

PHILIPS INDIA LIMITED

POLICY FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)

I. INTRODUCTION

The business of Philips India Limited (“**PIL**” or “**Company**”) and its subsidiaries are located in different parts of the country. In the aforesaid backdrop, the policy on Corporate Social Responsibility (“**CSR**”) of PIL is broadly framed by taking into account the following measures:

1. Drive value-based healthcare and related initiatives;
2. Expand access to care for the underserved communities;
3. Improve health and wellbeing of the community through locally relevant innovations; and
4. Contribute towards protecting environment and maintaining the ecological balance.

II. OBJECTIVE AND APPLICABILITY

The main objective of this CSR Policy (“**CSR Policy**”) is to lay down guidelines for PIL and its subsidiaries (which do not fulfil the criteria under Section 135 of the Companies Act, 2013 (“**Act**”)) to make CSR a part of their business process in order to enhance sustainable development in the society. However, each subsidiary of PIL shall be required to have a separate CSR policy of its own. This CSR Policy aims to support the role of the government in improving the welfare measures of the society based on the immediate and long-term social and environmental requirements. The CSR Policy shall apply to all CSR projects undertaken by the Company in India as per Schedule VII the Act, the Companies (Corporate Social Responsibility) Rules, 2014 and the Companies (Corporate Social Responsibility) Amendment Rules, 2021 (the Companies (Corporate Social Responsibility) Rules, 2014 and the Companies (Corporate Social Responsibility) Amendment Rules, 2021 hereinafter collectively referred to as the “**Rules**”). Furthermore, the CSR Policy shall be applicable to the Company, its employees, and the implementing agencies involved in any CSR activity/project undertaken by the Company or through an implementing agency.

III. SCOPE AND AREAS TO BE COVERED

PIL through its CSR activities would drive value-based healthcare interventions to promote access to care for the underserved communities. The scope may broadly include areas as under:

1. Promote initiatives including research, education and training which enhances access to and quality of healthcare;
2. Support initiatives that help reduce child mortality;
3. Extend healthcare and related intervention support during/post disasters;
4. Combat/increase awareness on non-communicable diseases;
5. Contribute to initiatives that promote environmental sustainability;
6. Contribute to specific funds set up by the central/state government as applicable under CSR; and
7. Such other matters as may be prescribed from time to time under the Act or as may be decided by the Philips India Limited CSR Committee (“**PILCSR Committee**”).

The above list is illustrative and not exhaustive. The PILCSR Committee shall be authorized to consider activities that are not included in this list. All activities under the CSR activities shall be socially acceptable to the intended community and must be environment friendly.

IV. IMPLEMENTATION

While implementing the CSR activities, the PIL may ensure that:

1. The investment in CSR activities may be project based (short and long term);
2. Time-framed periodic milestones should be finalized at the outset for each CSR project/program;
3. PIL may carry out the CSR activities either on its own, or through a registered trust or registered society or through a company registered under Section 8 of the Act, or through one or more than one of the implementing agencies mentioned herein in such manner as it deems fit. Furthermore, the CSR amount may be spent by the Company for creation or acquisition of a capital asset in accordance with the Rules. ;
4. Projects that are implemented directly by PIL should follow the applicable provisions of the Act and Rules;
5. The chief financial officer or the person responsible for financial management of the Company shall be responsible to monitor that the CSR funds disbursed are utilized in a proper manner and for the purpose as set out in the CSR Policy; and
6. The Board of Directors (“**Board**”) shall satisfy itself that the funds so disbursed for the CSR related projects and activities have been utilized for the purposes and in the manner as approved by it and the chief financial officer or the person responsible for financial management of the Company shall certify to the effect.

V. ACTIVITIES

Activities of the PILCSR Committee shall be guided by the terms set out in this Policy approved by the Board as mentioned under Section 135 of the Act, read with the Rules and Schedule VII of the Act. The Board is required to approve the annual action plan which sets out the project and programs that the company intends to undertake for each financial year (as detailed out in Clause 10 of the Annexure). However, the activities of the PILCSR Committee will also involve the following:

1. Implementation of the CSR activities as per the CSR Policy of PIL;
2. Discussion and decision making in order to determine the priority of the activities to be undertaken under CSR;
3. Interaction with the CSR implementing agencies for update on CSR activities undertaken;
4. Monitoring and reviewing the progress of the CSR activities undertaken/completed; and
5. Approval of the annual CSR report and annual action plan.

VI. MONITORING

PIL as well as its subsidiaries shall include a section in its respective annual report setting out the details in relation to monitoring and implementation of its ongoing projects and CSR activities as per the requirements laid down in this Policy and Rules. Besides this, the PILCSR Committee shall ensure:

1. Approval of projects/programs and fund allocation is done in line with the CSR Policy;

2. Receipt of narrative project report by the implementing agency, detailing the activities assigned and objectives met, milestones achieved, etc;
3. Fund utilization certificate with statement of expenditure (as and when applicable) duly certified by an authorized auditor by the agency to whom CSR fund was allocated is procured;
4. Impact assessment shall be undertaken, through an independent agency, of their CSR projects having outlays of INR 1,00,00,000 (Indian rupees one crore) or more, and which have been completed not less than one year before undertaking the impact study;
5. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR;
6. Documentation related to CSR policy, project/programs, expenditures, procurement, etc. is updated and maintained in accordance with the Act and Rules; and
7. Utilization and maintenance of assets created under CSR would be the responsibility of the concerned implementing agency.

VII. CSR FUND ALLOCATION AND EXPENDITURE

1. The Company shall spend at least two percent (2%) of average net profits of the Company made during the three (3) immediately preceding financial years in accordance with the Act, the Rules and the CSR Policy.
2. The PILCSR Committee shall recommend the manner in which the CSR expenditure shall be incurred in a year, in accordance with the Act, the Rules and the CSR Policy.
3. Administrative overheads shall not exceed five percent (5%) of total CSR expenditure of the Company for any financial year (or such percentage as may be prescribed by law from time to time).
4. Any surplus arising out of the CSR projects or programs shall not form part of the business profit of the company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this CSR Policy and annual action plan of the Company.
5. Where the Company spends an amount in excess of requirement provided under section 135(5) of the Act, such excess amount shall be set off against the requirement to spend under section 135(5) of the Act, 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; and
 - ii. the Board of the Company shall pass a resolution to this effect.

“Unspent CSR Account” refers to a special account required to be opened by the company in any scheduled bank to be called the Unspent Corporate Social Responsibility Account to transfer the amount remaining unspent at end of Financial Year which relates to any ongoing project.

VIII. ANNUAL AUDIT

Annual audit of all activities undertaken by the Company, shall be conducted by a certified auditor and the details of the CSR activities must be reflected in the annual report and accounts of PIL under the CSR. The above guidelines would form the framework around which the CSR activities would be undertaken by the Company either itself or through an implementing agency. The PIL shall review the CSR Policy periodically based on its core competency, need on the ground and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.

PHILIPS INDIA LIMITED

TERMS OF REFERENCE FOR THE PILCSR COMMITTEE

1. Constitution

The CSR Committee has been established in accordance with the provisions of the Act and by a resolution of the board of directors (“**Board**”) dated March 28, 2014 of the Company and is known as the “**Philips India Limited Corporate Social Responsibility Committee**” or “**PILCSR Committee**”. The Corporate Social Responsibility Policy (“**CSR Policy**”) has been revised and enforced on, as per the Act and Rules.

The PILCSR Committee comprises of the following members:

Name of the Member	Designation	DIN, If Applicable
Ms. Geetu Gidwani Verma	Chairperson	00696047
Mr. Daniel Mazon	Member	07954025
Mr. Sudeep Agrawal	Member	08056132
Ms. Pooja Bedi	Member & Secretary	06934281

The Board shall reconstitute the PILCSR Committee as and when required, *inter alia*, to comply with the provisions of the Act and applicable statutory requirements and disclose the constitution of the PILCSR Committee in its board report.

2. Membership and Chairman

- 2.1 The members of the PILCSR Committee shall be appointed by the Board and shall comprise of the three directors including one independent director.
- 2.2 The Board shall appoint a chairman from amongst the members of the PILCSR Committee (the “**Chairman**”) and shall decide his or her period of office.
- 2.3 The PILCSR Committee may invite any other director of the Company or any other employee/person to advise and/or to join meetings of the PILCSR Committee, as and when required, notwithstanding that they are not members of the PILCSR Committee.

3. Quorum

A quorum shall be of at least two (2) members. A duly convened meeting of the PILCSR Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the PILCSR Committee.

4. Attendance at Meetings

- 4.1 No one other than the PILCSR Committee Chairman and other PILCSR Committee members are entitled to vote at a meeting of the PILCSR Committee.
- 4.2 Should any PILCSR Committee Member be absent from duly called meetings without sending a leave of absence, for three (3) consecutive meetings, recommendations will be made to Board for that member to be replaced.
- 4.3 The chairman of the Company, director, any head or executive and any other member of senior management may be called upon or shall be able to speak at any meeting of the PILCSR Committee by prior arrangement with the Chairman.

5. Secretary

The Secretary of the company shall be the Secretary of the PILCSR Committee, and shall be required to keep records of proceedings, membership and the dates of any changes to the membership of the PILCSR Committee.

6. Frequency of Meetings

Meetings shall be held at such times as the PILCSR Committee deems appropriate, and the frequency of the meetings shall be as prescribed by the relevant and applicable laws or decided by the PILCSR in consultation with the Board.

7. Proceedings

- 7.1 Meetings of the PILCSR Committee shall be summoned by the Secretary of the PILCSR Committee at the request of the Chairman or any member thereof.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting documents, shall be sent to each member of the PILCSR Committee and any other person required to attend not later than 24 hours prior to the date of the meeting.
- 7.3 The Secretary to the PILCSR Committee shall record the proceedings and resolutions of meetings of the PILCSR Committee and shall circulate the minutes of such meetings to all members of the PILCSR Committee.
- 7.4 In the absence of the PILCSR Committee Chairman, those members present shall elect one of their members to chair the meeting.

8. Authority

- 8.1 The PILCSR Committee is authorised by the Board at the expense of the Company to take advise on any matter related to CSR Policy or any other matter within its terms of reference. It is authorised to seek any information that it requires from any party/person/employee/implementing agency in order to perform its duties.

- 8.2 The PILCSR Committee is authorised by the Board at the expense of the Company to obtain external professional advice and to secure the attendance of third parties with relevant experience and expertise at meetings of the PILCSR Committee if it considers this necessary.

9. Duties

The responsibilities of the PILCSR Committee shall be to:

- 9.1 Review, agree and establish the Company's CSR annual action plan which is required to be formulated in accordance with the provisions of the Act and Rules and shall include PIL's CSR strategy, implementation procedure, and to ensure that the Company's social, environmental and economic activities shall be aligned with each other.
- 9.2 Develop and recommend for acceptance by the Board, projects or programs on all aspects of CSR that shall be undertaken including subjects specified under Schedule VII of the Act and other CSR related matters as may be determined by the PILCSR Committee from time to time.
- 9.3 Receive reports and review activities from implementing agencies managing CSR matters across PIL's operations pertaining to CSR activities and projects.
- 9.4 Monitor compliance with the CSR Policy and provisions of the Act throughout PIL and to review performance of all projects or programs against agreed targets.
- 9.5 Consider other topics to be included as CSR activities, as referred to it by the Board.

10. Annual Action Plan and Approval of CSR Activities

- 10.1 The CSR activities to be undertaken by the Company under the CSR Policy shall be approved by way of annual action plan formulated in accordance with the provisions of the Act which is required to be approved by the Board on the recommendation of the PILCSR Committee.
- 10.2 The annual action plan shall, *inter alia*, contain the following information with respect to the CSR activities proposed to be undertaken by the Company:
- i. list of CSR activities to be undertaken in the relevant financial year;
 - ii. local area where the CSR activities are to be undertaken;
 - iii. manner of execution;
 - iv. modalities of utilisation of funds;
 - v. implementation schedule;
 - vi. monitoring and reporting mechanism; and
 - vii. details of need and impact assessment, if any.

11. Treatment of Surpluses

The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company, and they should be treated/dispensed with in accordance with this Policy and Rules.

12. Disclosure of CSR Policy on Website

The CSR Policy, composition of the PILCSR Committee and CSR activities/projects approved by the Board shall be uploaded on the website of the Company for public access as per the provisions of the Act and Rules.

13. Sitting Fee

The members of the PILCSR Committee shall be paid a sitting fee for every meeting of the PILCSR Committee. The sitting fee amount shall be the same as for the other committee meetings of the Board.

14. Amendments

The terms set out in this CSR Policy may be amended by a decision taken by the Board. Furthermore, the PILCSR Committee in consultation with the Board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy.