

STERLITE TECHNOLOGIES LTD.

Corporate Social Responsibility Policy

OWNER:

Corporate Sustainability Department

ISSUE DATE:

May 26, 2016

REVISION DATE:

January 17, 2018

VERSION:

CSR Policy – 1.2

Contents

- 1. [Introduction](#) 3**
 - [1.1 Objective of the Policy](#) 3
 - [1.2 About Sterlite Technologies Ltd.](#)..... 3
 - [1.3 Our Ambition](#) 3
 - [1.4 Our Sustainability Vision](#) 3
- 2. [Corporate Social Responsibility at Sterlite Technologies Ltd.](#) 4**
 - [2.1 Corporate Social Responsibility under the Companies Act, 2013](#) 4
 - [2.2 Our Philosophy towards CSR](#) 4
 - [2.3 Our Focus Areas in CSR](#) 5
 - [2.4 CSR Expenditure](#)..... 5
 - [2.5 Our Approach to CSR](#) 5
 - [2.6 Exclusions](#)..... 6
- 3. [Governance, roles and responsibilities](#) 7**
 - [3.1 CSR Committee](#) 7
 - [3.2 CSR Roles and Responsibilities](#)..... 7
 - [3.3 CSR Function](#) 8
- 4. [CSR Operational Model](#) 8**
 - [4.1 Introduction](#) 8
 - [4.2 Geography Selection and Needs Assessment](#)..... 9
 - [4.3 Design of Projects](#) 9
 - [4.4 Selection of Partners](#)..... 9
 - [4.5 Approval of Projects and Budgets](#) 10
 - [4.6 MoU Signing](#)..... 10
 - [4.7 Monitoring and Evaluation](#) 10
 - [4.8 Documentation and Reporting](#) 11
- [ANNEXURE](#).....12**

1. Introduction

1.1 Objective of the Policy

This policy sets out our, Sterlite Technologies Ltd.'s ('STL' or 'the Company'), approach to Corporate Social Responsibility ('CSR') in compliance with Section 135 of the Companies Act, 2013 and the rules and notifications issued thereafter. The Policy also describes our operational model for implementation of CSR initiatives. This is an overall group CSR policy, with details specific to FY 19-20 included in the Annexure. The Policy may be periodically reviewed and updated by the CSR Committee, with approval of STL's Board of Directors ('Board').

1.2 About Sterlite Technologies Ltd.

STL develops and delivers end-to-end solutions for high-speed data communication and power transmission networks, in India and globally. We are among the global leaders in cable manufacturing through our operations in India, China, and Brazil. Currently, we are developing several network projects across India including secure communication network creation in Jammu & Kashmir for the Indian army, enabling BharatNet, establishing urban high-speed Fibre-to-the-Home (FTTH) networks and multiple interstate ultra-mega power transmission projects.

Listed on Stock Exchanges BSE and NSE in Mumbai, STL is a public company with a broad shareholder base. We recently announced a demerger of our power products and transmission business into a new entity, and Sterlite Technologies Ltd. will remain a pure play telecom focused company.

1.3 Our ambition

We aim to use our expertise in connectivity to drive India's development. Our business aligns with critical government initiatives towards nation building such as the Digital India, BharatNet, 24/7 Power for All, Smart Cities and Make in India missions, and supports key development priorities in power and digital connectivity.

We conduct our business ethically and responsibly and want to be known as a green, clean, and lean company. We ensure that we create shared value for communities and our business through our work and our sustainability vision is our driving force in this direction.

1.4 Our Sustainability vision

"Be responsible leaders in ensuring India's connected future is inclusive for all."

To contribute to our vision, as we build India's connectivity and grow as a business, we'll set the bar for what responsible, transparent, clean, and green business means in India. We'll ensure that the newly connected India we create will benefit everyone, enabling truly inclusive development.

The UN's Sustainable Development Goals and 10 principles of the UN Global Compact Network have a strong influence on how Sterlite plans and implements its CSR and Sustainability initiatives. This approach has not only enabled Sterlite be a responsible corporate entity in the geographies it operates in, but also enabled it to focus on sustaining its triple bottom line impact through "green-clean-lean" technologies.

Our sustainability vision stands on four pillars that are most important to us and through which we deliver shared value.

- Our community – Delivering life-changing services and technologies, empowering our communities to seek a brighter future;
- Our environment – Developing system-wide approaches that will reduce STL's eco-footprint with economic returns in the long-run;
- Our people – Ensuring that our people are healthy, safe, engaged and inspired to drive inclusive, equitable growth; and
- Our conduct – Creating sustainable practices, policies and business models that will support growth of our business and communities.

2. Corporate Social Responsibility at Sterlite Technologies Ltd.

2.1 Corporate Social Responsibility under the Companies Act, 2013

The Companies Act, 2013 ('the Act') specifies that companies that meet certain prescribed financial thresholds are required to spend at least 2% of their average net profits during the three preceding financial years in pursuing CSR initiatives. CSR, under the Act, includes development programmes or projects or activities undertaken by a company in the thematic areas specified under Schedule VII of the Act.

The Act also requires companies to constitute a CSR Committee and disclose its composition. It is the responsibility of the CSR Committee to:

- Formulate and publish a CSR policy setting out the CSR projects or programmes or activities undertaken by the company, the modalities of execution of each project or programme or activity, and the implementation schedules for the same;
- Recommend the amount of expenditure to be incurred on the Act; and
- Institute a transparent monitoring mechanism for implementation of the CSR projects or programmes or activities undertaken by the company.

The Board of Directors of every company shall:

- After taking into account the recommendations made by the CSR Committee, approve the CSR policy for the company and disclose contents of the policy in its report and also place it on the company's website, if any, in such manner as may be prescribed;

- Ensure that the projects or programmes or activities included in the CSR policy of the company are undertaken by the company; and
- Report on CSR projects or programmes or activities in its annual report in the prescribed format.

2.2 Our philosophy towards CSR

We implement our CSR initiatives in accordance with the Act and ensure that we go beyond compliance to benefit our communities in the most sustainable and long-term manner. Our CSR initiatives are a vital component of our sustainability practices and help us create value for communities through programmes that deliver impact.

CSR is an essential part of our business plan and we consider it our responsibility to address the concerns of our communities. We leverage our expertise in connectivity to provide innovative and unique solutions to pressing social and environmental challenges in our focus areas.

2.3 Our focus areas in CSR

Connectivity is an overarching theme that cuts across all our initiatives and allows us to leverage our expertise and talent to deliver long-term and positive impact. Based on the four pillars our Sustainability Vision is positioned on, the company has selected specific thematic areas as per Schedule VII of the Act for conducting its CSR and Sustainability work. These include –

- Education – We work in this area to address existing gaps in the delivery of quality education in low income schools. Our interventions are aimed at supporting and strengthening the existing government education system. We provide learning opportunities to students that benefit them not only in the short-term but also impact higher learning and income-earning opportunities in the long-term;
- Healthcare – Our health interventions provide preventative and curative healthcare to populations in remote, rural areas that don't have access to health facilities due to geographical or financial limitations. Our CSR projects in health have been our longest running initiatives and continue to impact a large number of people;
- Women Empowerment – We strive to empower communities with skills that enable them to access livelihood opportunities for a prosperous future. We support vocational training and life skills projects that are aimed at rural populations, especially women. Our initiatives enable people to gain meaningful employment or establish small businesses that provide them life-long income earning prospects; and
- Environment – Our primary focus is to provide preemptive and innovative solutions to address environmental issues that plague the communities in regions where the company has its operations. These include unique interventions in natural resource management and social infrastructure. Our aim is to not just address environmental issues but create awareness and bring in community participation which enable us to mitigate the issue altogether thus providing long-term solutions that are sustained long after our intervention in the area.

2.4 CSR expenditure

We will spend an aggregate amount of a minimum of 2% of our average profits from last three years on our CSR programmes.

Further, 20% of our CSR budget will be spent on unit level CSR initiatives and the remaining 80% on centrally managed CSR projects.

2.5 Our approach to CSR

Just as we strive to bring efficiencies in our business operations, we also ensure that CSR at STL follows a well-defined and structured approach to make it efficient, impactful and create maximum shared value for our people, communities, and business.

Our approach can be summarised in the following points:

Implementation of CSR: All CSR initiatives for STL will be implemented through our Corporate Foundation, Sterlite Tech Foundation (STF), a non-profit trust created to anchor our efforts. STF will identify projects within our core focus areas that address the needs of communities and provide quality interventions that are efficient, cost effective, scalable, and sustainable. All projects will be executed through the foundation for transparent and efficient implementation, accounting and reporting.

Nature of CSR initiatives: Our CSR initiatives can be broadly divided into the following types:

- Pan-India, strategic projects that are closely aligned with our business mission of nation building and have the potential to leverage our expertise in last mile connectivity;
- Closely aligned with the United Nation's Sustainable Development Goals and 10 Principles of the UN Global Compact
- Local projects that are implemented at the unit level and address needs of the communities close to our area of operations through smart solutions; and
- Cutting-edge, innovative interventions in the development space using connectivity, with the potential to scale

Modality of execution of CSR: All CSR initiatives are implemented through STF either directly or through a partnership with local NGOs. A combination of the two modalities can also be adopted.

Intended outcomes of CSR: All our interventions will address clearly identified needs of the community and will have a sustainable, long-term benefit for the community. Our outcomes should be measurable, replicable, and scalable so that interventions can be applied across other locations to maximize benefit.

Measuring the impact of CSR: We believe that good CSR is that which can be effectively measured. We will measure the outcomes and impact of all our CSR initiatives by putting in place a robust monitoring and evaluation mechanism that will focus on collecting information on a regular basis and will allow us to assess if the initiatives are providing intended outcomes.

Our role: Our role will be that of a proactive enabler and partner, which entails mapping the needs of the community and acting upon it in collaboration with the community, state government and local NGOs.

Employee engagement: We believe that we can only be socially responsible as a company if our employees are responsible at an individual level. Therefore, employee engagement is a key part of our CSR as it contributes towards cultivating a culture of individual social responsibility (ISR) across our entire workforce and aligning employees with the company's higher purpose of nation building. We ensure that our employees are inspired through our CSR initiatives and experience them through meaningful engagement.

Surplus from CSR initiatives: In accordance with the Act, any surplus arising out of CSR initiatives will not be considered as part of our business profit. It will be added in the corpus of STF.

Unspent CSR budget: It will be the Board of Directors' decision to carry forward any unspent amount into the next year. However, any amount carried forward will be over and above the next year's CSR allocation.

2.6 Exclusions

In accordance with the Act and our definition of CSR, the following activities are not applicable for inclusion in the CSR policy or reported expenditure:

- Activities that benefit only the employees of the company and their families;
- Any activities undertaken in pursuance of the normal course of business of the company;
- Investment in social impact assessment, mitigation or management activities for business purposes;
- Marketing, sponsorship or communications activities related to business;
- Payments made as part of legal settlements, such as compensation, fines and penalties;
- Core business activities that may have a community or societal benefit, for example payment of taxes and royalties and creation of employment;
- Religious or political activities; and
- Activities arising out of individual requests for support.

3. Governance, roles and responsibilities

3.1 Sustainability and Corporate Social Responsibility Committee

A Sustainability and CSR Committee has been constituted at STL in accordance with the Act. The committee is accountable to the Board of Directors ('Board') of STL. Its primary role is to:

- Formulate and recommend an annual CSR policy to the Board;
- Recommend partners and projects for STL support, including amount of expenditure for such projects, in accordance with the Act;
- Approve a transparent monitoring mechanism for CSR projects; and
- Monitor and report on the implementation of the CSR policy.

The members of this Committee are:

- A. Mr. Arun Tadarwal (Chairman)

- B. Mr. A.R. Narayanaswamy
- C. Mr. Pravin Agarwal
- D. Dr. Anand Agarwal

3.2 CSR roles and responsibilities

In the course of discharging its responsibility, the CSR Committee will be assisted by the Executive Committee (ExCo) on a regular basis. The ExCo comprises of executives from all internal functions in STL (finance, human resources, legal, operations etc.) and advises the CSR Committee on making key decisions related to:

- CSR vision and policy, compliance with the Act;
- Approval of partners, projects, and budgets; and
- Monitoring and evaluation of projects.

STF, which comprises of trustees and STL's CSR Head as its CEO, will function as an enabler of CSR with the following core responsibilities:

- Identifying the CSR projects to be implemented;
- Developing proposals for approval;
- Executing the projects through NGO partners or unit level teams; and
- Reporting on all projects to the ExCo, CSR Committee and Board.

3.3 CSR Function

STL's CSR Head has the overall responsibility of managing STL's CSR and reporting to the CSR Committee or the ExCo. S/he will oversee the implementation of CSR projects through STF, and ensure compliance and management as per the STL CSR Policy.

At the unit level, the unit CSR Lead is responsible for implementation of the initiatives and will administratively and functionally report to STL's CSR Head. The structure can be expanded to a multi-tier system depending on the local scope, needs, area etc. to facilitate effective implementation, monitoring, and reporting.

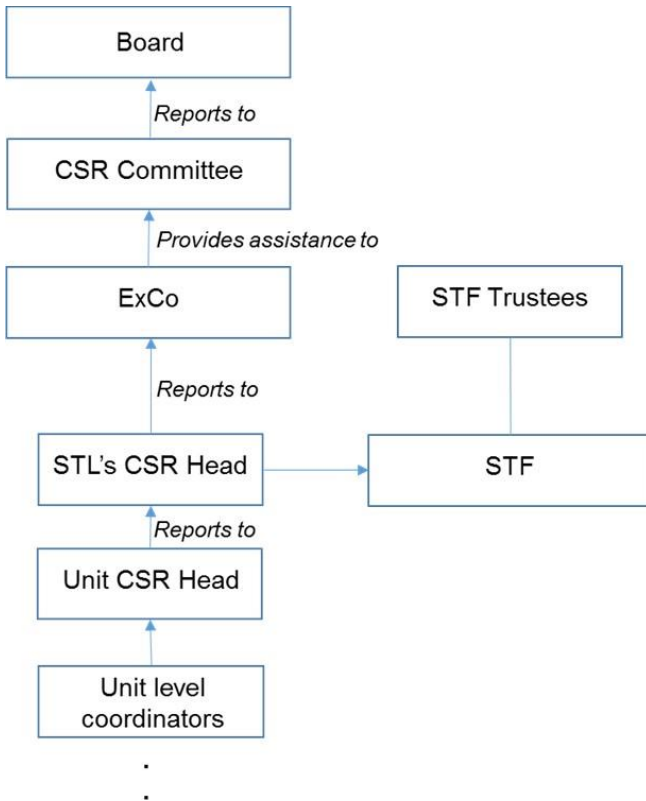


Fig 3.1 – Governance structure for CSR

4. CSR Operational Model

4.1 Introduction

The operational model defines the functioning of CSR at STL. It has been created to ensure that CSR at STL goes beyond compliance with the Act to be efficient, sustainable and impactful and that every step essential for a successful CSR programme is followed. The model serves as a guide for the CSR team during all the phases of programme implementation, starting from planning and execution to monitoring and reporting.

The model divides the implementation of CSR projects into broad steps and provides the methodology for each step. The steps are:

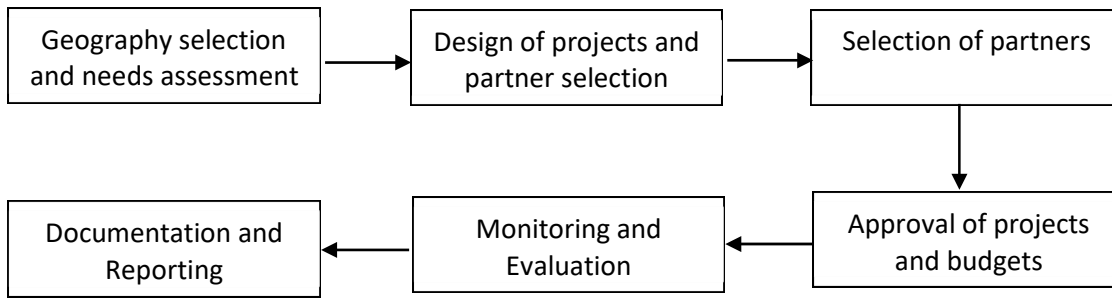


Fig. 4.1 – Steps in CSR implementation

4.2 Geography selection and needs assessment

For all CSR projects, selecting the right geography and doing a Needs Assessment is essential as it allows our CSR interventions to benefit communities that have the greatest need. A needs assessment conducted by an expert agency, should include inputs from key stakeholders (plant/project teams, community, local administration etc.) and result in clearly identified needs that have been mapped to the geography.

4.3 Design of projects

Our CSR projects are implemented either directly or through NGO partners. In case of direct implementation, the next step involves designing CSR activities that address the identified needs and are impactful, visible, cost effective, qualitative, and sustainable. This step should result in a project proposal that lists all the activities, their timelines, budgets, and intended outputs and outcomes. The activities should be broken down by quarters. The project should be reviewed on an annual basis and should be modified to cater to changing or new needs.

4.4 Selection of partners

In the case of projects implemented by partners, we look for partners that are rolling out projects in line with our project design criteria.

As per the criteria specified in the Act regarding selection of third parties for implementation of CSR, we should ensure our NGO partners fulfil the following conditions:

- They should be a legally registered trust, society or section 8 company;
- They should be certified under section 80 G of the Income Tax Act, 1961; and
- They should have a proven track record of at least three years in STL's areas of interest.

Going beyond compliance to ensure we engage only with the most ethical, transparent, and capable organisations for CSR, a due diligence process should be conducted on the potential partner. Due diligence should ensure the NGO partners satisfy the following criteria:

- They have an effective governance structure in place;
- They have a clean track record that does not include any corruption, bribery, and fraud cases against it;
- They do not have any political affiliations;
- The potential risks of association with the NGOs are nil or minimal for STL. Mitigation measures for any such risks should be identified and put in place;
- They have a history of successful implementation of development projects through collaboration with governments, other development organisations, and companies; and
- Accredited NGOs should be given preference over non-accredited ones.

Once a partner is selected to implement a CSR project, it designs the project and provides a proposal that includes all the vital details of the project as specified in section 4.3.

4.5 Approval of projects and budgets

Once the projects have been finalized into project proposals, they should be approved by the CSR Committee.

Once all projects are approved, the details for all CSR projects should be collated into an Annual Operation Plan (AOP) that should specify the budget and the timelines for each project. The AOP should be approved by the CSR committee. The approved AOP is applicable for the financial year and any changes will require an additional approval.

A SOA and a DOA will be framed for approvals as per the governance and management structure, as per this Policy.

4.6 MoU signing

In case of implementation of CSR projects through partners, initiation of an approved project must begin with a MoU signed between the partner and STF.

The MoU, which is valid for one year and renewable, should include all details pertaining to the project such as project activities, timelines, budget, monitoring and evaluation, reporting process, documentation including case stories and photos, clauses for PR/communications, monitoring and reporting requirements.

4.7 Monitoring and Evaluation

Measurement of social initiatives is one of the most important aspects of CSR as it is not only required for compliance with the Act but also ensures that initiatives are achieving intended impact. Effective monitoring and evaluation also helps in detecting challenges early in the project so that required course

corrections can be made.

We follow a monitoring approach for all CSR projects to track delivery and evaluate impact. For all our projects, we should select key performance indicators (KPIs) at three levels:

- Activity indicators, which show if we are on track to deliver the activities in our project plan (e.g. training delivered);
- Outcome indicators, which tell us if project activities are making a difference (e.g. training pass rates); and
- Impact indicators, which tell us the short to medium term impact of resulting from project outcomes (e.g. number of people securing employment).

KPIs should be tracked on a quarterly and annual basis by the CSR team or the NGO partners. The CSR team should be closely associated with the monitoring and evaluation process and should use tools like physical verification (site visits), group discussions at the CSR location, surprise visits or participatory rural appraisal to ensure projects are delivering as per the plan.

4.8 Documentation and reporting

All CSR projects should be documented regularly. The information should be collated into quarterly reports with a focus on the following:

- Details of progress against funded activities;
- Budget utilization; and
- Key achievements or issues that in the reporting period and steps taken to address them.

The quarterly reports from all CSR projects should be presented to the CSR Committee to give them visibility on the implementation status and progress of CSR initiatives.

The annual report on CSR initiatives should be prepared at the end of the financial year for the CSR Committee and should cover the following:

- A narrative for the entire year against the project activities contained in the MoU;
- Achievements, challenges, mitigation steps and programme improvements;
- Analysis of impact achieved against key performance indicators;
- Comprehensive financial report against the total budget, with explanation on any variations; and
- Beneficiary case stories.

In accordance with the Act, the Director's report should contain the details of CSR projects in the prescribed format. It is the responsibility of the CSR team to ensure the information in this report is accurate. Regular monitoring and evaluation can ensure that information required for compliance as well as other important aspects of STL's CSR that can be highlighted in the Director's report are captured.

Regular documentation of CSR initiatives also provides material for internal and external communications

that can be leveraged by the company to inform all stakeholders on how STL is creating shared value for the community and business. Therefore, the communications team should closely work with the CSR team to gather and publish CSR information on the appropriate channels on a regular basis.

Signed by:



Akanksha Sharma
Head – CSR & Sustainability

Date: 5th August, 2019

ANNEXURE

1. CSR Expenditure in FY 19-20

STL will spend an aggregate amount of minimum of 2% of it's PBT on CSR initiatives in FY 19-20 in accordance with the Act.

2. Projects and partners in FY 19-20

S. No.	Project Name and Modality of Execution	Schedule VII Theme	Geographic Focus	Project Objective	Project Overview and Implementation Schedule
1.	Jeewan Jyoti Women Empowerment Program In partnership with MAVIM & RangSutra	Livelihoods and empowerment	Rural Maharashtra	To provide vocational training and life skills to under privileged women in rural areas to enable greater access to livelihood opportunities	The Jeewan Jyoti Women Empowerment Program situated in a village near Pune, Maharashtra, trains young rural women in vocational courses like patient assistance, tailoring, computers etc. to enhance their income earning prospects. The project also focuses on holistic development of women through life skills, sports and other extra-curricular activities with the aim of empowering them and making them confident and independent.
2.	Mobile Medical Unit In partnership with Indian Red Cross Society	Health	Silvassa, Dadra and Nagar Haveli	To provide preventive and curative healthcare to tribal population in remote areas near Silvassa	The Mobile Medical Unit provides healthcare to the tribal communities in Silvassa that would otherwise have no access to such facilities due to financial or geographical limitations. Along with healthcare, communities are also provided awareness on health, hygiene, and disease prevention to reduce onset of diseases in the population.

3.	Smart Nandghars	Education	Silvassa	Provision of quality pre-schooling	The Smart Nandghar project endeavors to upgrade the facilities of government owned nandghars with e-learning facilities and smart learning kits, thereby providing children from tribal villages in Silvassa with quality pre-schooling education at par with private schools.
6.	Pragyan	Education	Rajasthan	Teacher training to ensure quality education to students in government schools	Pragyan aims to build facilitation skills of a teacher to engage a group of students, being open and participative, planning a learning session, leveraging learning aids (technology and otherwise) to bring about actual and demonstrated improvement in learning environment as a result of competence building.

Any other projects as approved by CSR Committee / ExCo over the year.