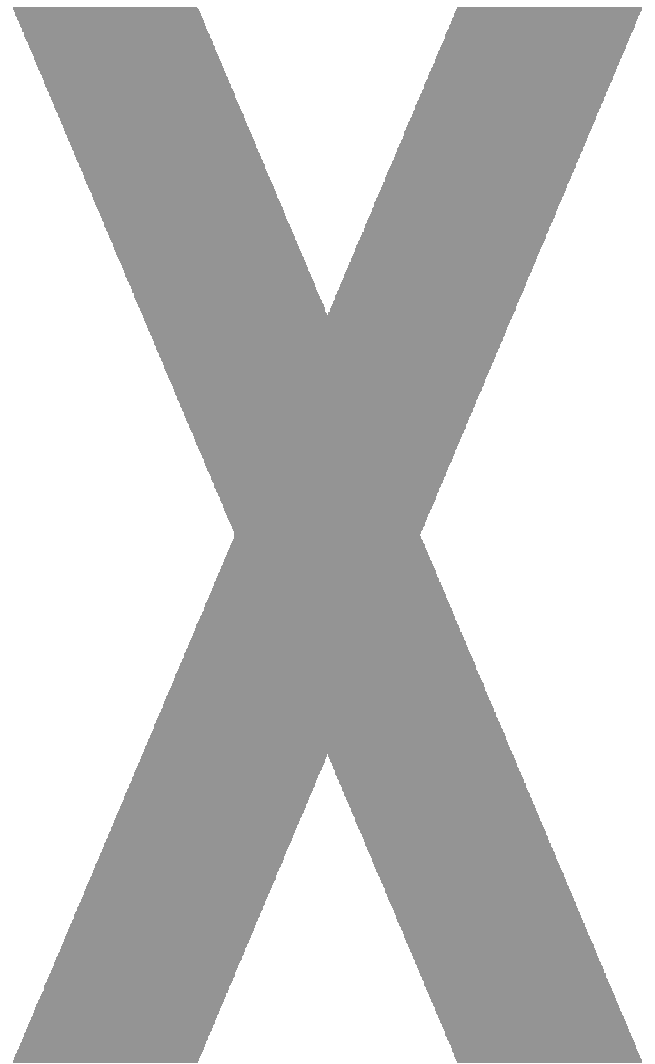


**Directive**

LANXESS India Private Limited  
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## **Corporate Social Responsibility Policy**



Responsible unit:	Board of Directors
Responsible BU/GF head:	Board of Directors
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This document is valid without a signature.

Remarks:

This policy is valid for LANXESS India Private Limited for all locations and all sites.

**1. INTRODUCTION**

At LANXESS India Private Limited (hereinafter referred to as Company / LANXESS), we act in accordance with the principles of responsible care and sustainable development to safeguard our employees, customers, stockholders, society and environment. In doing so, we ensure compliance with globally accepted social and ethical standards and values.

As an organization, LANXESS is committed to operate in accordance with the demands of economics, ecology and society. Consequently, the Company makes decisions based not only on financial parameters, but also taking into consideration the social and environmental impact arising out of the actions of the Company. The resultant CSR policy guidelines are also prepared in line with our Corporate strategy and our commitment to Corporate Responsibility.

LANXESS strongly believes that Corporate Social Responsibility (CSR) is connected with the principles of sustainability and recognizes that its business activities have wide impact on the society in which it operates. Therefore the Company endeavors to make CSR a key business process for sustainable development, through its integration in the overall business approach.

LANXESS is committed to its stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society and also believes that all CSR activities in LANXESS shall be linked to the core business activity and/or to the available expertise at LANXESS.

We further believe that our Corporate Responsibility lies in embracing core corporate values through commitment to grow in a socially and environmentally responsible way, while meeting the interests of all relevant stakeholders.

**2. OBJECTIVES OF CSR POLICY**

The objectives of this policy are as follows:

1. To demonstrate commitment to the common good through responsible business practices and placing high value on good corporate governance standards;
2. To actively support the national development initiatives to ensure sustainable change;
3. To set high standards of quality in the delivery of services in the social sector by creating processes and replicable models;
4. To Engender a sense of empathy and equity among employees of LANXESS to motivate them to give back to the society.

**3. APPLICABILITY**

- LANXESS CSR policy has been developed pursuant to Section 135 of the Companies Act, 2013 (referred to as "the Act" in this policy) and in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2014, the Companies (Corporate Social Responsibility Policy) Amendment

Rules, 2016. (hereinafter referred to as the Rules) notified by the Ministry of Corporate Affairs, Government of India from time to time.

- The Policy shall apply to all CSR projects/ programs / activities undertaken in India by the Company as per Schedule VII of the Act as amended from time to time and notifications / circulars issued from time to time by the Ministry of Corporate Affairs and /or any other competent authority.
- This policy shall be applicable to LANXESS India Private Limited only.
- This policy can be amended, altered, modified, cancelled by the Board of Directors of the Company at its sole discretion.

#### **4. FOCUS AREAS**

For purposes of focusing its CSR efforts in a continued and effective manner, the following areas have been identified:

1. Promotion of education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
2. 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;
3. 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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
4. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
5. Promoting gender equality , empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
8. Contribution to the Prime Minister 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, Scheduled Tribes, other backward classes, minorities and women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.;
10. Rural Development Projects;
11. Slum Area Development;

12. Any other areas notified by the Ministry of Corporate Affairs (MCA) and / or competent authority from time to time.

#### **5. CSR PROJECTS / PROGRAMS / ACTIVITIES AND IMPLEMENTATION**

The Company's CSR projects / programs / activities will be identified and implemented in accordance with this CSR policy.

LANXESS will undertake its CSR activities as projects or programs or activities (either new or ongoing) in accordance with Section 135 of the Act read with the Rules / notifications / circulars / orders issued thereunder from time to time. The CSR projects or programs or activities shall be of such duration as may be recommended by the CSR Committee and approved by the Board from time to time.

LANXESS shall undertake the CSR activities either directly or indirectly through implementing agencies which may or may not be established / formed / incorporated by LANXESS.

LANXESS may collaborate with other Companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective Companies are in a position to report separately on such projects or programs in accordance with the Rules.

LANXESS may build capacities of its own personnel as well as those of its implementing agencies and the amount spent on such capacity building shall be allowed as CSR expenditure upto the extent of the limits laid down by the Act and Rules framed thereunder.

#### **6. CRITERIA FOR SELECTION OF IMPLEMENTING AGENCIES**

In case LANXESS decides to undertake CSR activities indirectly through implementing agencies, such implementing agencies shall be:

1. a company established under section 8 of the Act or a registered trust or a registered society, established by LANXESS, either singly or along with any other company, or
2. 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 any entity established under an Act of Parliament or a State legislature :

Provided that- if, the Board of LANXESS India Private Limited decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society, other than those specified in 6 (1) & (2) above, such section 8 company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and LANXESS shall specify the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism.

While engaging with the implementing agencies, LANXESS shall seek relevant documents, information and details.

**7. RECOMMENDATION TO THE BOARD**

The CSR Committee shall recommend to the Board of Directors, the CSR projects or programs or activities which the Company plans to undertake specifying the modalities of execution of such projects or programs and implementation schedules for the same and also the monitoring process of such projects. Such projects / programs / activities shall not include the activities undertaken in pursuance of normal course of business of the Company.

The ongoing CSR activities of the Company shall be integrated in the proposed CSR programs mentioned under this policy.

**8. CSR BUDGET**

The CSR Committee shall recommend the project wise annual budgeted expenditure to the Board for its consideration and approval.

The Company shall allocate not less than 2% of its average net profits made during the three immediately preceding financial years, as its annual CSR budget. The net profit shall be determined in accordance with the applicable provisions of the Act and Rules made thereunder.

Any surplus arising out of CSR projects or programs or activities approved by the Board shall not form part of the business profit of the Company and shall only be allocated to future CSR projects / programs / activities.

**9. MONITORING AND EVALUATION FRAMEWORK**

The CSR Committee will set in place monitoring and evaluation mechanisms so as to ensure that every CSR project / program / activity has:

1. Clearly defined objectives, targets and time lines.
2. A progress monitoring system, a reporting framework and system in alignment with the applicable Act and Rules.

The implementing agency shall report to LANXESS CSR Committee in respect of CSR Projects / Programs / Activities undertaken by it, on a periodic basis and in such manner as may be determined by the CSR Committee from time to time.

LANXESS CSR Committee shall monitor the implementation of the CSR Projects / Programs / Activities undertaken by implementing agencies through periodic reviews / reports submitted by the implementing agencies. The Board at its discretion can take a decision to discontinue the particular CSR Project / Program / Activity.

## **10. RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

The Board of Directors of LANXESS India Private Limited will be responsible for:

1. Forming a CSR Committee comprising of Directors.
2. Approving the CSR policy after taking into account the recommendations made by the CSR Committee.
3. Ensuring that if the Company makes profits, then the Company shall in each financial year spend at least 2% of the average net profit excluding profits arising from overseas branches made during the three immediate preceding financial years.
4. Ensuring that in every financial year, funds committed by the Company for CSR activities are utilized effectively and implementation is regularly monitored.
5. Disclosing in its Report the names of CSR Committee members and ensure annual reporting of its CSR activities on the Company website.
6. Ensuring annual reporting of CSR spending's to the Ministry of Corporate Affairs, Government of India, as per the prescribed format.
7. Ensuring that only the activities as included in CSR Policy of the Company are undertaken by the Company.

## **11. CSR COMMITTEE**

### **1. Constitution:**

The Committee will be established by Resolution of the Board of Directors of the Company (the "Board") and is to be known as the Corporate Social Responsibility (CSR) Committee.

### **2. Composition of the CSR committee:**

- a) The CSR Committee shall consist of three or more Directors.
- b) The Board shall appoint a chairman of the CSR Committee (the "Chairman") and shall decide his or her period of office.
- c) The CSR Committee may invite the chairman, Managing Director and the Company Secretary of the Company or any other person as they may deem fit to attend meetings of the CSR Committee when required notwithstanding that they are not members of the CSR Committee.

**3. Terms of Reference for the CSR Committee:**

a) Quorum

Quorum shall be two members personally present at the meeting. A duly convened meeting of the CSR 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 CSR Committee.

b) Voting at Meetings

No one other than the CSR Committee Chairman and its members are entitled to vote at a meeting of the CSR Committee.

c) Secretary

The Company Secretary shall act as the secretary of the CSR Committee and shall keep a record of the membership of and the dates of any changes to the membership of the CSR Committee. Company Secretary shall be responsible to record the minutes of the Meeting.

d) Meetings

Meetings shall be held at such times as the CSR Committee deems appropriate, and in any event shall be held not less than two times in a financial year.

e) Proceedings

Unless varied by these terms of reference, meetings and proceedings of the CSR Committee will be governed by the Companies Act, 2013 and rules made thereunder from time to time and Company's Articles of Association regulating the meetings and proceedings of Directors.

Meetings of the CSR Committee shall be summoned by the Company Secretary at the request of the Chairman or any member thereof.

The Secretary shall record the proceedings and resolutions of meetings of the CSR Committee and shall circulate the minutes of such meetings to all members of the CSR Committee, the chairman of the Company, the Managing Director of the Company and the Chief Financial Officer and, if the Chairman so decides, to all members of the Board. In the absence of the CSR Committee Chairman and/or an appointed deputy, those members present shall elect one of them to chair the meeting.



f) CSR Activities

CSR Activities shall be Activities as specified in Schedule VII of the Companies Act, 2013 as amended from time to time read with the rules, notifications, circulars, orders issued thereunder from time to time.

g) Authority to investigate

The CSR Committee may be authorised by the Board at the expense of the Company to investigate any matter within its terms of reference. It is authorized to seek any information that it requires from any employee in order to perform its duties and all employees are directed to cooperate with any requests made by the CSR Committee.

The CSR Committee may be 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 CSR Committee if it considers this necessary.

The CSR Committee shall have all authority necessary or implied in order to carry out its duties and responsibilities. Without limitation to the generality of the foregoing, the Committee shall have the authority to engage (including authority to approve fees and other retention terms) and terminate the engagement of any Social Responsibility consulting firm engaged to provide data or recommendations with respect to Social Responsibility.

The Company shall provide and make available to the Committee, as it may determine, funds for undertaking CSR activities and to pay compensation to any advisers employed by the Committee.

h) Processes

In carrying out its responsibilities, the Committee's policies and procedures shall remain flexible in order to react to changing conditions and circumstances.

i) Implementing Agencies

Implementing Agencies referred to in this Policy shall mean and include Registered Trust, Society, Non - Government Organizations (NGO), Section 8 Companies registered under the Companies Act, 2013, Section 25 Companies registered under the Companies Act, 1956 or any other institution / organisation recognised by the appropriate statutory authority for the purpose of undertaking CSR activities under the Act.

These terms of reference may be amended from time to time as required, subject to approval by the Board of Directors of the Company.