

BIRLA CORPORATION LIMITED

POLICY FOR

CORPORATE SOCIAL RESPONSIBILITY



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A. PURPOSE

The purpose of Birla Corporation Limited (BCL) Corporate Social Responsibility (CSR) Policy is to devise an appropriate strategy and focus for its CSR initiatives and lay down the broad principles on the basis of which it will fulfill its CSR objectives.

B. BACKGROUND

Corporate Social Responsibility (CSR) has evolved during last few decades from simple philanthropic activities to integrating the interest of the business with that of the communities in which it operates. By exhibiting socially, environmentally and ethically responsible behaviour in governance of its operations, the business can generate value and long-term sustainability for itself while making positive contribution to the betterment of the society. It is recognized the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability. This approach also reaffirms the view that 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. This also makes business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers.

The need for such CSR initiatives/activities by Companies, which are significant users of natural resources like minerals or forest produce etc, is all the more greater, in order to ensure that the activities of the Corporation are seen by the neighbouring communities where its operations are located, with a positive mindset which is mutually beneficial. In other words, the Corporation is seen to be giving back to the community in equal or greater measure than what it takes by consuming local resources.

C. LEGAL, REGULATORY, PUBLIC PERCEPTION

The Companies Act, 2013:

The Companies Act, 2013 has introduced mandatory Corporate Social Responsibility (CSR). Section 135 of the Act provides the broad legal framework and requires an eligible Company to ensure spending at least 2% of the average profit of the preceding three years. The eligible companies are required to constitute a Corporate Social Responsibility Committee of the Board consisting of 3 or more directors, out of which at least one director shall be an independent director.

D. CSR VISION

- ✓ Partner with credible organizations like trusts, foundations etc. including non-government organizations;



- ✓ Develop meaningful and effective strategies for engaging with all stakeholders;
- ✓ Consult local communities to identify effective and culturally appropriate development goals;
- ✓ Check and prevent pollution; recycle, manage and reduce waste, manage natural resources in a sustainable manner;
- ✓ Ensure efficient use of energy and environment friendly technologies;
- ✓ Measures for empowering marginalised and disadvantaged sections of the society particularly in the field of education and health care.

E. OBJECTIVES OF THE POLICY

The **objectives** of this policy are to -

- ✓ Demonstrate commitment to the common good through responsible business practices and good governance
- ✓ Set high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models
- ✓ Engender a sense of empathy and equity among employees of the Company to motivate them to give back to the society

F. CSR SPEND

- 1) Areas for CSR spending as specified in Schedule VII of the Companies Act, 2013 will include the following:-
 - i) Health care
 - ii) Eradication of hunger, poverty and mal-nutrition and making available safe drinking water
 - iii) Promoting education and livelihood enhancement projects
 - iv) Initiatives for upliftment and/or welfare of the weaker section of the society
 - v) Empowerment of women, setting-up old age homes, day care centres and other facilities for senior citizens
 - vi) Environment sustainability, ecological balance and conservation of natural resources
 - vii) Protection of national heritage and art and culture
 - viii) Measures for the benefit of armed forces veterans and their dependents
 - ix) Promote sports
 - x) Contribution to funds set up by Central Government for various social causes
 - xi) Contribution to technology incubators
 - xii) Rural development projects

xiii) Slum area development.

- 2) The activities mentioned above are to be interpreted liberally so as to capture the essence of the same. These areas are only illustrative and not exhaustive. The initiatives by the Company in the above fields will include contribution to various projects engaged in these areas.
- 3) Any unspent/unutilized amount arising out of the mandated CSR allocation of a particular year, will be carried forward to the following year.
- 4) CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity with the CSR Policy.
- 5) Though the Company would give preference to local area and areas around the Company for spending the amount earmarked for CSR, it would also work for the upliftment of the underprivileged at large.

G. IMPLEMENTATION

The process for implementation of CSR programmes will involve the identification of programmes at Corporate and Unit level and the same will be done by means of the following:

- A. Receipt of proposals/requests from Units/District Administration/local Govt./NGO/Trust/Society/Institution etc. and assessment of the same.
- B. Discussions with local representatives/Civic bodies/Citizen's forums etc.
- C. CSR programmes as may be identified at Corporate Office or at Unit level will be required to be put up to the CSR Committee of the Board.

Very often, for CSR initiatives involving large capital outlays, there is potential for public-private partnership where the appropriate Government makes available land/other infrastructure free or at concessional rates, in the larger interests of the society. In order to ensure that there is transparency and credibility and that the State / Central Govt. grants of land and/or other resources are indeed for larger public good and not designed to benefit a Company, it is appropriate to undertake these projects through a distinct and separate legal entity such as a Trust/Society etc., rather than the Company itself. The activities and expenditure of such trusts/societies are regulated in terms of the requirements of Income Tax Act, 1961 for maintaining eligibility for tax deductibility of the donor Company. The Company may make contributions to the trusts/societies for CSR initiatives to be undertaken by them. Such contributions to the trusts/societies will be made either to the corpus or otherwise for planned projects/activities or for future initiatives to be undertaken by them as per their objectives.

H. BOARD OF DIRECTORS

The Board of Birla Corporation Limited will be responsible for:

- ✓ Approving the CSR policy as formulated by the CSR Committee.



- ✓ Ensuring that in each Financial Year the Company spends at least 2% of the average net profit made during the three immediately preceding Financial Years.
- ✓ Ensuring that in every Financial Year, funds committed by the Company for CSR activities are utilized effectively, and implementation is monitored on regular basis.
- ✓ Disclosing in the Annual Report, the names of the CSR Committee members, the content of the CSR policy and ensuring annual reporting of its CSR activities on the Company website.

As per Section 135 of the Companies Act, 2013, the reasons for under spending of the allocated CSR budget shall be specified in the Board's Report.

I. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The company shall have a Corporate Social Responsibility (CSR) Committee, constituted as per the provisions of Sec. 135 of the Companies Act, 2013. The role and responsibility of the Committee will be as under:-

- ✓ to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013;
- ✓ to recommend the amount of expenditure to be incurred on various CSR activities in a financial year;
- ✓ to monitor the Corporate Social Responsibility Policy of the company from time to time.
- ✓ to decide on any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.

J. MONITORING AND FEEDBACK

To ensure effective implementation of the CSR programmes undertaken at each Unit, a monitoring mechanism will be put in place by the Unit head. The progress of CSR programmes under implementation at the Unit will be reported to corporate office on a regular basis.

In respect of the contributions made to various societies/trusts for the CSR activities, BCL will obtain commitment from the trusts/societies that it shall utilize its funds solely for the projects/activities identified. Funds pending deployment for such projects/activities/purposes should be invested in govt. securities and other approved securities/deposits as prescribed under the relevant statutes. BCL shall have the right to ask the said trusts/societies to provide requisite details to show that the donation made by BCL have been spent on the earmarked projects.

The CSR activities of the Company will be included in the Directors' report as prescribed in Section 135 of the Companies Act, 2013 and the Rules made there under. A copy of the policy will also be placed on the Company's website.



K. SURPLUS OF CSR PROJECTS

The surplus, if any, arising out of the CSR projects or programmes or activities shall not form a part of the business profit of the Company and will be ploughed back into the CSR activities.

L. GENERAL

In case of any doubt with regard to any provision shown in the policy and also in respect of matters not covered herein, a reference will be made to CSR Committee and the interpretation & decision of the Committee shall be final.

The CSR Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by the Government, from time to time.

The Company reserves the right to modify, add, or amend any of provisions of this policy.