

# CHARTIBALE DONATION AND CORPORATE SOCIAL RESPONSIBILITY POLICY.

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## PURPOSE OF THE POLICY.

Tesco Group<sup>1</sup> has a long tradition of commitment towards our corporate social responsibility and engaging in social causes to realize our corporate value, “*every little help makes a big difference*”. In keeping with our global values and Group Charitable Donations Policy, Tesco Bengaluru Private Limited (the “**Company**”), has made this Charitable Donations and Corporate Social Responsibility Policy (“**Policy**”) to deliver our group vision and statutory obligations under the Companies Act, 2013 (as amended from time to time) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time).

### Structure of this Policy

Part A. Corporate Social Responsibility

Part B. Charitable Donations

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## A. CORPORATE SOCIAL RESPONSIBILITY.

### A1. Purpose and Scope

The purpose of this Policy is to ensure compliance with the Company’s group vision towards its corporate social responsibility and with its statutory obligations under the Companies Act, 2013 (as amended from time to time). Hence, in keeping with the statutory obligations of the Company, in the event of any conflict between this Policy and the applicable laws, the applicable laws shall prevail.

### A2. Governing Body

This Policy shall be governed by the Company’s statutorily constituted CSR committee (“**CSR Committee**”) and its board of directors, as required under applicable laws. Any CSR contributions made by the Company shall be approved by the CSR Committee before being recommended to its board of directors which shall provide final approval basis the CSR Committee’s recommendation before any contributions are made. Any contributions made by the Company without the required approvals as stated in this Policy shall be null and void.

### A3. CSR Focus Areas and Reporting

The Company’s commitment towards its social responsibility is anchored in our core values, Code of Business Conduct and ultimately reflected in the actions of our people. Accordingly, we work to make a sustainable, measurable difference to the communities in which we work and live. For this purpose, the Company’s board of directors, with the recommendations from the CSR Committee, is committed to

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<sup>1</sup> Tesco Group shall include Tesco plc and all its affiliates, including without limitation, any other person or entity directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person or entity under its control or common control with another affiliate. For purpose of this definition, “control” shall mean and include a company or any other corporate body that has the power to, directly or indirectly, secure that the affairs of that company or other corporate body or the affairs are conducted in accordance with a person or corporate body’s wishes or directions by: (a) the holding of shares or the possession of voting power in or in relation to that company or any other corporate body; or (b) any powers conferred by the articles of association or other document regulating that company or any other corporate body.

undertake activities that are prescribed under Schedule VII of the Companies Act, 2013 (as amended from time to time).

- (a) Annual Plan: Subject to applicable laws, in view of the above, the Company hereby commits to develop its annual and ongoing CSR strategy as per the areas identified in Schedule VII of the Companies Act, 2013 (as amended from time to time). Such annual CSR plan and strategy will be approved by the Company's CSR committee and submitted for the approval of its board of directors every financial year. Needless to say, the Company is free to alter and updates its annual strategy during the year, as required, subject to applicable laws.
- (b) Annual Report: Subject to applicable laws, the CSR Committee shall submit an annual report to the Company's board of directors at the end of each financial year about its CSR activities carried out through-out the year. The report shall be prepared in accordance with applicable laws and report any over or under spending of the earmarked annual CSR budget with appropriate details as required by applicable laws.
- (c) Annual certification: Subject to applicable laws, the Company's Chief Financial Officer or another person responsible for its financial management shall certify to the board of directors that the CSR funds disbursed during a financial year have been utilised for the purpose and in the manner approved by the board of directors.

#### **A4. Implementation of CSR Activities**

- (a) The Company may carry out the CSR activities in accordance with the terms of this Policy, either on its own, or through a recognised not-for-profit organisation<sup>2</sup> ("**CSR Partner**"), as required under the applicable laws, including without limitation, a company registered under Section 8 of the Companies Act, 2013 (as amended from time to time) whether established by the Company, a subsidiary, holding or associate company of the Company.
- (b) 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 this Policy and the applicable laws in force from time to time.

#### **A5. Guidelines for choosing a CSR Partner**

The CSR Partners shall be chosen as per applicable laws, specifically, as per the below guidelines.

- (a) The CSR Partner shall be company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961 have an established track record of at least 3 financial years in undertaking activities similar to those identified in the Company's annual CSR plan.
- (b) The board of directors or trustees or 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, or directly or indirectly promoted by any political parties.

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<sup>2</sup> Either a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961

- (c) The CSR Partner shall not engage in religious or political activities for its private benefit, or discriminate on the basis of race, colour, religion, sex, age, national origin, citizenship status, disability, sexual orientation or veteran status.
- (d) The board of directors or 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 insolvent or convicted by a court of law for any offence involving moral turpitude.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) 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 as per applicable laws, as amended from time to time.
- (i) 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.
- (j) 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.

#### **A6. CSR Budget**

- (a) The Company's finance team will confirm the CSR budget available for each financial year as per applicable laws at the beginning of each financial year.
- (b) Any payments towards CSR activities shall be made directly to the CSR Partners and/or the beneficiaries, as the case may be as per the agreed memorandums of understanding ("MoUs") with the CSR Partners.
- (c) The CSR Committee shall decide the authorised signatories for approving CSR related expenses and make recommendations to its board of directors thereon which will provide the final authorisation in this respect.
- (d) In the event Company is unable to spend its entire CSR budget, as per applicable laws, unless the unspent amount relates to an ongoing CSR project that is spread over multiple years, the Company shall contribute the unspent amount to the funds sanctioned for this purpose under the applicable

laws. In case the unspent amount relates to an ongoing CSR project that is spread over multiple years, the Company shall, subject to approval from the CSR Committee and its board of directors, open a CSR Unspent Amount account and transfer the unspent amount in this account. Any amount moved to the CSR Unspent Amount account shall be disbursed, as earmarked for the ongoing CSR project, within the next three (3) financial years.

- (e) Any excess CSR spend in a given financial year may be set off by the Company towards future CSR obligations up to immediate succeeding 3 financial years, with the approval of the board of directors through a resolution.

#### **A7. CSR Committee**

- (a) Constitution: The CSR Committee shall be constituted by the Company's board of directors as per applicable laws from time to time. It shall consist of at least three (3) members of the board of directors at any given point of time and if the board of directors of the Company consists of only two (@) directors, then two (2) directors will form the CSR Committee.
- (b) Quorum: Any two members of the CSR Committee, present in person or via video conferencing (as permitted by applicable laws), shall form a quorum for the meeting.
- (c) Meetings: The CSR Committee shall meet at such intervals as required by the Company but shall hold at least one (1) meeting per 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.
- (d) Notices: Any one of the CSR Committee members or any other person authorised 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.
- (e) 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 to attend its meetings from time to time for specific matters to provide such expert views, comments, updates, information or clarification or for such other purpose as the CSR Committee deems necessary to conduct the business.
- (f) 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. Implementation shall always be subject to subsequent approval by the Company's board of directors.
- (g) 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) Report on the CSR activities carried out from the date of last meeting till date with supporting documents;
  - (iv) Discussion on the new proposals, if any;

- (v) Road map for the CSR activities to be carried out for the following year; and
  - (vi) Any other matter as the CSR Committee may deem fit subject only to applicable laws.
- (h) 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.

#### **A8. Roles and responsibilities of CSR Committee**

- (i) The CSR Committee shall formulate and recommend the CSR Policy or any amendments thereon to the Company's board of directors. Any amendments to be made to the CSR Policy shall be taken up by the board of directors only with the recommendation of CSR Committee.
- (ii) The CSR Committee may 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 applicable laws in consultation with the Company's finance team.
- (iii) The CSR Committee shall identify and recommend CSR activities and CAR Partners to the Company's board of directors. The recommendation may include, without limitation, 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 activities on the target audience.
- (iv) The CSR Committee shall allocate budget to each for the annual CSR activities against each of the CSR Partners as per applicable laws.
- (v) The CSR Committee shall undertake all necessary steps to implement the CSR activities in accordance with the implementation schedule, as approved by the board of directors.
- (vi) The CSR Committee shall monitor the CSR activities in such manner as prescribed in this Policy and as per applicable laws.
- (vii) The CSR Committee shall provide an update to 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 as required under applicable laws.
- (viii) Unless otherwise provided for under the applicable laws, the CSR Committee shall ensure that the CSR activities do not benefit the Company or its employees and their families.

#### **A9. Roles and responsibilities of the Company's board of directors**

- (a) 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 under applicable laws.

- (b) The Board of Directors shall ensure that the activities that are included in CSR Policy are undertaken by the Company.

#### **A10. Roles and responsibilities of CSR sub-committee**

- (a) The meetings of the sub-committee shall be held at such intervals as required. However, at least one meeting shall be convened every year.
- (b) The meetings can be convened at such time, at such place and on such day, as the members of the sub-committee may deem fit.
- (c) The sub-committee shall support the CSR Committee in implementation of the CSR activities approved by the board of directors.
- (d) The sub-committee shall monitor progress of the CSR project/activities in such a manner as prescribed under the policy and as per applicable laws and keep the CSR Committee apprised about the progress and execution of the CSR activities.
- (e) The sub-committee shall be responsible to conduct colleague volunteering program.

#### **A11. Monitoring Mechanism**

- (a) The administration of the Policy and the execution of identified CSR projects, programs and activities shall be carried out under the overall superintendence of the sub-committee whose members will be decided by the CSR Committee.
- (b) The CSR Committee shall monitor the CSR activities in the following manner:
  - (i) **On-site inspections:** The Company, through the CSR Committee and the relevant team managing day-to-day CSR activities on the Company's behalf, shall endeavour to conduct on-site inspections of the projects being delivered by CSR Partners at least once a year or any other regular intervals as per project needs.
  - (ii) **Status reports:** CSR Committee, through the relevant team managing day-to-day CSR activities on the Company's behalf, shall procure a quarterly (or monthly, as applicable) report from each of the CSR Partners for each of the CSR projects the Company is running with them. This report shall include, without limitation, 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) **Governance meetings:** CSR Committee, through the relevant team managing day-to-day CSR activities on the Company's behalf, shall arrange for monthly governance calls with each of the CSR Partners for each of the CSR projects the Company is running with them.
  - (iv) **Evidence gathering:** Procure pictures, videos and stories from the CSR Partners on the completed and ongoing CSR activities.
  - (v) **Virtual inspections:** Where appropriate and effective, the CSR Committee, through the relevant team managing day-to-day CSR activities on the Company's behalf, may conduct virtual inspections or audits for CSR Partners to ensure delivery of the projects that the Company is running with them. Such virtual inspections may include, but not limited to, inspection through video or audio calls.



## A12. Reporting

The Company's board of directors shall submit an annual CSR report to the Company as part of its Directors' report in such form as required under applicable laws. Such report may generally include the following:

- (a) Brief outline of the CSR Policy;
- (b) Website link (if any) to CSR Policy where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company;
- (c) Composition of CSR Committee;
- (d) Projects approved by Board for public access
- (e) Average net profits of the Company for last three financial years;
- (f) Prescribed CSR expenditure;
- (g) Total amount to be spent in a financial year and amount unspent, if any, along with the reasons;
- (h) Manner in which the amount spent on CSR activities during a financial year in the following format:
  - (i) A description of the CSR activities;
  - (ii) Sectors covered by the CSR activities;
  - (iii) CSR activities Undertaken – (1) Local Area or Other; and (2) Specify the State and district where CSR activities were undertaken;
  - (iv) Amount outlay (budget) for each of the CSR Activity;
  - (v) Amount spent on the CSR activities – (1) Direct Expenditure; (2) Overheads;
  - (vi) Cumulative expenditure upto the reporting period;
  - (vii) Amount spent – (1) Direct; (2) through the implementing agency; and
  - (viii) Details of the implementing agency.
- (i) Reasons for the Company failing to spend the amount required under the Act (if any), on the CSR activities; and
- (j) Responsibility statement from CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives.

For avoidance of the doubt, the contents of the report shall always remain subject to applicable laws.

## A13. Policy on non-discrimination and controversial organisations

- (a) The Company seeks to support organizations that aligned with the Company's core values our 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.
- (b) 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.
- (c) 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.

#### **A14. Self-governance**

The Company, its board of directors, employees, officers, CSR Committee members, its invitees, shall not:

- (a) Directly or indirectly engage in lobbying of CSR activities; or
- (b) 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.

#### **A15. Exclusions to CSR Activities**

The following activities shall not qualify as CSR activities:

- (a) Projects, programs or activities undertaken during the normal course of Company's business;
- (b) Projects or programs or activities undertaken that benefit only the Company's employees, or its customers or vendors, or their families;
- (c) One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc; and
- (d) Expenses incurred by companies for the fulfilment of any act (other than the Companies Act, 2013, as amended from time to time), statute or regulations (such as Labour Laws, Land Acquisition Act etc.);
- (e) Any activity undertaken by the Company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level; and
- (f) Contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act, 2013, as amended from time to time

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.

#### **A16. Policy review and amendments**

The CSR Committee shall review this 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.

### **B. CHARITABLE DONATIONS.**

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.

#### **B1. Scope**

This Internal policy guidelines applies to:

- (a) all business units of the Company;
- (b) recognised charitable foundations or trusts that are supported by the Company;

- (c) Third parties, including contractors and suppliers, who make charitable donations on behalf of the Company

## B2. Policy

The following Policy rules apply in relation to charitable donations:

- (a) Only make charitable donations with the appropriate authority as per the provided [Delegation of Authority](#).
- (b) *Anti-bribery Compliance*: Charitable donations must never be made with the expectation of receiving any improper benefit for Tesco or Tesco Group. Accordingly, donations to charities associated with public officials and their families represent a significant risk for bribery and appropriate reputational due diligence (eg using existing anti-bribery due diligence tools) must be conducted before any donations are made. Refer to the Anti-Bribery policy.
- (c) *Charitable social events organised by Tesco*: The 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.
- (d) *No use of expenses to process charitable donations*: Colleagues shall not make any cash donations to charities on behalf of the Company and claim as personal expenses. Donations may only be processed through the Company’s finance systems, using an appropriate account code. In exceptional cases, a Company cheque may also be used to process a one-off donation.
- (e) *No religious or political affiliations*: In line with the Company Code on Business Conduct, the Company will not make charitable donations to persons or not-for-profit organisations that have strong political or religious affiliations.

## B3. 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 for the purposes of this Policy. Such arrangements shall be dealt with as per the Gifts and Entertainment Policy.

## B4. Colleague fundraising for charities that are not officially supported by the Company

Colleague fundraising for charities that are not formally supported by the Company falls outside the scope of this Policy. However, where the Company “top ups” the amount raised by colleagues, then the “top up” amount will need to be approved as per Section A5 below as per Company policies.

## B5. Delegation of authority for charitable donations and commercial sponsorship agreements

S. No.	Decision	Authority required	Due diligence required
1	Selection of recognized charity partners <sup>3</sup>	LST	Reputational (via Exiger) Financial

<sup>3</sup> Either a registered trust or society or a company incorporated under Section 8 of the Companies Act.

			Legal
4	Donations or top-ups for colleague contribution (refer to Section A4) of upto INR 1,00,000 (Indian Rupees One Lakh) to charities other than recognized charity partners	WL5 (CEO- Tesco Bengaluru)	Reputational (via Exiger) Legal
5	Donations or top-ups for colleague contribution (refer to Section A4) of greater than INR 1,00,000 (Indian Rupees One Lakh) to charities other than recognized charity partners	LST	Reputational (via Exiger) Legal
6	Donations to charities closely associated with politically exposed persons or their families	Head- Legal Counsel	Reputational (via Exiger) Legal

- (a) The limits provided in this Section A5 shall not apply to matters getting covered under Part B related to the Company's statutory compliances related to corporate social responsibility. If any of the above matter related to contributions related to Part B, the contribution must be approved as per the process defined in Part B.
- (b) A log of charitable donations made by the Company from time to time must be maintained by the **Head – Communications & CSR**.
- (c) The Risk & Compliance Committee will review the log of charitable donations and sponsorship agreements **twice each year**.

## Related Policies.

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

## Reporting Policy Breaches.

Each colleague has a duty to speak up if they believe this Policy has been breached. Accordingly, in case a colleague notices or believes there to be a breach of this Policy, colleagues should speak to their line manager in the first instance. If this is not possible, the concerned colleague must raise the concern with the Head-Legal Counsel at [TescoBengaluruLegal@tesco.com](mailto:TescoBengaluruLegal@tesco.com).

Failure to comply with this policy will be dealt with as per Company policies and the Company reserves its rights to pursue legal remedies available under applicable laws.