



**BIRLA CORPORATION LIMITED**

**CORPORATE SOCIAL RESPONSIBILITY**  
**POLICY**

## **A. PURPOSE**

Birla Corporation Limited's (hereinafter referred to as "BCL" or the "Company") Corporate Social Responsibility (CSR) philosophy is to develop the community in which the Company operates and make a sustainable improvement in the lives of economically, physically and socially challenged people living at the lower end of society and initiate or support programs that are aimed at creating conditions for better livelihood in these communities. The Company shall also support measures that are aimed at preserving and enhancing the environment and natural resources. The CSR Policy shall act as a mechanism for regulating the CSR activities of the Company and adhere to laws and regulations in force and adopt best practices.

## **B. CSR POLICY**

This Policy shall contain the approach and direction given by the Board of the Company, taking into account the recommendations of its CSR Committee, and include guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

This Policy, which encompasses the Company's philosophy for delivering its responsibility as a corporate citizen, is titled as the "Corporate Social Responsibility Policy". It has been formulated keeping in mind the Company's business ethics and to comply with the requirements of Companies Act, 2013 (hereinafter referred as "the Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred as "CSR Rules"), as amended from time to time.

This Policy shall apply to all CSR initiatives and activities taken up at various locations of the Company, preferably in the vicinity where the Company carries out its business operations and for the benefit of different segments of the society, specifically the deprived, under-privileged.

## **C. CSR VISION STATEMENT**

### **The Company's CSR Vision are as under:**

- Partner with credible organizations like trusts, foundations etc. including non-government organizations for the purpose of CSR;
- Develop meaningful and effective strategies or engaging with all stakeholders;
- Consult local communities to identify effective and culturally appropriate development goals;
- Conduct business in a true, fair and ethical manner and takes up the responsibility to create a good impact in the society it belongs;
- Improving the quality of lives of people in the communities in which it operates because, the society is an essential stakeholder and the purpose of its existence;
- Measures for empowering marginalised and disadvantaged sections of the society particularly in the field of education and health care.

## **D. OBJECTIVES OF THE CSR 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;
- To operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.

#### **E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The CSR Committee shall be comprised in accordance with the requirements of the Companies Act, 2013 and other applicable Law.

#### **F. CSR ALLOCATION & EXPENDITURE**

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, the Company will allocate at least 2% of its average net profits made during the 3 (Three) immediately preceding financial years as its Annual CSR Budget. The Annual CSR Budget shall be spent on projects / activities as laid down in this Policy.

##### Administrative Overheads:

“Administrative Overheads” expenses incurred by the Company will be used for ‘General Management & Administration’ of the Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

##### Surplus of CSR Activities:

Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR Policy and Annual Action Plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

##### Excess CSR Spent:

Where the Company spends an amount in excess of requirement, such excess amount may be set off by the Board against the requirement to spend up to immediate succeeding three financial years subject to the conditions that –

- the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
- the Board of the Company shall pass a resolution to that effect.

##### Creation or Acquisition of Capital Assets:

CSR amount may be spent by the Company for creation or acquisition of a Capital Asset which shall however, be held by either:

- i) Company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under the CSR Rules;

- ii) Beneficiaries of the CSR Project, in the form of self-help groups, collectives, entities;
- iii) A Public authority.

**G. CSR ACTIVITIES:**

- 1) The CSR Activities which may be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 will include the following:-
  - i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
  - ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
  - iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
  - iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
  - v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts.
  - vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
  - vii) Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports.
  - viii) Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
  - ix)
    - (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
    - (b) Contributions to 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).

- x) rural development projects.
- xi) slum area development.

Explanation.- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

- xii) disaster management, including relief, rehabilitation and reconstruction activities.
  - xiii) Any other CSR Activity including projects/ programmes as may be notified by the Government from time to time.
- 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) 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.
  - 4) 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.
  - 5) The CSR projects or programs or activities undertaken by the Company as per the Company's CSR Policy in India only shall amount to CSR Expenditure in accordance with the provisions of the Act.

## **H. TRANSFER OF UNSPENT CSR AMOUNT**

Until a separate fund is specified by the Government, the unspent CSR amount, if any, shall be transferred by the Company to a fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

Amount remaining unspent pursuant to an ongoing project shall be transferred within a period of thirty days from the end of the financial year to the Unspent Corporate Social Responsibility Account and such amount shall be spent by the company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII of the Act, within a period of thirty days from the date of completion of the third financial year.

## **I. IMPLEMENTATION**

The process for implementation of CSR programmes will involve the identification of programmes at Corporate and Unit level of the Company 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.

Further, all eligible entities covered in Rule 4 of the CSR Rules through which the Company intends to undertake any CSR Activity shall have registration certificates, as applicable under various laws, rules, regulations and statutes.

## **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. BCL shall have the right to ask the said trusts/societies to provide requisite details to show that the contribution made by BCL have been spent on the earmarked projects.

The CSR Committee shall review and recommend to the Board for approval the Annual Report on CSR which shall form a part of the Director's Report. A copy of the CSR Policy and CSR Projects approved by the Board will also be placed on the Company's website at [www.birlacorporation.com](http://www.birlacorporation.com).

## **K. ENGAGEMENT OF INTERNATIONAL ORGANISATIONS**

The Company may engage international organisation(s) for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of its personnel for CSR.

## **L. IMPACT ASSESSMENT**

1. If the Company has an average CSR obligation of ten crore rupees or more, in the three immediately preceding financial years, it shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
2. The impact assessment reports, if applicable, shall be placed before the Board and shall be annexed to the annual report on CSR.
3. Impact assessment, if applicable, may be booked as the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.
4. Details of need and impact assessment, if applicable, for the projects undertaken by the Company will be included in the CSR Annual Action Plan.

## **M. GENERAL**

Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, the CSR Rules made thereunder or in any amendment thereto. This CSR Policy shall also be subject to such clarifications and FAQs as may be issued by Ministry of Corporate Affairs from time to time.

In case of any doubt with regard to any provision 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 CSR Committee shall be final.

## **N. REVIEW AND AMENDMENT**

This Policy has been formulated in accordance with the existing provisions of the Act or or any other applicable laws / Rules/ Regulations. The right to interpret/amend/modify this Policy vests in the Board of Directors of the Company based on the recommendation of the CSR Committee.

In case of any subsequent changes in the provisions of the Act which makes any of the provisions in this Policy inconsistent with the Act, then the provisions of the Act would prevail over the Policy and the provisions in this Policy shall be deemed to be modified and/ or amended to the extent, even if not incorporated in this Policy.

<b>Date of Original adoption / Revision</b>	<b>Effective date of the Policy</b>
08.08.2014	08.08.2014
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