

CSR and Sustainability Policy – 2016

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 mean 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 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) 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 in 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 organisation 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. The Company has constantly endeavored 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 endeavor, a CSR governance structure has been put in place.

BUDGET

I. 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.

II. As per section 135 of the Companies Act, the Company will report reasons for under spending 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 Report and signed off by the Board of Directors.

III. In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company.

IV. The Company may collaborate or pool resources with other companies to undertake CSR activities, and also through any non-profit organization, if required.

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.

Training & Development

The Company may build CSR capacities of its personnel and/or those of its implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.

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 PM's Relief Fund.

Non-Project based activities:

Given the diversity of our business, Company 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.

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:

- 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, agro forestry, 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".

Governance Structure of CSR

- 1. The Company has constituted a Board Level Committee on Corporate Social Responsibility as per requirement.**
- 2. 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.**
- 3. The Board shall approve the CSR projects on the recommendation of the CSR Committee**
- 4. Regular monitoring of the progress of CSR projects shall be taken up by the CSR Regional Committees and feedback given to the Board.**

IMPLEMENTATION:

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

The company may also implement project through specialised agencies as per the requirement & decision of the Board.

MONITORING AND EVALUATION

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's;
- 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 report 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:

In order to assess the impact of its CSR Projects and Programmes, maximize outcomes and build- in sustainability, scalability and replicability, Balmer Lawrie shall undertake the following activities:

Ensure that the projects/programmes undergo concurrent and final evaluation;
Engage credible third parties to undertake evaluation of all or selected projects/programmes.

Concurrent as well as end line Impact assessment shall be carried out by an Independent agency and the report shall be submitted to the CSR committee for appraisal.

AMENDMENTS TO THE POLICY

The Board of Directors on the recommendation of 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.

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