the company from time to time.

The Board of Lennox shall after taking into account the recommendations made by the CSR Committee, approve the policy for Lennox and disclose contents of such Policy in its report and also place it on the Lennox's website, if any and ensure that the CSR activities undertaken are from among the broad activities as listed in the CSR Policy of Lennox. While the onus for the successful and time bound implementation of the CSR activities/projects is on the Board of Directors and the CSR committee, however, for effective implementation any director can act as the mentor while delegating the responsibility to HR Head and CSR teams (subject to supervision of the Board of Directors and the CSR Committee).

Activities, setting measurable targets with timeframes and performance management:

Prior to the commencement of CSR activities/projects, we carry out a baseline study of the nearby area/villages of Lennox' location. The study encompasses various parameters such as – health indicators, literacy levels, sustainable livelihood processes, and population data – below the poverty line and above the poverty line, state of infrastructure, among others.

From the data generated, periodical plans are developed for the holistic and integrated development of the affected people.

All activities/projects of CSR are assessed under the agreed strategy, and are monitored periodically (depending upon the requirement), measured against targets and budgets. Wherever necessary, midcourse corrections are made.

Partnerships:

Collaborative partnerships are formed with the Government, the District Authorities, the village panchayats, NGOs and other like-minded stakeholders. This helps widen Lennox's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

Budgets:

19. A specific budget is allocated for CSR activities and spending on CSR activities shall not be less than 2% of the average net profits of Lennox made during the three immediately preceding financial years, in pursuance of this policy.

20. In case Lennox fails to spend such amount, the Board shall specify the reasons for not spending the amount.

21. Approving authority for the CSR amount to be spent would be any one Director after due recommendation of CSR Committee and approval of the Board of Directors of the Company.

22. The CSR Policy mandates that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of Lennox.
23. The CSR projects or programs or activities undertaken in India only shall amount to CSR expenditure.
24. CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR Committee, but does not include any expenditure on any item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act 2013.
25. Tax treatment of CSR spent will be in accordance with the Income Tax Act as may be notified by CBDT.

Information Dissemination:

Lennox's engagement in this domain is disseminated on its website, annual reports and its house journals as and when deem fit.

Management Commitment:

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Update:

CSR Committee of Board of Lennox will review the policy from time to time based on the changing needs and aspirations of the target beneficiaries and make suitable modifications as may be necessary.

Compliance with Companies Act, 2013:

Our Corporate Social Responsibility policy conforms to the Section 135 of the Companies Act, 2013 on Corporate Social Responsibility as spelt out by the Ministry of Corporate Affairs, Government of India.

DISCLAIMER:

This Policy is subject to change from time to time at the discretion of LITC Management without any advance notification to employees and any reason thereof. Any exception to this policy shall be approved by the Site leader, Lennox India Technology Centre, within the powers vested to him.