

Haleos Labs Limited

(Formerly known as "SMS Lifesciences India Limited")

Corporate Social Responsibility Policy

CONTEXT

Haleos Labs Limited ("Company") has always been a responsible Corporate Citizen and it has various societal obligations. It always seeks ways to make a positive Impact on the society at large. The Company has developed its CSR policy in accordance with Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility policy) Rules, 2014 as amended by Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated January 22, 2021.

The policy pertaining to Corporate Social Responsibility of the Company, henceforth called "**CSR Policy**", underlines the guiding principles and mechanisms for undertaking various CSR activities/programs by the Company.

In alignment with its vision, as a socially responsible corporate citizen, the Company will continue to enhance value creation in the society and community in which it operates, through its conduct, services and CSR initiatives it will strive to promote sustained growth in the surrounding environment.

OBJECTIVES

- ✚ To operate its business in a sustainable manner respecting the society & the environment, while recognizing the interests of all its stakeholders.
- ✚ To also take up the works for eradicating poverty, promoting education, health care and proper sanitation, providing free subsidized health care to poor and needy people by organizing various programme.
- ✚ To contribute to the activities that are beneficial to the society and community at large.
- ✚ To make effective mechanism for undertaking CSR activities.
- ✚ To engage with the Company's key stakeholders in matters related to CSR activities.
- ✚ To align the CSR activities undertaken by the Company with the applicable laws.

CSR ACTIVITIES /AREAS OF FOCUS/GUIDING PRINCIPLES FOR SELECTION

The list of CSR projects or programmes that are approved to be undertaken shall be in the areas or subjects specified in Schedule VII of the Act read with Section 135 of the Companies Act, 2013 and Rules made thereunder

The indicative list of CSR activities those may be undertaken/ implemented by the Company is provided in the **Annexure I** of this policy.

[List is not exhaustive in nature, further the CSR activities undertaken shall not be activities in pursuance of the normal course of business of the Company and the programs or activities that benefit only the employees of the Company or their families shall not be considered as CSR activities.]

The Board of Directors and/or the CSR Committee reserve the right to modify, alter or otherwise update the Annexure I from time to time, and as it deems fit. If there is any inconsistency between CSR Policy, Annexure I and/or the Indian regulations, the requirements of the Indian regulations shall prevail. In such a scenario, the Board of Directors and/or the CSR Committee shall modify, alter or update the CSR policy and/or Annexure I to ensure that it meets the requirements of such regulations.

ORGANIZATION MECHANISM

➤ Composition of the CSR Committee.

The CSR Committee shall be constituted by the Board of Directors of the Company pursuant to the provisions of Section 135 of the Companies Act, 2013, and Rules made there under as amended from time to time.

Current composition:

Sl no.	Name	Designation in Committee
1)	Mr. TVVSN Murthy [Managing Director]	Chairperson
2)	Mr. TV Praveen [Executive Director]	Member
3)	Mr. Mannam Malakondaiah [Independent Director]	Member
4)	Mr. Srinivas Samavedam [Independent Director]	Member

Reconstituted on November 13, 2021

➤ **Roles and responsibilities of the CSR Committee**

The CSR Committee shall be responsible (for):

- a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Act.
- b) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above;
- c) To monitor the Corporate Social Responsibility Policy of the Company from time to time;
- d) The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely: -
 - i) The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - ii) The manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
 - iii) The modalities of utilization of funds and implementation schedules for the projects or programmes;
 - iv) Monitoring and Reporting mechanism for the projects or programmes; and
 - v) Identifying the areas for upliftment (details of need) and impact assessment, if any, for the projects undertaken by the Company;

CSR EXPENDITURE

The total amount allocated for the expenditure on CSR activities ("CSR Fund") for each financial year by CSR Committee may include the following:

- a) Two (2) percent of the average of the average net profits of the Company made during the three immediately preceding financial years (or)
- b) Such amount as may be specified under the applicable law

IMeaning of Net Profit: Net Profit means, Net Profit as defined in Section 135 of the Companies Act, 2013 and/or Rules made thereunder as amended from time to time.]

The CSR Committee will decide on the activities to be undertaken in each financial year and the budget allocation for the same, all the amount allocated and amount spent by the Company for the CSR activities shall be in compliance of the applicable provisions of the Companies Act, 2013 and Rules made there under (as amended from time to time) and shall be diligently documented.

IMPLEMENTATION

Subject to compliance with applicable provisions of the law, the CSR activities shall be undertaken by the Company (either by) itself or through -

- a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company,
- b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- c) any entity established under an Act of Parliament or a State legislature;
- d) 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.
- e) any such other method as may be permitted by applicable law from time to time.

CSR Committee to formulate and recommend to the Board, an **Annual Action plan** and submit along with CSR budget, which shall include the following namely: -

- ✚ List of CSR projects or programme
- ✚ Areas where CSR projects to be implemented
- ✚ Manner of executing of such programme
- ✚ Modalities of utilization of funds and implementation schedules for the projects.
- ✚ Monitoring and reporting mechanism for the projects,
- ✚ Details of need and impact assessment, *if any*, of such projects.

Provided that the **Board may alter such Annual Action plan** at any time during the year, as per the recommendation of its CSR Committee, based on **reasonable justification** to that effect.

MONITORING AND EVALUATION FRAMEWORK

- a) Responsibility is casted on Chief Financial officer (CFO) to monitor and evaluate the CSR funds.
- b) **CFO shall submit a certificate** to the Board / CSR Committee that the funds are utilized as approved by the CSR Committee / Board of the Company in order to bring more transparency and accountability.

Company may also **collaborate** with other Companies for undertaking CSR projects or CSR activities, in such manner that the CSR Committees of respective companies are in a position to **report separately** as per CSR policy.

TRANSFER OF UNSPENT CSR FUND

Any unspent amount shall be transferred as mentioned below:

ONGOING PROJECT	PROJECT NOT APPROVED
<ul style="list-style-type: none">▪ Transfer the amount to a special account in the name of "Unspent Corporate Social Responsibility Account" <u>within 30 days</u> of the closure of the year.▪ Aforesaid amount needs to be spent within 3 years' time.▪ if not able to spend then transfer within 30 days of completion of 3rd Financial year to PM/National relief funds etc. (as mentioned in Schedule VII of Companies Act).	<ul style="list-style-type: none">▪ Transfer the amount within 6 months of completion of year to PM/National relief funds etc. (as mentioned in Schedule VII of Companies Act).

IMeaning of Ongoing Project is a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding 3 (three) years excluding the financial year in which it was commenced AND shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond 1 (one) year by the Board based on reasonable justification.]

EXCESS AMOUNT SPENT

In case, Company spends on CSR activities in excess of its obligation of 2% of average net profit of 3 (three) years, then the Company **can take setoff of such excess spend against the obligation to spend in immediate succeeding 3 (three) financial years'** subject to following conditions:

- a) Excess amount available for setoff shall not include the surplus arising out of the CSR activities, if any and
- b) The Board has to pass resolution to that effect.

CSR REPORTING

The Board's Report shall include an Annual report on CSR containing particulars newly specified in the CSR Amendment Rules, 2021

WEBSITE DISCLOSURE

Company shall disclose the following in the website of the Company:

- ✚ Composition of the CSR Committee
- ✚ CSR Policy
- ✚ Projects approved by the Board for public access.

AMENDMENTS

The CSR policy may be amended by the CSR Committee, as and when required, subject to the approval of the Board of Directors.

DISCLAIMER

While the Company would strive to achieve the objectives of the above policy, the Company does not make any personal assurance or any commitment to any individual or group who may be eligible/interested for the benefits under the above policy and the Company disclaims any liability, what so ever on the same.

This policy was approved by Board on August 13, 2021

(Only the name of the Company has been updated pursuant to name change of the Company)

1. The list of CSR projects or programmes that are approved to be undertaken:

Activities which may be included by companies in their Corporate Social Responsibility Policies

Activities relating to:

- i. Eradicating hunger, poverty and malnutrition,
- ii. Promoting education,
- iii. Promoting gender equality, empowering women,
- iv. Ensuring environmental sustainability,
- v. Protection of national heritage, art and culture
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents,
- vii. Training to promote rural sports
- viii. Contribution to the Prime Minister's National Relief Fund and PM Cares fund
- ix. Contribution to incubators or research and development projects
- x. Rural development projects
- xi. Slum area development.
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.

Explanation. –_pending on creating awareness of prevention of spread of Covid19 pandemic or any such ancillary activities thereof, shall qualify as CSR activity under the "Disaster management"

2. Any other projects or activities /areas /subjects specified by the Central Government pursuant to section 135 of the Companies Act, 2013, from time to time.

*****Words and expressions used and not defined in these policy but defined in the Act/Rules shall have the same meanings.**
