## *1.* Purpose

This guideline aims to detail the procedures that the Public Affairs, Communication, CSR and Sustainability (PACS) function should follow and ensure when engaging with partners and executing any Corporate Social Responsibility ("**CSR**") activities on behalf of Hindustan Coca-Cola Holdings Limited ("**HCCH**" or "**Company**"). Further, the content of this Policy (*as defined hereinbelow*) shall act as an approach and direction for selection, implementation and monitoring of its CSR activities, as approved by the Board, on recommendation of the committee of the Board constituted in terms of Section 135 of the Companies Act, 2013 ("**Act**") ("**CSR Committee**") from time to time.

## *2.* Scope

This Policy shall be applicable to all CSR activities carried out by the HCCH towards fulfilling its CSR objectives.

## *3.* Objective

HCCH is committed to supporting communities through sustainable business practices.

The HCCH CSR policy ("**Policy**") guides our CSR activities, ensuring they align with our goal to create economic value responsibly. Key objectives include:

- Promoting sustainable operations at all levels.
- Enhancing community quality of life, skills, and economic well-being.
- Building community goodwill and reinforcing HCCH's responsible image.

This Policy follows the Act, and the Companies (Corporate Social Responsibility) Rules, 2014 ("**CSR Rules**") along with Circulars/ Notifications/FAQs as issued by the Ministry of Corporate Affairs ("**Ministry**"), detailing our commitment to socially useful initiatives that benefit the community, particularly the underprivileged. It applies to all HCCH CSR initiatives as per Schedule VII of the Act, and Ministry guidelines as prescribed from time to time.

## *3.* Responsibilities

The Board shall constitute the CSR Committee in accordance with the provisions of the Act and the articles of association of the Company ("**Articles of Association**").

Appointment and removal of the members of the CSR Committee shall, at all times, be at the sole discretion of the Board of Directors of the Company ("**Board**"), subject to the Articles of Association.

The roles and responsibilities of the management of the Company with respect to CSR would be as follows:

| Roles(a) | Key Responsibility |
|---|---|




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| | |
|---|---|
| Public Affairs and Communication Team (PAC) | • Review CSR programs and activities per this Policy and the annual action plan formulated by the CSR Committee in terms of Rule 5(2) of the CSR Rules ("**Annual Action Plan**").<br>• Authorize recommended actions and help select agencies or partners for CSR initiatives.<br>• Design and monitor CSR projects and then recommend the same to the CSR Committee.<br>• Review process and performance metrics.<br>• Collect and analyse data.<br>• Set criteria and governance for NGO appointments.<br>• Evaluate potential partners identified by procurement to determine project allocation based on expertise and other PACS team guidelines.<br>• Share selected NGO partners list with Procurement after evaluation. |
| Project Planning and Budgeting – Finance | • Review the proposed management process, including the accounting and disbursal framework. |
| Procurement Team | • Float RPQ based on PACS criteria and shortlist the NGO for PAC for finalisation as per the Company's procurement policies/norms.<br>• Procurement will evaluate items common across online sources or existing vendors. They will summarize vendor evaluations and share them with the Controller for Bid Waiver approval. |

## *4. Roles of the CSR Committee*

The CSR Committee shall be required to:

- Formulate and recommend to the Board an action plan pursuant to this Policy, inclusive of the details and specifications as required under the Act, read with CSR Rules.
- Recommend the amount of expenditure to be incurred on the CSR activities pursuant to Section 135(5) of the Act.
- Review and monitor this Policy periodically, suggesting amendments for the Board's consideration as necessary.
- Ensure the implementation and monitoring of this Policy to maintain compliance with the Company's CSR mission and objectives.
- Formulate an Annual Action Plan and recommend it to the Board for approval.
- Undertake impact assessment through an independent agency of CSR projects having outlays of ₹1 crore or more and which have been completed not less than one year before undertaking the impact study, in accordance with Rule 8(3) of the CSR Rules. A Company undertaking impact assessment may book

the expenditure towards CSR for that financial year, which shall not exceed 5% of the total CSR expenditure for that financial year of fifty lakh rupees, whichever is less.

- Submit a report to the Board regarding the CSR activities and projects undertaken by the Company for the financial period ending 31 March each year.
- Ensure optimal utilization of CSR Funds for CSR projects related to CSR Activities, considering that per Section 135 (5) of the Act, the Company should prioritize local areas around its operations for CSR expenditure.
- Ensure that CSR projects undertaken by the Company align with the CSR Activities outlined in this Policy and applicable law.
- Institute a transparent monitoring mechanism to ensure the implementation of CSR projects designated as CSR Activities.
- Review and monitor the progress of CSR projects and their implementation schedules.
- Constitute sub-committees for the implementation of the CSR Policy or any part thereof, if necessary.
- Ensure adequate communication of the project through various mediums and monitor and document the project's maximum social reach.

## 5. *Operating Guidelines*

HCCH is committed to upholding corporate values, promoting sustainable growth, and fostering inclusive development. In accordance with Section 135 and Schedule VII of the Act, HCCH's CSR efforts will concentrate on the following areas:

- Eradicating hunger, poverty, and malnutrition; promoting healthcare, sanitation, and making available safe drinking water.
- Promoting education, employment enhancing vocational skills, especially for children, women, the elderly, and differently abled individuals and livelihood enhancement projects.
- Promoting gender equality, empowering women, and providing homes and hostels for women and orphans; establishing facilities for senior citizens; and reducing social and economic inequalities.
- HCCH's CSR initiatives are directed towards the alleviation of hunger, improvement of healthcare services, promotion of education, and advocacy for gender equality and environmental sustainability. Additionally, these initiatives encompass the preservation of national heritage, support for veterans, promotion of sports, contributions to relief and research funds, and development projects in rural and slum areas. Furthermore, HCCH is devoted to disaster management efforts.
- Protecting national heritage, art, and culture, including restoring buildings and sites of historical importance and works of art; establishing public libraries; and promoting and developing traditional arts and handicrafts.
- Providing benefits to armed forces veterans, war widows, and their dependents, as well as to veterans and their dependents from the Central Armed Police Forces (CAPF) and Central Paramilitary Forces (CPMF).
- Training to promote rural sports, nationally recognised sports, Paralympic sports, and Olympic sports.
- Contributing to the Prime Minister's National Relief Fund or the Prime Minister's Citizen

Assistance and Relief in Emergency Situations Fund (PM CARES Fund), or any other fund set up by the central government for socio-economic development and the relief and welfare of scheduled castes, tribes, other backward classes, minorities, and women.

- Contributing to incubators or research and development projects in science, technology, engineering, and medicine, funded by the Central Government, State Government, Public Sector Undertaking, or any agency of the Central or State Government.
- Supporting public-funded universities, Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- Rural development projects.
- Slum area development.

  Explanation: 'Slum area' refers to any region designated by the Central Government, State Government, or any other authorities under current laws.
- Disaster management, including relief, rehabilitation, and reconstruction.
- Any other activities specified by the Ministry in accordance with the Act, CSR Rules and other applicable laws.

## 6. *Implementation & Monitoring*

The CSR Committee shall have the authority to undertake necessary actions for the purpose of implementing and monitoring the Company's CSR projects. Alternatively, the Board may appoint an external implementing agency in accordance with Rule 4(1) of the CSR Rules and this Policy, to carry out and oversee HCCH's CSR activities.

The process for implementation of CSR projects will generally involve the following:

(a) **Identification of projects**: Projects are identified through one or combination of the following methods: Identification studies by professional institutions/agencies will be required.

i. Internal need assessment by the concerned HCCH department(s).
ii. Receipt of proposals/ requests from local civic bodies/ district administration / local government, etc.
iii. Discussions and request with local representatives / civic bodies / citizen's forums / non-governmental organizations (NGOs).
iv. Each activity proposal for CSR committees has to contain –

- Objective for the activities
- Outlining the list of benefits to the community
- Relevant metrics from the activity for the community and for the organisation (HCCH).

(b) **Geographic Coverage of CSR projects**: CSR Activities and the projects thereunder would generally be carried out/ focused in the local areas and/ or communities where HCCH has operations / plants / premises.

(c) **Approvals:** CSR projects as may be identified and will be required to be put up to the CSR Committee and thereafter to the Board for its approval, at the beginning of each financial year or on such regular intervals, as required by the CSR Committee.

(d) **Execution:** CSR projects, as may be approved, would be executed under the supervision of the concerned department(s) of the Company either directly by the Company, and if required, with assistance from or through any of following implementing agencies with a valid registration under the Foreign Contribution Regulation Act, 2010 ("**FCRA**") (preferred):

i. Company established under Section 8 of the Act or registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under section 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other Company, or

ii. 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

iii. Any entity established under an Act of Parliament or a State legislature, or

iv. Company established under Section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The Company may also collaborate with other companies to undertake projects or programs or CSR activities in such a manner that the CSR Committees of the respective companies are able to report separately on such projects or programs, in accordance with the CSR Rules. Further, the Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this Policy as well as for capacity building of the Company's own personnel for CSR.

(a) **Criteria for identifying an implementing agency:** While identifying projects the concerned department(s) will also identify the implementing agency, if any is required, for execution of the said project and ensure that implementing agency meets the following minimum criteria:

I. It must be registered with the Central Government and must have a valid unique CSR Registration number following its registration with the Ministry under Form CSR-1.

ii. It must have valid registration certificate under law in which it is incorporated / established.

iii. It must be registered under Section 12A and approved under Section 80 G of the Income Tax Act, 1961.

iv. It must be a valid Section 8 company / trust / society established by Central or State Government; or
It must be a Section 8 company / registered trust / registered society (not established by the company) with at least 3 years' track record in similar



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activities; or
It must be an entity established under an Act of Parliament or State Legislature.

(b) **In case of project execution by NGOs/any other voluntary organizations as implementing agency, the following minimum criteria need to be ensured for the purpose of identification:**

i. NGO/Agency has a permanent office/address in India.
ii. NGO is a registered society under requisite/applicable Registration Act.
iii. Valid Income-tax Exemption Certificate issued by authorities.
iv. Valid FCRA certificate

(c) **Eligibility Criteria:**
NGOs recommended by PAC would be required to meet the following criterion prior to submission of any proposal in line with Annexure A to the team:

**Organization Related Criteria:**

i. The organization should have been in existence for a minimum of 4-5 years or in-case of a new organization there should be some guarantee from the local authority on the authenticity of the organization executing in that area.
ii. The organization should be registered as a Trust/Society/not-for-profit company under applicable law that implements social development projects in India.
iii. The organization should have a Governing Board/ Council and should disclose the profile of the Board Members including the Chairperson, Directors and key employees of the organization.
iv. The organization should have a proven track record in the delivery of quality services in specific fields, good implementation history, and capacity of personnel to manage the project on prescribed schedules and targets.
v. The organization should have a good working relationship and contacts with the communities.
vi. The organization should not be affiliated with any political party.
vii. The organization should ensure compliance with laws and regulations.
viii. The organization should follow transparent accounting practices. It should provide signed audited statements along with the statutory auditor's reports.
ix. The organization should have a valid FCRA Certificate.

**Selection of the partner should be based on:**

i. Request for Proposal (RFP) issued by the procurement basis the criteria set by PAC.
ii. Proposals received against the RFP from, NGOs, Local Civic Authorities, Local Government etc., for CSR projects in line with CSR vision of HCCH.
iii. Due Diligence performed by the PAC with respect to programmatic and financial criteria laid down in RFP.

(d) **Annual Action Plan**: The annual action plan of CSR Activities shall be formulated by the CSR Committee and recommended to the Board for approval, which shall include the following:

i. CSR projects or programmes to be undertaken in area or subjects specified in Schedule VII of the Act.
ii. the manner of execution of such projects or programmes.
iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes.
iv. monitoring and reporting mechanism for the projects or programmes; and
v. details of need and impact assessment, if any, for the projects undertaken by the Company.

The Board may alter the plan at any time, as per recommendation of its CSR Committee, based on reasonable justification to that effect.

(a) **Monitoring:**

i. CSR Committee to institute a transparent monitoring mechanism for ensuring implementation of CSR projects undertaken or proposed to be undertaken as CSR Activities, and implementation schedule for the same.
ii. For monitoring on project basis, if required, a monitoring / reporting process will put be in place, by the concerned HCCH department(s), for each of the projects or categories of projects, depending on the specifications and modalities of such projects.
iii. To undertake impact assessment through an independent agency of the CSR projects, if required.
iv. To engage professionals, consultants and international organization, if required for monitoring the CSR activities.
v. To obtain utilization certificate of Implementing / executing agency, if required.
vi. PAC to ensure all impacts are audited and or approved by CSR committee before flashing or sharing on public domain including the metrics which was agreed at the time of proposal versus actual metrices.
vii. Third party will be appointed to provide the impact studies, in accordance with Rule 8(3) of the CSR Rules and the said report will be presented to the committee on quarterly basis.
viii. Key MIS shall be prepared by NGO / CSR Partner and submitted for review in line with schedule as specified under Annexure B. Further, the Reporting Cadence, as mentioned Annexure C shall be adhered.

(b) **Resources - Funding and Allocation:**

i. HCCH will allocate at least 2% of its average net profits from the last three financial years to CSR projects annually.
ii. Any surplus from CSR activities will not be part of the company's business profit and will be reinvested in the same project, transferred to the Unspent CSR Account, or given to a Fund specified in Schedule VII as required by law. Where the Company spends an amount in excess of the required amount, such excess amount spent by the Company may be set off against the CSR obligations of the Company for the immediately succeeding three financial years subject to Board approval by way of a resolution and compliance with Rule 7(3) of the CSR Rules .
iii. Any unspent/unutilized CSR Funds of a particular year shall be treated in the manner as prescribed under the law.

iv. The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year.

(c) **Exclusions: The following activities shall not be included under CSR, unless otherwise exempted by Ministry:**

i. Any activity conducted by the Company outside India, except for the training of Indian sports personnel representing any State or Union territory at the national level or India at the international level;
ii. Activities undertaken in pursuance of normal course of business of the Company;
iii. Contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
iv. Activities benefiting employees of the Company as defined in clause (k) of Section 2 of the Code on Wages, 2019 (29 of 2019);
v. Activities supported by the Company on a sponsorship basis for deriving marketing benefits for its products or services;
vi. Activities carried out for the fulfilment of any other statutory obligations under any law in force in India.

(d) **Reporting of CSR Activities: -**

i. The CSR Committee must submit its annual report on CSR activities and projects by 31 March.
ii. These activities, along with any required impact assessments, will be included in the Annual Board Report.
iii. The Chief Financial Officer or responsible financial manager must certify that disbursed funds were used as approved by the Board.

iv. The CSR Committee's composition, Policy, Annual Action Plan and Board-approved projects will be posted on the Company's website.

**Key Risks to be mitigated**:
Team to consider the following risk which needs to mitigate to ensure smooth process flow.

1. **Risks to be mitigated (Operation's point of view)**
   i. Inadequate due diligence on programmatic and financial parameters of NGOs
   ii. Lack of tangible benefits to the community (For e.g. lack of significant increase in overall sanitation levels or awareness level)
   iii. Inadequate framework to review and monitor proposed/ongoing CSR projects and activities. Ongoing CSR projects shall have the meaning assigned under Rule 2(1)(i) of the CSR Rules. (criteria for selection not defined)
   iv. Absence of clearances from local government and community leading to regulatory noncompliance(s) and litigation.
   v. Non-adherence to approval mechanism as laid out in Chart of Authority (COA)
   vi. Inadequate project expenses Management Process
   vii. Brand Protection and Brand Awareness



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2. **Risk to be mitigated (Government's point of view)**
   i. Change of Government officials in the course of project roll-out
   ii. Resistance from community
   iii. Ineffective Project Implementation and Management
   iv. Time and Budget Overrun

## *7. General Provision in terms of Applicable Law*

Terms not defined in this Policy will have the meanings assigned in the Act, its Rules, and any related guidelines or regulations by statutory authorities.

## *8. Amendments to Policy*

This Policy shall be reviewed and accordingly amended by the Board (with recommendations from the CSR Committee) from time to time so that it remains compliant with the applicable law. Notwithstanding anything contained to the contrary herein, this Policy shall automatically stand amended to incorporate any changes to the requirements prescribed under applicable law to the extent that such provision does not require the Board to exercise its discretion. If there is any change in provisions of applicable law that requires the Board to exercise its discretion, the Board shall promptly review such provisions and adopt any changes to the Policy as it may deem fit.

## Annexure A
## Project Application Format

NGOs applying for support are requested to submit this application along with the project proposal to:

The Public Affairs & Communications Manager PAC HCCH
Company Address
Email: xxxx

*Note: Please use separate sheets to provide requested information.*

### I. PROJECT DETAILS

1. Project / Program Category (Please tick □ the relevant project)
   - Water Sustainability
   - Environment / Climate Control
   - Healthy Living
   - Woman Empowerment
   - Inclusive Social Development

2. Project Justification

(Please attach a brief write up on the conception of the project,, it felt need and how it will impact beneficiaries)

3. Location Description
4. Target Beneficiaries
5. Project Duration
6. Manpower Requirements
7. Specific Activities

### II. FINANCIAL DATA

1. Total Project Cost (Local Currency)
2. Amount Applied For
3. Other Funding Sources
4. Detailed Project Budget with itemized expenditure and highlighting fixed and variable costs
5. Disbursement of Funds and schedule of payments *(Please identify milestones to be achieved to enable release of funds.)*
6. Current Budget of the Organization

7. Receipt and Disbursement statement and Balance Sheet for the previous one year certified and audited by a Chartered Accountant.

**III. TECHNOLOGICAL PARAMETERS**

Regulatory Compliance

[Please attach a brief note confirming the technology/ies to be used under this project as also whether these technology/ies adheres to any applicable statutory requirements]

**IV. MONITORING & AUDIT**

1. Performance Indicators of the Project
2. Methodology to be adopted for Community Engagement and Participation
3. Training /Skill Development schedules, if any
4. Maintenance of specific structure/technology
5. Approach to ensure long term sustainability

**V. ORGANISATIONAL DETAILS**

*(Details of the Organizations/NGOs/CBOs working as sub-contractors for the project also need to be submitted in the same format.)*

**1. Name of the Organization:**

[Officially registered or established name]

**2. Registered / Permanent Office Address** (including Telephone, Fax and website address)

*[Please provide self-attested copy of: telephone/landline bill or electricity bill or municipal bill as address proof]*

**3. Date of Registration / Establishment**

**4. Registration No.**

*(Please provide self-attested copy)*

5. Legal Status (*Please click on appropriate box and provide organization's charter or governing documents*)

- Society
- Trust
- Not-for-Profit Company
- Other (please specify)

**6. Name and Address of the parent body, if any**

**7. Name and Profile of Trustees/Managing Committee Members/Board of Directors/ Office bearers of the Organization (including their address and contact details and Political Affiliations if any)**

**8. Organization's Vision, Mission and Objectives**

**9. List of Previous Projects undertaken and completed successfully (Please attach case studies/ success stories of some completed projects)**

**10. Annual Report of previous three financial years.**



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**11. Bank Certificate stating Guarantees name and bank account number or bank statement in original or a cancelled cheque with guarantees name and bank account number printed on the cheque.**

**VI. LEGAL REQUIREMENTS**

- Please attach a copy of the following documents:
- Applicant's organization's charter, byelaws, and other governing documents, including the Memorandum of Association of the Society/Trust Deed/Memorandum and Articles of Association of a not-for-profit company registered under the Act.
- Registration Certificate under the local government laws, if applicable.
- Foreign Contribution Regulation Act Certificate
- Copy of income tax exemption certificate (in case payment to the Guarantee has to be made without deduction of tax at source).
- Additionally, please attach the following:
- List of consents, permissions, and approvals required from local, state, or central authorities, along with their status.
- Drafts of any MOU/Agreement to be entered into, or which need to be finalized as contractual obligations.
- Name and profile of the Program Manager / Project Coordinator (Please use a separate sheet).

Signature of the Head of the Organization

.....

Name ..... Designation

.....

Any exception to the aforesaid requirements or guidelines needs approval from Finance Controller and Head PAC.



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## Annexure B

Details of Key MIS to be prepared by NGOs / CSR Partner

| Sl. No | MIS | Nature of Report | Prep By | Rev By | Frequency |
|---|---|---|---|---|---|
| 1 | Monthly Planning & Reporting Sheet | Report captures the monthly planning & work in hand status of team leaders. | NGO / CSR Partner – Team Leader | PACS Teams | Monthly |
| 3 | Project Utilization Report | Report capturing the utilisation of funds that have been allocated for a specific purpose and subsidy monitoring | NGO / CSR Partner – Team Leader | Finance and PACS | Monthly |
| 4 | Annual Audited Financial Statements | Year end audited financial statement showing receipts and payments and status of assets and liabilities. | NGO / CSR Partner – Team Leader | Finance and Senior Management | Annual |
| | | | | | |
| 7 | Attendance Report | Manual Attendance Register in relation to attendance of NGO staff | NGO / CSR Partner – Team Leader | PACS | Monthly |
| 8 | Project Evaluation Report | Evaluation Reports in respect of key objectives | NGO / CSR Partner – Team Leader | PACS | Quarterly |
| 10 | Imprest Utilisation Sheet | Document showcasing the utilisation of the imprest extended to TLs by NGO | NGO / CSR Partner – Team Leader | Finance and PACS | Per Occurence |

**Annexure C**

**Reporting Cadence**

| Frequency | Responsible Team | Type of Report | Stakeholders |
|---|---|---|---|
| Monthly (Online) | NGO Partner | Project progress report | National Manager – CSR and Local PACS |
| Quarterly/Bi-Annually (Online/ Face to Face) | National Team | Consolidated regional progress | National Manager - CSR and local PACS and Chief Public Affairs, Communications and Sustainability Officer |
| Annually (Face-to- Face) | National Team | CSR performance summary report | National Manager - CSR and local PACS Chief Public Affairs, Communications and Sustainability Officer; Company Secretary, Sr Associate General Counsel Services , and Finance Controller. |

**6. Escalation Mechanism**

1. **State-Level Challenges:** Escalated by Local PACS Team member to National Manager - CSR and Water Replenishment.

2. **Cluster-Level Challenges:** Escalated by National Manager - CSR and Water Replenishment to Chief Public Affairs, Communications and Sustainability Officer.

3. **National-Level Challenges:** Escalated to CSR Committee.

Summary report of State-Level Challenges & Cluster Level Challenges shall be presented to the CSR Committee on a Quarterly Basis by National Manager - CSR and Water Replenishment.


1. **State-Level Challenges:** Escalated by Local PACS Team member to National Manager - CSR and Water Replenishment.

2. **Cluster-Level Challenges:** Escalated by National Manager - CSR and Water Replenishment to Chief Public Affairs, Communications and Sustainability Officer.

3. **National-Level Challenges:** Escalated to CSR Committee.

Summary report of State-Level Challenges & Cluster Level Challenges shall be presented to the CSR Committee on a Quarterly Basis by National Manager - CSR and Water Replenishment.

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