



## **Corporate Social Responsibility (CSR) Policy**

It is recognized that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long-term success, competitiveness and sustainability. Businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the essentials of ethical practices and good governance.

From the very outset, L'Oréal has been a company committed to consumer safety, to protecting the environment and the welfare of our employees. As a market leader, we have a responsibility to go further and to ensure that all our stakeholders share in our success, and thus make the world a more beautiful place. We believe in the beauty of protecting the environment & biodiversity; the beauty of supporting communities; and providing security for employees, the beauty of delivering desirable and sustainable products for women and men who trust in us.

As part of our first phase of our global Sustainability commitment "*Sharing Beauty With All*", L'Oréal reinvented its way of doing business, transitioning to a more sustainable business model, mitigating our environmental impact and maximizing our positive contribution to society at large. 2020 marks the beginning of next phase of our new sustainability program "L'Oréal for the future", laying down the Group's ambitions for 2030. In the context of growing environmental and social challenges, L'Oréal is accelerating its transformation towards a model respecting planetary boundaries and reinforcing its commitments to both sustainability and inclusion.

We at L'Oréal India are convinced that beauty has a genuine societal utility, and can make a huge positive difference to communities and the environment. Guided by our global Sustainability frame "L'Oréal For the Future" (<https://www.loreal.com/en/commitments-and-responsibilities/for-the-planet/>), in India, our priority will be to become the best practice leader in women's empowerment & environmental sustainability.

The concept and need for Corporate Social Responsibility (CSR) has gained prominence from all avenues. The Government as well as regulators has framed various guidelines pertaining to responsibilities of business as well as the mandatory Corporate Social Responsibility provisions under the Companies Act, 2013 and Rules made thereunder ("Act").

### **1. Policy / CSR Activities**

1.1. The Policy recognises that Corporate Social Responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 read with Schedule VII of the Companies Act 2013 ("Act") and the applicable rules thereunder, from time to time.

1.2. The existing CSR focus areas, guided by Schedule VII of the Companies Act,

2013 along with the approach and execution modalities is provided in **Annexure 1**. These activities are not expected to lead to any additional surplus. The Company may take up other CSR activities as may be appropriate from time to time, in accordance with the approval of the CSR Committee and the Board and guided by the Schedule VII of the Companies Act.

1.3. CSR activities shall be undertaken as projects, programs of activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

## **2. Annual spends / Allocation of Funds**

2.1. The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years, calculated in accordance with section 135 of the Act.

2.2. The surplus arising out of the CSR activity will not be part of business profits of the Company. If the Company spends any amount over and above such 2% of average net profits, it will be considered as excess CSR expenditure which can be set-off in accordance with the provisions of the Act.

2.3. For long term on-going projects, the company shall transfer the funds committed to the project in the UCSRA account while specifying the reason to such transfer and the timeline for the utilization for such funds, while being within the rules recommended by the Companies Act and its related amendments.

2.4. The administrative overheads will be in accordance with the provisions of the Act.

## **3. CSR Committee**

3.1. The CSR Committee will consist of three members, comprising of 2 directors and such executive members, as may be designated by the Board.

3.2. The Committee will meet as required, to discuss and review CSR activities and Policy. A quorum of two members is required to be present for the proceedings to take place. The Committee members may attend the meeting physically or via such audio visual means as permitted under the Act. The Committee shall have the authority to call such employee(s), senior official(s) and or externals, as it deems fit.

3.3. The Company Secretary shall act as Secretary to the Committee.

## **4. Functions of CSR Committee:**

4.1. The CSR Committee shall identify suitable projects and recommend projects aligned with the CSR policy of the company.

4.2. The CSR Committee will implement and monitor the existing CSR focus areas, guided by Schedule VII of the Companies Act, 2013 along with the approach

and execution modalities is provided in **Annexure 1**.

- 4.3. The CSR Committee shall monitor the CSR performance and provide guidance in compliance with the CSR Policy, commitments and the applicable CSR provisions.
- 4.4. The CSR Committee will update the progress of the projects to the Board from time to time.
- 4.5. The CSR Committee shall carry out such other activities as directed by the Board of Directors of the Company and/or as deemed appropriate and expedient by the Committee for the furtherance of CSR objectives of the Company, in pursuance with the Regulations.

## **5. Planning and Implementation:**

- 5.1. A list of CSR projects/programmes which the Company plans to undertake during the implementation year will be laid down before the Committee at the beginning of each year, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same. The plan could be appended/revised during the year taking into account the new projects planned during the year.
- 5.2. The projects will be either implemented directly or through an implementing agency meeting the criteria laid down under the Act.
- 5.3. The Company may collaborate, engage/partner with NGOs, Government entities, International NGOs and other stakeholders to enhance the impact of the CSR programs. For identifying implementation agencies, the company shall do a due diligence while considering aspects like credibility of the implementing agency, experience and expertise in the relevant area, history and any potential conflict.

## **6. Review, Reporting and Monitoring Mechanism**

- 6.1. The Company will report, in accordance with applicable provisions of the Act, the details of CSR initiatives and activities of the Company in the Directors' Report and on the website of the Company.
- 6.2. The CSR Committee shall follow a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company.
- 6.3. The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee or external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.
- 6.4. Appropriate documentation reports on execution by CSR Partner(s) and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.

6.5. The Monitoring process may also include reports from on-site visit, etc. The impact assessment shall be conducted for CSR projects in accordance with the applicable provisions of the Act.

## **7. Amendments to the Policy**

7.1. The Board of Directors on its own and/or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Act on the subject as may be issued from relevant statutory authorities, from time to time.

The CSR policy can be accessed at: <https://www.loreal.com/en/india/>