

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY POLICY - 2021

PREAMBLE

Balmer Lawrie believes that good financial results are not an end in itself to assess the success of any business; rather it is a means to achieving higher socio-economic goals. In pursuance of this belief, Balmer Lawrie's CSR initiatives are driven by two Flagship Programs - Balmer Lawrie Initiative for Self-Sustenance [BLISS] and Samaj Mein Balmer Lawrie [SAMBAL]. While the first Program is directed at providing & improving the long term economic sustenance of the underprivileged, the second Program aims at improving the living standards and quality of life of the population in and around the Company's work-centers.

Balmer Lawrie has developed this Corporate Social Responsibility (CSR) and Sustainability Policy in consonance with the CSR Policy framework enshrined in the section-135 of Companies Act, 2013 (Act) and in accordance with the Companies (CSR Policy) Rules, 2014 (Rules), Companies (CSR Policy) Amendment Rules, 2021, notified by Ministry of Corporate Affairs, Government of India and Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India (DPE Guidelines, 2014) which are effective from 1st April 2014. It shall apply to all CSR Projects / Programmes undertaken by Balmer Lawrie.

Any point not covered by this Policy would be interpreted in accordance with the existing Companies (CSR Policy) Rules and DPE Guidelines, 2014, with the former taking precedence over the later in case of any conflict.

VISION AND OBJECTIVE STATEMENT

Vision

“We are committed to serve the community by empowering it to achieve its aspirations and improving its overall quality of life.”

Mission

To undertake CSR activities in chosen areas through partnerships, particularly for the communities around us and weaker sections of the society by supporting need based initiatives.

Objective

- Improve the health and nutrition status of communities, particularly vulnerable groups such as women, children and elderly by improving health infrastructure and facilitating service provision.
- Focus on quality of education and encourage children from marginalized sections and girls to complete school education and opt for higher education.
- To focus on livelihoods and skill development in order to provide opportunities to women and youth and make them self-reliant.
- Initiate holistic development programs for differently abled children and orphans with a view to provide them opportunities to lead a meaningful life.
- To support the national efforts in rehabilitation and relief post unfortunate natural disasters.

GUIDING PRINCIPLES

We at Balmer Lawrie are committed to continuously improving our efforts towards our social responsibility, with focus on marginalized sections and encourage our employees to contribute to CSR activities. Towards this commitment, the company shall be guided by the following guiding principles.

1. Affirmative action to provide opportunities to marginalized communities
2. Efforts towards gender inclusiveness
3. Encourage community participation and ownership in order to ensure sustainability of CSR activities.
4. Encourage voluntary participation of employees.
5. Enhancing visibility of our CSR so that others can benefit from our learnings.
6. CSR activities would be based on partnerships.
7. Wherever possible, align our activities with the business objectives.
8. Capacity building for the weaker sections of the society.

In advent of the various flagship programmes launched by the government, as an organization take pride in furthering the initiatives which come under the purview of CSR by engaging specialized agencies, whilst taking into account, DPE guidelines on CSR, the Companies Act 2013 on CSR and Schedule VII of the Companies Act, 2013.and CSR amendments rules 2021 . The Company has constantly endeavoured to integrate the interests of the business with that of the communities it operates in and ensure that CSR is embedded across various business units and their operations. Towards this endeavour, a CSR governance structure has been put in place.

BUDGET

The Company's Board of Directors shall ensure that in each financial year the Company spends at least 2% of the average Net Profit made during the three immediate preceding financial years.

"Net profit" means the net profit as per the financial statement of the company prepared in accordance with the applicable provisions of the Act, but shall not include the following:

(i) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise, and

(ii) Any dividend received from other companies in India which are covered under and complying with the provisions of section 135 of the Act.

(iii) activities undertaken in pursuance of normal course of business of the company: Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

(a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

(b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

(c) 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;

(d) contribution of any amount directly or indirectly to any political party under section 182 of the Act;

(e) activities benefiting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

(f) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;

(g) activities carried out for fulfilment of any other statutory obligations under any law in force in India.

As per section 135 of the Companies Act, the Company will report reasons for underspending of the allocated CSR budget of the current financial year in the template provided by the Ministry of Corporate Affairs.

This reporting will be included as part of the Annual

I. Report and signed off by the Board of Directors.

II. "Ongoing Project" as a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

III. Any surplus arising out of the CSR activities shall not form part of the business profit of a 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, within a period of six months of the expiry of the financial year.

IV. In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company. Where a Company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under Sub-Section (5) of Section 135 up to immediate succeeding three financial years subject to the conditions that (i) the excess amount available for set off shall

not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule. (ii) the Board of the Company shall pass a resolution to that effect.

V. The Company may collaborate or pool resources with other companies to undertake CSR activities, and also through any non-profit organization, if required. CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

VI. CSR Committee will ensure 'Administrative overhead' should not exceed five percent of the total CSR expenditure of the company. During allocation of the CSR fund, the CSR committee shall not include the expense directly for the designing, implementing, monitoring, and evaluation of a particular CSR project or programme.

VII. Administrative overheads" means the expenses incurred by the company for 'general management and administration' of 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;

VIII. CSR Committee can allocate CSR funds to the PM CARE Fund / incubators funded by Central or State Government or any Government agency engaged in conducting research in science, technology, engineering and medicine.

PLANNED ACTIVITIES AS PER THE IDENTIFIED THEMATIC AREAS AND TARGET GROUPS:

The Company shall spend 75% to 80% of the CSR budget on the planned activities.

Support for disaster relief and rehabilitation:

In case of natural disasters, the company shall spend 5% to 10% of the CSR budget on post disaster relief and rehabilitation which may also include donations to the PM's Relief Fund.

Non-Project based activities:

Given the diversity of our business, companies may need to spend a portion of the CSR budget on Non-project based activities depending on the need. Hence the Company may spend a maximum of 10 to 15% of CSR budget on such unplanned activities. It should, however, comply with the Government directives and activities listed in Schedule VII of the Companies Act.

The Geographic Reach:

The Act provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility.

The Company will thus give preference to conducting CSR activities wherever its manufacturing units/establishments are located. However, the Committee may identify such areas other than as stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

Governance Structure of CSR

The Company has constituted a Board Level Committee on Corporate Social Responsibility as per requirement.

There will be Corporate Level and Regional Level Corporate Social Responsibility Committees to support the CSR Committee of the Board for proper implementation and monitoring of the CSR Policies.

The Board shall approve the CSR projects on the recommendation of the CSR Committee. Regular monitoring of the progress of CSR projects shall be taken up by the CSR Regional Committees and feedback given to the Board.

CSR Committee

The Board of a company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-

(a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

(b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;

(c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

(d) monitoring and reporting mechanism for the projects or programmes; and

(e) details of need and impact assessment, if any, for the projects undertaken by the company: Provided that the Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

CSR Activities

Projects/Programs will be identified and budgets allocated for them through a process incorporating identification of suitable implementation agencies, need assessment (where ever required) and clear outlining of desired outcomes.

The CSR projects/programs/initiatives, to be undertaken must fall within the purview of the Schedule - VII of the Companies Act, 2013 (as modified from time to time).

The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of the underprivileged

by one or more of the following focus areas as notified under Section 135 and Schedule VII of the Companies Act 2013, and Companies (Corporate Social Responsibility Policy) Rules 2014 and amendments rules 2021:

i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;

ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;

iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;

iv. Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;

v. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;

vi. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & maintaining quality of soil, air & water;

vii. Employment enhancing vocational skills.

viii. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;

ix. Measures for the benefit of armed forces veterans, war widows & their dependents;

- x. Training to promote rural sports, nationally recognized sports, Paralympic sports & Olympic sports;
- xi. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- xii. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- xiii. Rural development projects, etc
- xiv. Slum area development.
- xv. "Sanitation", the words "including contribution to the Swachh Bharat Kosh set- up by the Central Government for the promotion of sanitation"
- xvi. "Water", the words "including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga".

IMPLEMENTATION:

There will be a different committee to implement the projects both at Head quarter and Regional level.

MONITORING AND EVALUATION

Under the New Rules, a company is allowed to undertake its CSR implementation either by itself or through another company established under Section 8 of the Companies Act, a registered public trust or a registered society established (i) either by the company itself, or (ii) by the Central Government or State Government. In addition to the above, a company may also take help of (i) any entity established under an Act of Parliament or a State legislature, or (ii) a Section 8 company, registered public trust or registered society, not referred to above but having an established track record of minimum three years, for its CSR implementation. The

company may also implement projects through specialized agencies as per the requirement & decision of the Board.

CSR activities can be carried out by the Company directly or through any other eligible entity, only if, the Company or such entity is also registered with Central Government for such purpose and for this, every Company / entity need to file on-line form CSR-1 with MCA w.e.f. 01.04.2021 for availing a unique CSR Registration Number for carrying out such activities. On or after 01.04.2021 new CSR activities eligible u/s 135 of the Companies Act, 2013 can be carried out by such registered entities only. However, eligible CSR projects or programmes approved prior to 01.04.2021 will continue to fall under the ambit of eligible CS expenses.

A company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

International Organisation” means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;

The Board of a company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

A comprehensive Monitoring mechanism will be devised by BALMER LAWRIE to ensure that the CSR process functions as mandated by the Act and the Rules, ensuring that all Projects/Programmes are duly implemented as budgeted. This will be done on the basis of the following:

The Committee on CSR and SD will monitor approved projects / programmes through the Head Quarter & Regional CSR Committees with a transparent mechanism & reporting.

The monitoring system devised by Balmer Lawrie will include:

- i. Regular field visits to Project/Programme sites by designated Regional CSR Committee;
- ii. Comprehensive documentation/compilation of Field Reports;
- iii. Regular interaction with beneficiary communities to obtain feedback while on field visit;
- iv. Monitoring of timely fund utilization to ensure that Projects/Programmes as budgeted are actually being carried out and/or
- v. Any other activity that the CSR Committee may deem necessary in the larger interest of its CSR initiatives.

The monitoring of the projects shall be carried out and quarterly reports of the implementation of CSR projects shall be submitted to the CSR Committee. Professional agencies may also be hired for carrying out Monitoring & Evaluation.

Impact Assessment / Evaluation of CSR:

Every company having an average CSR obligation of ten crore rupees or more in the three immediately preceding financial years, 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.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure

DISPLAY OF CSR ACTIVITIES IN THE WEBSITE:

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects (Including impact assessment, if any) approved by the Board on their website if any, for public access

AMENDMENTS TO THE POLICY

The Board of Directors on the recommendation of the CSR committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.
