

TESCO BENGALURU PRIVATE LIMITED

Charitable Donation and Corporate Social Responsibility Policy

Introduction

Tesco has a long tradition of engaging in social causes. In line with the existing Tesco Group obligations, we, i.e. Tesco Bengaluru Private Limited (“Company”) are bound by the obligations of the Group Charitable Donation Policy. Charitable donations are an important part of our commitment to social responsibility and our third Value: every little help makes a big difference.

In addition to the Group Charitable Donation Policy, we are also required to comply with the Corporate Social Responsibility obligations enunciated under the Companies Act, 2013.

Accordingly, the Charitable Donations and Corporate Social Responsibility Policy (“CSR Policy”), is drafted to consider the critical obligations under both the Tesco Group Charitable Donation Policy and the requirements of Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The purpose of the CSR Policy is to achieve the Company’s social goals, while satisfying the required group and statutory obligations.

CHARITABLE DONATIONS

1. PURPOSE – WHY IT MATTERS

“Charitable donations” – whether in the form of money or donations in-kind such as time, products or services – are an important part of our commitment to social responsibility and our third Value: every little help makes a big difference. However, donations may cause reputational harm to Company or Tesco group if they are made to inappropriate causes. In extreme cases, a charitable donation that is made in order to obtain a benefit for Tesco will be considered a bribe.

2. SCOPE

This Internal policy guidelines applies to:

- all business units of Tesco Bengaluru;
- recognised charitable foundations or trusts that are supported by the Company;
- Third parties, including contractors and suppliers, who make charitable donations on behalf of the Company

3. POLICY

The following Policy rules apply in relation to charitable donations:

3.1 Only make charitable donations with the appropriate authority: Section 6 of this policy sets out the delegation of authority (DOA) schedule for making charitable donations. The DOA schedule must be followed at all times.

3.2 No bribery: Charitable donations must never be made with the expectation of receiving any improper benefit for Tesco. Donations to charities associated with public officials and their families represent a significant risk for bribery. Appropriate reputational due diligence (eg using existing anti-bribery due diligence tools) must be conducted before such donations are made.

3.3 Cause-related marketing (i.e. the donation to charity of a percentage of a product’s retail price or profit) (CRM): CRM agreements may give rise to certain tax implications. A written contract must always be in place to support any CRM activity.

3.4 Charitable social events organised by Tesco: The Group Gift & Entertainment Policy provides guidance for colleagues who are organising charitable events. In particular, it is important to ensure that suppliers are not pressured into purchasing tickets for a charity event.

3.5 No use of expenses to process charitable donations. Cash donations to charity may not be made by a colleague on behalf of Tesco and reclaimed as personal expenses. Donations may only be processed through a business unit’s finance systems, using an appropriate account code. In exceptional cases, a company cheque may also be used to process a one-off donation.

4. COMMERCIAL SPONSORSHIP AGREEMENTS

Commercial sponsorship agreements, for example of a sporting team or cultural event, which are negotiated on commercial terms and which are principally intended to promote the Tesco brand via association with that team or event, are not deemed to be charitable donations by Tesco Bengaluru for the purposes of this policy. However, the DOA for sponsorship agreements, which is set out under section 6, must be followed at all times.

5. COLLEAGUE FUNDRAISING FOR CHARITIES THAT ARE NOT OFFICIALLY SUPPORTED BY COMPANY:

5.1 Colleague fundraising for charities that are not formally supported by Company falls outside the scope of this policy.

5.2 However, where Company, “tops up” the amount raised by colleagues, then the DOA for colleague fundraising, which is set out at below, must be followed at all times. Colleague fundraising must never be for charities that may cause reputational harm to Company.

6. DELEGATION OF AUTHORITY AND REPORTING TO BUSINESS UNIT RISK & COMPLIANCE COMMITTEE

6.1 The delegation of authority in relation to charitable donations and commercial sponsorship agreements is as follows:

	Decision	Authority required	Due diligence required
1	Selection of recognized charity partners (either a registered trust or a registered society under the applicable laws or a company incorporated under Section 8 of the Companies Act)	LST	Reputational (eg Exiger) Financial Legal
2	Donations by Tesco Bengaluru* up to INR 5000 (five thousand)to charities other than recognized charity partners	Budget holder	
3	Donations by Tesco Bengaluru* >INR 5000 (Five thousand) to charities other than recognized charity partners	Relevant functional WL4	Reputational Legal

4	Donations by Tesco Bengaluru* > INR 50,000 (Fifty Thousand) to charities other than recognized charity partners	WL5 (CEO- Tesco Bengaluru)	Reputational Legal
5	Donations by Tesco Bengaluru*>INR 1,00,000 (One lakh) to charities other than recognized charity partners	LST	Reputational Legal
6	Donations to charities closely associated with politically exposed persons or their families	Head- Legal Counsel	Reputational Legal
7	Donations resulting from cause related marketing (CRM) agreements	Business unit Product Director or Business unit Customer Director	Reputational Legal
8	Commercial sponsorship agreements > INR 1,00,000 (One Lakh)	LST	Reputational Legal
9	Top-up donations by Tesco Bengaluru* >INR 5000 (Five thousand) in support of colleague fundraising	WL4 Communications Director	Reputational Legal

*The above limits will not apply to the matters getting covered under CSR Policy.

*If any of the above matter related to CSR policy it should be approved by CSR committee and Board of Directors.

6.2 The business unit head of Communications will maintain a log of all charitable donations or sponsorship agreements covered by the DOA table mentioned above.

6.3 The business unit Risk & Compliance Committee will review the log of charitable donations and sponsorship agreements twice each year.

6.4 Business units are required provide colleague training and awareness about this policy as appropriate.

7. REPORTING BREACHES

You have a duty to speak up if you believe the policy has been breached. Speak to your line manager in the first instance. If this is not possible, speak to your local Head-Legal Counsel, a member of your business unit leadership team to report your concerns. Failure to comply with this policy may result in disciplinary action being taken against any colleagues concerned or the termination of contracts with third parties working for the Company.

8. RELATED DOCUMENTS

This policy is supported by the following other policies:

- Tesco Anti-Bribery Policy;
- Gift & Entertainment Policy;
- Group Political Donations Policy.

CORPORATE SOCIAL RESPONSIBILITY

[As per Section 135 of the Companies Act, 2013, read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014

1. OVERVIEW

1.1 TESCO BENGALURU PRIVATE LIMITED (“Company”) has long been actively involved in social and community development. We are committed towards social causes and their development.

1.2 The Company takes a comprehensive approach to corporate responsibility that aligns with its enduring values, and maximizes the positive change that the employees can influence around the world.

1.3 The Company’s focus on specific societal issues, education, explore ways to improve and protect the environment, and improve healthcare. The Company will strive to operate the business with the highest standards of corporate responsibility.

1.4 Our Corporate Citizenship commitments are anchored in our core values, our Code of Business Conduct and ultimately reflected in the actions of our people. We work to make a sustainable, measurable difference to the communities in which we work and live.

1.5 Further, we strive to achieve commercial success in ways that honour ethical values and respect people, communities, and the natural environment.

1.6 As required under the provisions of the Companies Act, 2013 (“Companies Act”), the Company is pleased to announce its Corporate Social Responsibility Policy (“CSR Policy” or “Policy”).

1.7 Our goal shall be to focus on CSR activities strictly in compliance with applicable laws from time to time in force, including the Companies Act and the rules thereunder. Towards this purpose, the Policy has been designed to achieve the Company’s social goals, while satisfying the required statutory obligations.

2. CSR FOCUS AREAS

2.1 In accordance with the primary CSR philosophy of the Company and the specified activities under the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, including amendment(s) thereof, the CSR activities sought to be undertaken by the Company under this Policy have been identified.

2.2 The following activities shall be regarded as CSR activities for the purpose of this policy:

2.2.1 Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.

2.2.2 Promoting education, including special education and employment-enhancing vocational skills, especially among children, women, elderly and the differently abled, and livelihood enhancement projects.

2.2.3 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/disadvantaged groups.

2.2.4 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.

2.2.5 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.

2.2.6 Measures for the benefit of armed forces veterans, war widows and their dependents.

2.2.7 Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.

2.2.8 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/disadvantaged classes, minorities and women.

2.2.9 Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.

2.2.10 Rural development projects.

2.3 The provisions indicated in para 2.2 above are broad-based and are intended to cover a wide range of activities as illustratively mentioned. While deciding the program or project to be undertaken based on the focus areas indicated, the Company shall ensure that the provisions are interpreted liberally and the essence thereof is strictly adhered to.

2.4 Every activity to be undertaken by the Company under para 2.2 above shall be approved by the CSR Committee (as defined herein). For the purpose of carrying out the CSR activities, preference shall be given to the local area and the areas around which the Company operates.

2.5 The CSR Committee shall ensure that the Company's values and Code of Business Conduct are adhered at all points of time, whether in proposing the CSR activities or implementing the Policy.

3. IMPLEMENTATION OF CSR ACTIVITIES

3.1 The Company may carry out the CSR activities in accordance with the terms of this Policy, either on its own, or through a registered trust or registered society or through a company registered under Section 8 of the Companies Act, whether established by the Company, a subsidiary of the Company, an Associate Company of the Company or by a third party.

3.2 The Company may also collaborate with other companies to undertake projects, programs or CSR activities in such a manner that the CSR Committees of the respective companies are in a position to report separately on such projects or programs in accordance with the CSR Policy and the applicable CSR regulations from time to time in force.

3.3 If the Company chooses to carry out the CSR activities through a registered trust or registered society or a Section 8 company incorporated under the Companies Act, which is established by a third party (“CSR Partner”), guidelines mentioned in Clause 4 below are required to be followed in choosing such CSR Partner.

4. GUIDELINES FOR CHOOSING A CSR PARTNER

4.1 The CSR Partner shall be either a registered trust or a registered society under the applicable laws or a company incorporated under Section 8 of the Companies Act, with an established track record of 3 years in undertaking activities in the focus areas in which the Company intends to carryout CSR activities.

4.2 The board of directors or the trustees or the management committee members or governing body members of the CSR Partner, as the case may be, or the members of the CSR Partner or the CSR Partner itself, shall not in any way be, directly or indirectly, connected with any political parties and the CSR Partner should not be, directly or indirectly, promoted by political parties.

4.3 The CSR Partner shall not engage in religious or political activities, for the private benefit of the CSR Partner, discriminate on the basis of race, colour, religion, sex, age, national origin, citizenship status, disability, sexual orientation or veteran status.

4.4 The board of directors or the trustees or the management committee members or governing body members of the CSR Partner, as the case may be, or the members of the CSR Partner should not be adjudicated as an insolvent or convicted by a Court of any offence involving moral turpitude.

4.5 The CSR Partner should not be or should not have been a party at any time to bankruptcy or insolvency or winding up proceedings or to proceedings involving a composition of creditors, or should not make or should not have at any time made an assignment for the benefit of creditors. A custodian, receiver or any other person with like power should not have been appointed to take charge of or liquidate all or a part of the its business, property or assets or no order should have been made or a resolution should have been passed for the winding-up or liquidation or any corporate proceedings for its liquidation, winding-up or dissolution shall have been commenced.

4.6 The CSR Partner should have complied with the applicable laws and no notice for non-compliance under any applicable laws should have been received from any authorities.

4.7 CSR Partner should have audited its accounts for each of the financial years from the date of its existence and the financial statements should reflect true and fair view of its affairs.

4.8 The Company shall conduct a legal, financial and regulatory due diligence on the CSR Partner and satisfy itself of its credibility, compliance status and ability to carry out CSR activities on behalf of the Company.

4.9 The CSR Committee shall discuss the CSR Policy and the objectives of the Company in this regard with the proposed CSR Partners.

4.10 The Company shall procure a detailed project report from the shortlisted CSR Partners regarding the course of action that they intend to undertake, if chosen to implement a particular CSR activity on behalf of the Company.

4.11 The Company shall, before executing the projects with CSR Partners, ensure that the specifications for the project or programs to be undertaken through the CSR Partners, the utilization of funds on such projects and programs and the monitoring and reporting mechanism are made clear.

5. CSR FUND

5.1 Any payments towards CSR activities shall be made directly to the CSR Partners and/ or the beneficiaries, as the case may be.

5.2 The CSR Committee shall decide the Authorised Signatories for approving CSR related expenses and make recommendations to the Board of Directors thereon. The decision of the Board of Directors of the Company on the Authorised Signatories to the bank account shall be final.

5.3 In the event Company is unable to spend the amount earmarked for the CSR activities in a financial year, the CSR Committee shall submit a report in writing to the Board of Directors of the Company specifying the reasons for not spending the amount, which in turn shall be reported by the Board of Directors of the Company in their report to the shareholders of the Company for that particular financial year.

5.4 A capital contribution in a CSR Partner will be made only if:

- (i) The CSR Partner is engaged exclusively for undertaking CSR activities; or
- (ii) The corpus is created exclusively for a purpose directly related to the activities listed in Section 2 above.

6. CSR COMMITTEE

A CSR Committee shall be constituted by the Board of Directors of the Company. The roles, responsibilities and functioning of the CSR Committee shall be as provided below:

6.1 Constitution:

The CSR Committee shall consist of three members of the Board of Directors of the Company at any given point of time. If the Board of Directors of the Company consists of only two Directors, then two Directors will form CSR Committee.

6.2 Quorum:

Any two members of the CSR Committee personally present or via video conferencing, shall form a quorum for the meeting of the CSR Committee.

6.3 Meetings:

The meetings of the CSR Committee shall be held at such intervals on need basis. However, one meeting shall be convened every year. The meetings can be convened at such time, at such place and on such day, as the members of the CSR Committee may deem fit. The minutes recording the proceedings of the CSR Committee meetings shall be placed before the next board meeting of the Company for approval. Provisions relating to conducting board meetings via video conferencing shall apply similarly to the CSR Committee meetings.

6.4 Notices:

Any one of the CSR Committee members or any authorized person by the Board of Directors for this purpose shall be authorised to issue notice to convene the meetings of the CSR Committee. Every notice convening the meeting of CSR Committee shall be accompanied by an agenda.

6.5 Membership:

Membership of the CSR Committee is restricted to the Board of Directors of the Company. The CSR Committee may invite experts from various fields or employees of the Company from the core working Committee to attend its meetings from time to time. The CSR Committee may invite experts from various fields or officers or employees of the Company to attend its meetings and provide such expert views, comments, updates, information or clarification or for such other purpose as the CSR Committee deems necessary to conduct the business.

6.6 Decisions:

Matters transacted at the meetings of the CSR Committee or by way of resolutions by circulation shall be decided by majority vote of the CSR Committee members.

6.7 Matters to be transacted:

CSR Committee may as appropriate discuss the following matters at its meetings:

- (i) Preparation of budget outlay for each of the CSR activities;
- (ii) Implementation schedule for each of the CSR activities;
- (iii) Formation of CSR internal working group (Core CSR working Committee) and allocation of responsibilities to carryout CSR activities;
- (iv) Report on the CSR activities carried out from the date of last meeting till date with supporting documents;
- (v) Discussion on the new proposals, if any;
- (vi) Road map for the CSR activities to be carried out for the following year; and
- (vii) Any other matter as the CSR Committee may deem fit.

6.8 Jurisdiction:

The Board of Directors or the CSR Committee, as the case may be, shall exercise its jurisdiction over the CSR activities carried or proposed to be carried within India.

7. ROLE AND RESPONSIBILITIES OF THE CSR COMMITTEE

7.1 The CSR Committee shall formulate and recommend the CSR Policy or any amendments thereon to the Board of Directors of the Company. Any amendments to be made to the CSR Policy shall be taken up by the Board only with the recommendation of CSR Committee.

7.2 The CSR Committee shall also recommend the amount of expenditure to be incurred by the Company in each financial year, in relation to the CSR activities to the Board of the Directors of the Company. Such expenditure shall be calculated in accordance with the provisions of the Companies Act after consultation with the finance department of the Company.

7.3 The CSR Committee shall identify and recommend CSR activities to the Board of Directors of the Company which are covered under this Policy by providing a project report. The project report shall elaborate on the sectors in which the CSR activities shall be carried out, need, statistics, modalities of execution of the CSR activities, budget outlay, implementation schedule, location where the CSR activities are proposed to be implemented and impact of such CSR activities on the target audience.

7.4 The CSR Committee shall recommend CSR Partners, to the board of directors and procure their approval before engaging the CSR Partner(s) to carry out the CSR activities on behalf of the Company. The CSR Partners recommended to the Board shall be selected in accordance with the guidelines described in this Policy.

7.5 The CSR Committee shall allocate budget to each of the CSR activities and the CSR Partners.

7.6 The CSR Committee shall undertake all necessary steps to implement the CSR activities in accordance with the implementation schedule, as approved by the Board.

7.7 The CSR Committee shall monitor the CSR activities in such manner as prescribed in this Policy.

7.8 The CSR Committee shall update the board of directors from time to time on the progress of the CSR activities along with a report on the amount allocated for such activity, amount utilised, amount unspent, if any, additional funds required, if any and expenditure incurred.

7.9 The CSR Committee shall ensure that the CSR activities do not benefit the Company or its employees and their families.

8. ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

8.1 The Board Of Directors shall after taking into account the recommendations made by the CSR Committee approve the CSR Policy for the Company and disclose contents of such Policy in its report and also place it on the Company's website, if any, in such manner as may be prescribed; and

8.2 The Board of Directors shall ensure that the activities that are included in CSR Policy of the Company are undertaken by the company.

9. ROLE AND RESPONSIBILITIES OF THE CSR WORKING COMMITTEE

9.1 The meetings of the CSR Working Committee shall be held at such intervals on need basis. However, one meeting shall be convened every year. The meetings can be convened at such time, at such place and on such day, as the members of the CSR Working Committee may deem fit.

9.2 CSR Working Committee shall support CSR Committee in implementation of the CSR activities approved by the Board of Directors of the Company.

9.3 CSR working Committee shall monitor progress of the CSR project/activities in such a manner as prescribed under the policy.

9.4 CSR Working Committee shall keep the CSR Committee apprised on progress and execution of the CSR activities.

9.5 CSR working Committee shall be responsible to conduct colleague volunteering program.

10. MONITORING MECHANISM

10.1 The administration of the CSR Policy and the execution of identified CSR projects, programs and activities shall be carried out under the overall superintendence of a CSR internal working group. The members of CSR internal working group shall be decided by the CSR Committee.

10.2 The CSR Committee shall monitor the CSR activities in the following manner:

(i) Atleast one member of the CSR Committee or his/ her representative shall accompany the representatives of the CSR Partner(s) to each of the venues where the CSR activities are implemented at such intervals on need basis.

(ii) CSR Committee shall procure not later than 7 days from the end of each month by each of the CSR Partners, separately for each of the CSR activity, a monthly status report detailing the utilization of the funds, CSR activities carried out, reasons for deviation from the implementation schedule, if any, corrective measures taken in this regard, requirement of additional funds, if any, along with the reasons for such escalations.

(iii) Procure pictures, videos and stories from the CSR Partners on the completed and ongoing CSR activities.

11. REPORTING

11.1 The Board of Directors of the Company shall provide the following information in its report to its shareholders as well as on the website of the Company:

(i) Brief outline of the CSR Policy;

(ii) Website link (if any) to CSR Policy and update on the CSR activities undertaken by the Company;

(iii) Composition of CSR Committee;

(iv) Average net profits of the Company for last three financial years;

(v) Prescribed CSR expenditure;

(vi) Total amount to be spent in a financial year and amount unspent, if any, along with the reasons;

(vii) Manner in which the amount spent on CSR activities during a financial year in the following format:

(a) A description of the CSR activities;

(b) Sectors covered by the CSR activities;

(c) CSR activities Undertaken – (1) Local Area or Other; and (2) Specify the State and district where CSR activities were undertaken;

(d) Amount outlay (budget) for each of the CSR Activity;

- (e) Amount spent on the CSR activities – (1) Direct Expenditure; (2) Overheads.
- (f) Cumulative expenditure upto the reporting period;
- (g) Amount spent – (1) Direct; (2) through the implementing agency; and
- (h) Details of the implementing agency.
- (viii) Reasons for the Company failing to spend the amount required under the Act (if any), on the CSR activities; and
- (ix) Responsibility statement from CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives.

12. POLICY ON NON-DISCRIMINATION AND CONTROVERSIAL ORGANISATIONS

12.1 The Company seeks to support organizations that are in alignment with the core values and Tesco Group Code of Business Conduct. The Company is committed to equal opportunity and fair treatment, and will not support charitable organizations that discriminate on the basis of race, colour, religion, sex, age, national origin, citizenship status, disability, sexual orientation, veteran status, or any other protected status. The Company defines discrimination in connection with its charitable giving program to include (but not necessarily be limited to) denial of services, employment, or volunteer opportunities to any class of individuals in a manner that negatively restricts opportunities available to that class of individuals.

12.2 In addition, to ensure that all recipient organizations are aligned with the Company's values, the Company shall not make charitable grants to any organization or program that in any way is controversial or, implicitly or explicitly, promotes, advocates, or instigates an ideology or environment that is divisive or not otherwise aligned with the Company's values.

12.3 As part of an ongoing effort to support only those organizations that fully align with the Company's values and policies, the Company reserves the right to evaluate the eligibility of a recipient organization at any time regardless of whether prior grants have been made. The Company, in its sole discretion, may suspend or terminate current or future grants to any organization that is not aligned with the Company's values and policies.

13. SELF GOVERNANCE

The Company, its Board of Directors, employees, officers, CSR Committee members, its invitees, shall not:

- (i) Directly or indirectly engage in lobbying of CSR activities; or
- (ii) Accept any kind of favours and gifts, in any form, from any prospective or potential CSR Partners or beneficiaries as a result of consideration of the proposal to grant funds to such CSR Partners or beneficiaries under this Policy.

14. EXCLUSIONS TO CSR ACTIVITIES

The following activities shall not qualify as CSR activities:

- (i) Projects, programs or activities undertaken during the normal course of Company's business;
- (ii) Projects or programs or activities undertaken that benefit only the Company's employees, or its customers or vendors, or their families;
- (iii) One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc.;

(iv) Expenses incurred by companies for the fulfilment of any act (other than the Act), statute or regulations (such as Labour Laws, Land Acquisition Act etc.);

Besides the above exclusions, the Company shall comply with the exclusions made through the Central Government notifications/rules/circulars, as implemented from time to time.

15. POLICY REVIEW AND FUTURE AMENDMENT

The CSR Committee shall review the CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board of Directors of the Company.