



Alfa Laval India Private Limited Corporate Social Responsibility Policy	Effective from: 05 th December 2019 Adopted by: CSR Committee Approved by: Board of Directors
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5/12/19

CSR Policy

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Preamble

The concept of Corporate Social Responsibility in India has transformed from the time it was initially introduced in the Companies Act from being a voluntary support to the Society to being a compulsory provision in the year 2019. The Companies who have supported the Projects during this initial phase recognise the impact these CSR activities have had on the society, employee morale and the Brand image of the Company. The Companies are not being just considered as profit making organisation but also value creators to the Society.

CSR in Alfa Laval India

Vision

To be visible as a caring and socially responsible corporate, accelerating success for people and the planet.

Mission

To create better everyday conditions for people through our work in the focus areas for a positive contribution to the community at large.

Objective

Alfa Laval's Business Principles encompassing Social and Environmental elements amongst others describe the way we must act so as to unearth boundless opportunities to make a positive contribution to a more sustainable future for India. In order to achieve this broad objective, it is important that we select and prioritize some of the vital opportunities that will deliver better everyday conditions for people in the community that we exist.

Strategy

Our focus is on the broad development of the communities located in backward areas across the country and more specifically around our plants / offices. The projects for development would be carried out under the overall guidance of the CSR committee of the Company providing considered direction and the thrust areas, while at the same time ensuring its execution in the desired manner.

It is intended to network and collaborate with agencies and like-minded bodies to ensure that the projects for development are carried out to their logical conclusion so that the ultimate beneficiaries of the activities reap the gains thereof. In this process, there could be many partners in development but the intention is to ensure that benefits directly flow to marginalized, disadvantaged, poor or deprived sections of the community.

To ensure high impact, the number of projects taken up will be limited to 4-5 per year. The projects will be combined to have a sustainable and long term impact in any particular region viz. adopt a village or educational institution



Corporate Social Responsibility Committee

The CSR Committee, in compliance with the requirements of Section 135 of the Companies Act 2013 shall consist of at least 5 members; two being the Directors of the Company, and other members being the CFO, Head HR, Head Legal and one Business Head as may be appointed by the Board of Directors. The CSR Manager is a permanent invitee to all the CSR Committee meetings and acts as Secretary to the Committee.

Meeting Schedule

The CSR Committee meets as and when required based on the activity or Project requirement but at least once in every two calendar months.

The Committee is called by a notice of 5 working days with an option to participate through Skype telephone call. A quorum of at least 3 members excluding the Chairman is required to hold any meeting.

The proceedings of the Committee can be conducted even in the absence of Chairman and one of the participating Committee member is elected as Chairman of that meeting. All decisions in the Committee are taken based on majority voting basis and in the event of a tie, the Chairman of that meeting has an additional casting vote.

In the event that urgent proposals or other approvals are to be considered and the CSR Committee is not able to hold a physical meeting, the proposals can be passed through circulation of the proposal and email approval.

Focus areas

The company focuses on projects pertaining to initiatives that would have social, economic and environmental impact or a way to give back to the society,

However the commitment towards CSR is focused on the following areas as per Schedule VII of section 135 of the Companies Act based on availability of time and resources.

Focus Area	Explanation
1. Eradicating hunger, poverty and malnutrition	Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare 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.
2. Promotion of Education	Promotion of education, including special education and employment enhancing vocation skills especially among children, woman, elderly and the differently abled and livelihood enhancement projects
3. Promoting gender equality	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



and empowering women	citizens and measures for reducing inequalities faced by socially and economically backward groups
4. Ensuring environmental sustainability	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 Ganga3

Participation in CSR projects initiated by the Swedish Embassy, Business Sweden and CII will be decided by the CSR committee on a case by case basis.

Project Identification, Implementation and Governance

The CSR Manager shall present to the Committee all the proposals received by it, along with the basic details of the proposed project and the CSR Committee considering the viability of the project proposal, the feasibility of it being in line with focus areas and Business Principles and also considering the sustainability, available funds and ongoing projects shall decide whether to provide the 'In Principle' approval of the same.

CSR Committee agrees that for efficient implementation and impactful contribution to the Society, it would be good if just a few Projects are identified, and the Company allocates its resources on it for a sustainable development and betterment of society.

The Projects approved in the first meeting in which it was discussed is considered as "In Principal Approved" is required to be approved as "Firm Approved" in the next Committee Meeting on the basis of the Due Diligence Report for the same Project approved in principal in last meeting.

CSR Manager shall prepare a Due Diligence report, which shall be a 360 degree report in respect of Legal, Financial and other factors including the viability of Project and shall cover the implementing partners and beneficiaries, justification as to why the Company should take the Project, to what extent the Project is in line with the Business Principles and the Focus Area, the entities/ pupil involved, the Beneficiaries of project including the names of any of the employees, their family members or the customers or any government officials or public department if any. The Due Diligence team shall have two permanent members, one from Legal and one from Finance and two members for technical assistance and impact assessment. The two permanent members will be nominated by the Head of Legal and CFO respectively and the other two will be nominated on specific projects by the CSR Committee.

It is the responsibility of the Committee members to disclose to the other Committee members, any interest in any manner in any of the Project or in its execution, which comes up for discussion and that member shall not participate in any voting with respect to such Project.

The CSR Committee supervises the execution of the Projects undertaken and takes all decisions with respect to the CSR Projects to be undertaken or spending by the Company. The CSR Committee recognizes that Project once approved for execution shall pass through different stages before it is accomplished, and the project cycle shall have the following steps:

- Need Based Assessment/Baseline Survey/Study
- Clearly identified time frame
- Specific annual financial allocation
- Clearly identified milestones
- Clearly identified & measurable objectives /goals



For each of the projects approved, CSR Committee shall nominate a Project Owner from one of the CSR Committee members, who shall supervise the execution of Project in lines of the approval provided by the CSR Committee and for it shall work under direct co-ordination with the CSR Manager. This Project Owner shall take all decisions with respect to approving the technical parameters and if required the relevant Vendors, conducting inspections, granting approval thereof, approving payments to vendors/ End-users/ NGO / Beneficiaries in order to ensure timely and efficient execution of the approved Projects.

Project Monitoring Process

The CSR Committee shall put in place a robust and periodic review and monitoring mechanism and if necessary, shall enlist the services of a third party for a proper evaluation and assessment of the progress made in the implementation. Monitoring shall include physical verification of the progress in relation to the actual output in the project besides seeking feedback on the benefits of the programme from the end beneficiaries directly and to ensure that corrective steps are taken where necessary so that the projects are self-sustainable in the long run. The progress report on each of the projects along with reports received from the implementing agency/NGO/beneficiary shall be sent to the CSR Committee and discussed in the subsequent committee meeting.

The Committee members are provided on a monthly basis the project implementation schedule, expenditure status, timelines or cost including overrun expectations or any other material information, including bottlenecks in implementation of Projects or support expected from the Committee Members.

CSR expenditure

The CSR spend as a percentage of the total available spend in a year in each of the focus areas shall be as under:

Focus Area	Amount Allocation (% of Budget)
Sanitation	25%
Education / Advanced skill development	25%
Environmental sustainability	30%
Gender Equality / Women empowerment	20%

Interchangeability of allocation will be decided by CSR Committee based on need and impact of any project during the calendar year. Unexpected allocation e.g. floods, natural calamities will be decided as and when required.

Payment approval: The Project Owner nominated for the project shall approve the payments based on the terms in the MOU, approved by the Project Owner. In case there is any deviation in the payment it will be approved in the CSR Committee. The Project Owner will also have the responsibility of the cashflow of the project.



Employee participation

As a part of their contribution to CSR, employees may voluntarily participate in a cause or a project supported by the Company through the designated agency in a way that the time spent on CSR and work is managed amicably. Though such employees may not see any financial gains for such work or service, it could boost their personality or profile or skill development, increase their social network and be the recipient of appreciation and recognition at the Company's various forums. The company will nominate on a rotation basis a maximum of 10 employees as Ambassadors of CSR. The primary responsibility of the Ambassadors would be to ensure that the message of CSR is percolated internally and externally. In addition the Ambassadors and CSR volunteers will help during various stages of the project with their time and expertise.

In addition to employees, employee's immediate families including spouse and children will be encouraged to participate in volunteering activities.

Based on performance of the volunteers, the CSR Committee shall once a year recognize employees suitably based on the recommendation of the CSR Manager.

Our partners

The CSR efforts of the Company will be implemented by the in-house CSR Manager either directly with the beneficiaries or with partners such as accredited NGOs or other like-minded bodies including collaboration with other corporates, registered trust foundations, societies etc. as the CSR Committee, may choose to entrust the identified projects from time to time. Partner agencies will be selected based on well-defined selection criteria.

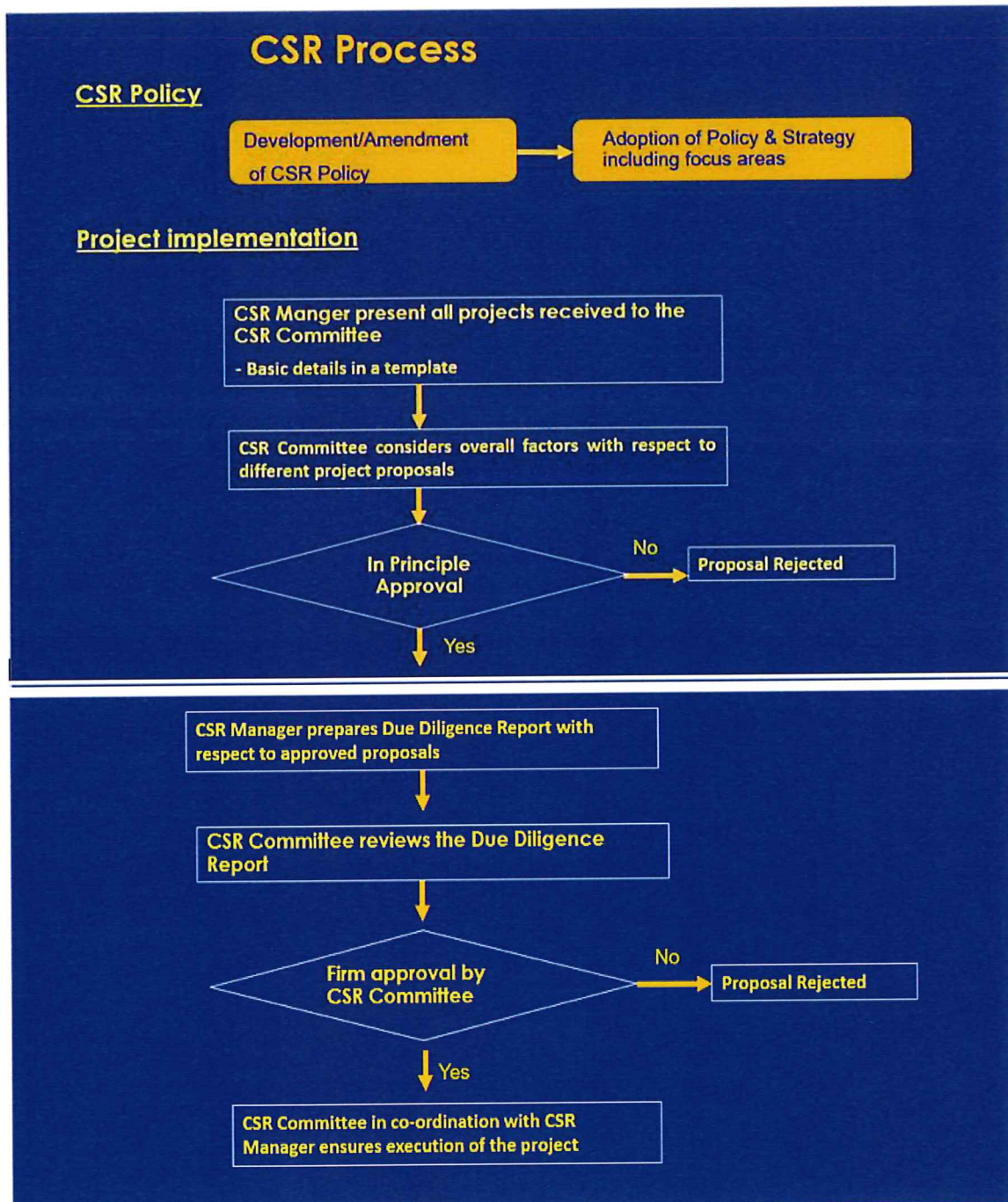
The following minimum criteria shall be ensured while selecting NGO's/agency for programme execution

- a) The NGO is a registered Society / Public Charitable Trust / Not for Profit organization registered under Section 8 of the Companies Act.
- b) The NGO has a permanent office / address in India
- c) The NGO has valid Income Tax exemption certificate

For projects undertaken with Section 8 companies or directly with beneficiaries, necessary due diligence shall be carried out and report submitted to the CSR Committee for approval before taking up the project.

The CSR policy document will be reviewed from time to time and any changes, if necessary, will be made as recommended by the CSR Committee and approved by the Board.

CSR Process



Adopted by CSR Committee: 14.10.2019
Approved on behalf of the Board: