

Corporate Social Responsibility (CSR) policy of BNPM

Policy and its contents:

The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with section 135 of the Companies Act 2013 for the benefit of the community. It contains the following:

1. Vision of the company towards CSR activities
2. Functions of the board towards CSR activities
3. Composition of the CSR committee and its role
4. CSR activity model
5. Budget for CSR activities
6. CSR activity execution – methodology
7. CSR activity execution – monitoring and third party evaluation
8. Reporting and monitoring mechanism
9. General

❖ Vision of the company towards CSR activities

It is our constant endeavour to maximize the positive impact of our activities on society and ensuring that it reaches to all our stakeholders.

It is our vision to pay back to the society by discharging our social responsibility with innovative ideas, managerial skill and with greater efficiency and better outcome.

❖ Functions of the Board towards CSR activities:

- To ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
- To make adequate disclosure on CSR activities in its report to shareholders and also in other relevant materials like website of the company.
- To ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years

❖ CSR Committee

As per the provision of Article 64 of the Articles of Association of the company, the board of directors has constituted the CSR committee with equal representation by both the joint venture partners. The composition of the committee is as under:

1. Managing Director of the Company – representing BRBNMPL
2. Any other director of the company as may be decided by the board to represent BRBNMPL

3. Director (Technical) of SPMCIL
4. Director (HR) of SPMCIL

Note: The board may re-constitute the composition of the committee as and when necessary.

The roles of CSR committee are as under:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy in compliance with Section 135 of the Companies Act, 2013
2. Identify the activities to be undertaken as per Schedule VII of the Companies Act, 2013.
3. Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.
4. Recommend the amount of CSR expenditure to be incurred on the earmarked CSR activities.
5. Monitor the implementation of the CSR Policy from time to time.
6. Such other functions as the Board may deem fit.

❖ **CSR activity model**

The company intends to finalise the CSR activity model on annual basis depending on the needs of the society. The Company intends to identify the CSR activities in a participatory manner, in consultation with the community and gauging their basic needs. Subsequently, based on consensus and other influential, CSR activities would be prioritised.

The mandatory areas in which the company shall undertake CSR activities as per schedule VII is as under:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharath Kosh set up by the Central Govt. for the promotion of sanitation and making available safe drinking water
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women elderly, and the differently abled and livelihood enhancement projects
3. 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
4. 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 Govt. for rejuvenation of river Ganga

5. 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 arts and handicrafts
6. Measures for the benefit of armed forces veterans, war widows and their dependants
7. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
10. Rural development projects
11. Slum area development

The Ministry of Corporate Affairs vide its various circulars has clarified that CSR activities mentioned in Schedule VII are to be interpreted liberally capturing the essence enumerating therein. In view of this, the company may take up any other activities as directed by board which is falling within the category of Schedule VII of the Companies Act 2013.

Preferred CSR activities for the FY 2017-18

As directed by the Board of Directors in their 35th meeting held on 29.06.2017, CSR activities for the FY 2017-18 will be carried out in the local areas with major concentration on cleanliness, hygiene, providing drinking water facility, sanitization etc. The CSR activities will be chalked out and with the approval of the CSR committee, the activities will be carried out. The detailed report will be placed on the website of the company from time to time. A summary of the same will also be provided in the directors' report.

The company will not undertake the following projects under the head CSR activities:

1. Those projects or programs or activities that benefit only the employees of the company and their families
2. One-off events such as marathons/awards/charitable contribution/advertisement/sponsorships of TV programmes etc.
3. Expenses incurred by the companies for the fulfilment of any other Act/statute or regulation (such as labour laws, Land acquisition Act, Apprentice Act etc)
4. Contribution of any amount directly or indirectly to any political party
5. Activities undertaken by the company in pursuance of its normal course of business

6. The project or programmes or activities undertaken outside India.

❖ **CSR Budget and Expenditure**

The CSR corpus includes:

1. Minimum of 2% of average net profit for the immediately three preceding years
2. Any income arising thereof
3. Surplus arising out of CSR activities

Note:

- The average net profit will be calculated in accordance with section 198 of the Companies Act 2013. The Ministry of Corporate Affairs vide its circular no. 01/2016 dated 12th January 2016 has clarified that the net profit which shall be considered for computation of net profit shall be "profit before tax"
- Any surplus arising out of CSR activities shall not form part of business profit of the company
- As per the Ministry of Corporate Affairs vide its circular no. 01/2016 dated 12th January 2016, any excess spent (i.e. more than 2% as specified in section 135) cannot be carried forward to the subsequent years and adjusted against that year's CSR expenditure.
- As per the Ministry of Corporate Affairs vide its circular no. 01/2016 dated 12th January 2016, the board is free to decide whether any unspent amount from our the minimum required CSR expenditure is to be carried forward to the next year. However, the carried forward amount should be over and above the next year's CSR allocation equivalent to at least 2% of the average net profit of the company of the immediately preceding three years.
- As per Rule 4(6) of the Companies (CSR) Rules, 2014 the company may build CSR capacities of their own personnel as well as those of their implementing agencies through institution but such expenditure shall not exceed 5% of total CSR expenditure of the company in one financial year.
- As per Rule 4(7) of the Companies (CSR) Rules, 2014 CSR expenditure does not include any expenditure on an item not in conformity or not in line with activities listed in Schedule VII of the Act.
- As regards tax benefits, at present, no specific tax exemptions have been extended to CSR expenditure per se. However, if the CSR contribution is made towards schemes or projects like Prime Minister's Relief Fund, scientific research, rural development projects, skill development projects, agricultural extension

projects, etc which find placed in Schedule VII will enjoy exemptions under different sections of the Income Tax Act 1961.

❖ **CSR activity execution – methodology**

The CSR can be implemented directly or through trusts or a Section 8 company set up for this purpose. The company may itself set up such entities or may use entities set up by others for its CSR programs. The company may also collaborate with other companies for conducting its CSR activities. These will be crystalized in due course. Till then annual plan/programme will be put up for approval.

As mentioned earlier, the company intends to finalise the CSR activity model on annual basis depending on the needs of the society in a participatory manner. Based on the above exercise, the CSR committee, during the third quarter of the every financial year, shall choose the activities in project mode (either new or ongoing) for implementation by the company in compliance with the provisions of section 135 of the Companies Act 2013 read with schedule VII of the Companies Act 2013 and earmark the amount estimated to be spent for CSR activities for the next financial year.

The CSR Plan along with the budget for CSR activities shall be submitted to the Board and on review the board shall consider the recommendation of the committee and approved the same (with or without modification) during the fourth quarter of every financial year. The approved amount will be spent on the approved CSR activities in the immediate next financial year.

Along with CSR plan, the CSR committee may also submit its observations and recommendations on the CSR activities conducted during preceding financial year. The board may take necessary action based on such observations and recommendations.

❖ **Reporting, monitoring mechanism and third party evaluation**

The company has developed governance structure to oversee the implementation of the CSR policy, in compliance with the requirement of section 135 of the Companies Act 2013. The board level CSR committee of the company shall be responsible for monitoring the CSR Policy from time to time. The CSR Committee shall approve and recommend to the Board, the projects or programmes to be undertaken, the modalities of execution and implementation schedule from time to time. The committee will report to the company's Board of Directors.

Apart from recommending and approving budgets for project implementation, the committee will also institute a monitoring mechanism to track the progress of each project.

The company shall set up CSR council which shall present their annual budgets along with the list of approved CSR activities conducted by the Company to the CSR

Committee together with the progress made from time to time as a part of the evaluation process under the monitoring mechanism.

The CSR council shall be headed by General Manager. The other members of the CSR Council shall be Company Secretary and representative(s) from Finance dept. HR divisions. The CSR council shall be constituted with the approval of MD of the company from time to time.

For the purpose of monitoring CSR activities, all the members of CSR committee shall have power to call for information, documents...etc from the personnel of the company pertaining to CSR activity.

A separate section on the CSR activities will be included in the Directors' Report in the format prescribed under the Companies Act 2013 and the rules made thereunder. If a company is unable to spend the contribution amount in a year it should specify the reasons for not spending that amount in its Board of Director's annual report.

Third party evaluation:

After the end of each financial year, the CSR activities undertaken in that particular year will be evaluated by a third party identified by the management and approved by CSR committee.

General:

1. The power to change interpret and administer the Policy shall rest with Board of Directors of Company whose decision shall be final and binding. Board is also empowered to make any supplementary Rules/Orders to ensure effective implementation of the Policy.
2. The provisions of the CSR and Sustainability Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued by the Government from time to time.
3. The Company reserves the right to modify, amend, add or delete any of the provisions of this Policy with the approval of the board.
