

POLICY ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. BACKGROUND

- 1.1. Govt. of India enacted Companies Act 2013 in August 2013 Section 135 of the Act deals with the subject of CSR. The activities to be included by companies in their CSR Policies are listed in schedule VII of the Act. The provisions of Section 135 of the Act and schedule VII of the Act apply to all companies including CPSEs. Ministry of Corporate Affairs has formulated CSR Rules under provisions of the Act and issued the same on 27.02.2014. Further Ministry of Corporate Affairs has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014, and named as the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 which has come into force from 22nd January 2021. These Rules are applicable to BDL being a Central Public Sector Enterprise in addition to DPE guideline on CSR.
- 1.2. Bharat Dynamics Ltd (herein after referred to as “BDL” or “The Company”) is committed to continuously improving its social responsibilities as a corporate citizen, to make positive impact on the society and environment.
- 1.3. This Policy on Corporate Social Responsibility (herein after referred to as “CSR Policy” or “This Policy”) has been enumerated based on the Companies Act 2013 and the Rules made thereunder including its amendments thereof. This Policy shall come in to effect from 22nd January 2021.

2. MISSION

BDL through its CSR & Sustainability initiatives:

- 2.1 Will Contribute towards enhancement of quality of life of the under privileged people in our society by providing necessary infrastructure.
- 2.2 Will contribute towards eradication of poverty.
- 2.3 Will contribute towards any activity which helps in maintaining ecological balance and improve sustainability

3. OBJECTIVES

In alignment with Mission of CSR, the following objectives are pursued.

- 3.1 Identify & focus on education as a priority and take up suitable interventions for betterment of educational facilities.
- 3.2 Concentrate on health, hygiene and environmental up gradation to make healthy life of the society.

- 3.3 Educate and encourage youth to take up self-employment and vocations to make out livelihood.
- 3.4 Provide support and participate in Government efforts in social, economic and environmental development of the less privileged.

4. Definitions

- 4.1 Corporate Social Responsibility (CSR) means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions of 2(d) of the CSR policy Amendment Rules 2021 but shall not include the following namely: -
 - a) Activities undertaken in pursuance of the normal course of business of the company.
 - b) Any activity undertaken by the company outside the India (except for the training of the Indian sports personnel representing any State or Union territory at the national level of India at International Level)
 - c) Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
 - d) Activities that benefitting the employees of the company as defined in clause (k) of section 2 of the Code in Wages 2019 (29 of 2019).
 - e) Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
 - f) Activities carried out for the fulfilment of any other statutory obligations under any law in force in India.
- 4.2 Ongoing Project means 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
- 4.3 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.

5. SCOPE & AREA OF OPERATION

- 5.1. The CSR initiatives of the company shall address social, economic and environmental concerns of the society. The spirit of the Act is to ensure that CSR initiatives are aligned with the national priorities and enhance engagement of the corporate sector towards achieving Sustainable Development Goals (SDGs).

- 5.2. Some activities in Schedule VII of Companies Act 2013 transcend geographical boundaries and are applicable across the country. However, for executing CSR projects, the company shall give preference to local areas, while maintaining balance between local area with national priorities. The local area for this purpose shall be recognised as “The States where the Company operates its business”. The projects undertaken to address these concerns shall either be in the States where company’s business Units are located and/or other areas such as aspirational districts of the country as defined by the Government of India.
- 5.3. In special cases, where the projects have a potential to make significant positive impact on the environment or lives of a larger society, such projects may be considered even though they may not be covered under the requirements of Para 5.2 above.

6. AREAS OF INITIATIVES

- 6.1 BDL shall take up CSR initiatives in line with SCHEDULE VII of the Companies act (as amended time to time) in the following broad areas:
- 6.1.1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swatch Bharat Kosh set-up by the central Government for the promotion of sanitation and making available safe drinking water
 - 6.1.2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement projects
 - 6.1.3. 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
 - 6.1.4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, 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 the rejuvenation of the river Ganga
 - 6.1.5. 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
 - 6.1.6. Measures for the benefits 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.

- 6.1.7. Training to promote rural sports, nationally recognized sports, Paralympics Sports and Olympic sports
- 6.1.8. Contribution to Prime Minister's 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 Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women
- 6.1.9. (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).
- 6.1.10. Rural Development Projects
- 6.1.11. Slum Area Development

Explanation- For the purpose of this item, the term 'slum area' 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.
- 6.1.12. Disaster management, including relief, rehabilitation and reconstruction activities.

- 6.2 BDL may decide to take up CSR initiatives in other areas also based on the merit of individual proposals.

7. ORGANIZATION STRUCTURE

- 7.1. The organization structure, as detailed below, shall steer the CSR activities in BDL:

Below Board Level- CSR & SD Committee:

The Below Board Level CSR & SD Committee shall be chaired by Head (HR) of the Company and other members of the Committee will be as approved by the Chairman & Managing Director of the Company from time to time.

The Committee shall review all the CSR proposals received by the Company and recommend to the Board Level CSR Committee. The Committee shall also monitor all the activities pertaining to the approved CSR projects of the Company for the purpose of ensuring requisite compliances. The Chairman & Managing Director may direct for any other functions to be performed by this Committee.

Board Level- CSR & SD Committee:

The Board Level - CSR and SD Committee is a Sub-Committee of the Board which shall consist of three or more Directors, out of which one director shall be Independent director. The chairman of the committee shall be preferably an Independent Director.

The committee shall act in accordance with the terms of reference stated under Section 135(3) of the Companies Act and Rules made thereunder. The committee shall consider and recommend to the Board the CSR proposals as proposed by the Below Board Level CSR & SD Committee. The Company Secretary shall act as a secretary to the above committee.

Board of Directors of the Company:

The Board shall review, consider and approve all the CSR proposals including Budget as recommended by Board Level - CSR & SD Committee.

8. BUDGET

- 8.1. In every Financial Year, the combined budgetary allocation for CSR expenditure for a year shall be at least 2% of average net profits of the company made during immediate three preceding financial years. 'The average Net profit' shall be calculated in accordance with the provision of Section 198 of the Act. This budgetary allocation will need to be approved by the Board on recommendation of the Board Level- CSR & SD Committee. The company shall strive to maximize its spending on CSR activities.
- 8.2. The allocated funds for CSR activities of the financial year shall be utilized during the year. However, the unspent amount will not lapse and will, instead, be carried forward to the next year for the utilization. Also the reasons for failure to spend the required amount on CSR activities shall be brought out in the Directors' Report section of Annual Report.
- 8.3. The annual budget for CSR may be spent on implementation of activities in the project mode also, which entails charting the stages of execution in advance and prescribed timelines. CSR expenditure shall include all expenditure including contribution to Corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of its Board Level - CSR & SD Committee.

9. GUIDELINES

- 9.1. The CSR activities shall be undertaken as per this CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of normal course of business.

- 9.2. The Board may decide to undertake its CSR activities approved by the CSR & SD Committee, on its own or through a registered Trust or a registered society or a Company established by BDL or its holding or subsidiary or associate company under Section 8 of the Act or otherwise: Provided that:
- 9.2.1. If such Trust, Society or Company is not established by BDL or its holding or subsidiary or associate Company, it shall have an established track record of three years in undertaking similar programs or projects.
 - 9.2.2. BDL has to specify the project or programs to be undertaken through these entities, the modalities of utilization of such funds on such projects and programs and the monitoring and reporting mechanism.
- 9.3. BDL may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR & SD Committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.
- 9.4. Subject to the provision of sub section (5) of Section 135 of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.
- 9.5. The CSR Projects or programs or activities that benefit only the employee of BDL and their families shall not be considered as a CSR activity in accordance with Section 135 of the Act.
- 9.6. BDL may build CSR capacities of its own personnel as well as those of their 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 BDL in one financial year.
- 9.7. Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity

10. PROJECT PROPOSAL

- 10.1. In order to utilize the budget judiciously and ensure the visibility and noticeable impact of the CSR activities, BDL would focus on fewer projects, which are scalable in terms of their size and impact and are not mere adhoc, one-time activity. This will necessitate identification and selection of projects centrally by the Below Board Level- CSR & SD Committee
- 10.2. In order to meet the requirement as stipulated in Para 10.1 above, the Below Board Level- CSR & SD Committee will identify and select the appropriate projects
- 10.3. The choice of projects stated in 10.2 above will preferably be based on a baseline survey by an internal/ external agency to identify the needs of the stakeholders likely to be benefited from company's CSR activities. Baseline survey need not be resorted to in all cases provided there is enough documentary evidence for having got the need assessment study done either internally or through reports from secondary source which can be termed as credible

- 10.4. Units may identify their CSR activities as per Para 10.2 & 10.3 above. CSR Project proposals (Centralized and Unit specific) in accordance with the guidelines contained in this document shall be prepared in the format at **Annexure-1** and forwarded to the Below Board level- CSR & SD Committee for consideration. However, such projects should be within the areas specified in Para 6 above. Below Board Level- CSR and SD Committee will consider such proposals which meet the requirements of this policy
- 10.5. The centralized project proposals shall be initiated by the Nodal Officer and the Unit specific projects by the Unit Head.
- 10.6. The members of the Board may also suggest certain CSR proposal in the format at **Annexure-I** in line with areas specified in para-6 above. The Below Board Level- CSR and SD Committee shall consider such proposals and put up to the Board Level CSR & SD committee for its consideration.

11. PROJECT APPROVAL

- 11.1. The Below Board Level- CSR and SD Committee shall evaluate the proposals as per the selection guidelines given in this document and recommend the projects to Board Level- CSR & SD Committee
- 11.2. Board Level- CSR and SD Committee shall evaluate the proposals and will recommend to the Board for approval.

12. PROJECT EXECUTION

- 12.1 Execution of CSR projects can be taken up generally by in-house teams or through suitable partnerships with State Governments, PSUs, NGOs, Private Companies, International Organizations.
- 12.1.1 The Board shall ensure that the CSR activities are undertaken by the company itself or through a company established under Section 8 of the Act or A Registered Public Trust; or a Registered society registered under 12A and 80G of the Income Tax Act, 1961
- established by the Company, either singly or along with any other Company
 - established by others, having a track record of atleast three years in undertaking similar activities
- 12.1.2 Any entity established under an Act of parliament or a State Legislature.
- 12.1.3 Section 8 Company or a Registered Public Trust or Registered Society established by the Central Government or State Government.

- 12.2 While engaging / partnering with external agencies, care shall be exercised in selecting only such specialized agencies which have the necessary capabilities and expertise in the field. Specialized agencies may include Government departments, semi Government or Non Government Organizations (NGOs), autonomous organizations, professional consultancy organizations, registered Trusts/Missions, Community based organizations, self help groups, not for profit organization, Panchayat Raj institutions, academic institutes etc
- 12.3 As far as possible, BDL's manpower should be committed only for monitoring and supervision
- 12.4 BDL may also collaborate with other companies for undertaking the projects or programs or CSR activities in such manner that the CSR Committees of respective Companies are in position to report separately on such projects or programmes in accordance with the Act and rules made thereunder.
- 12.5 The Board of the 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 person responsible for this may place a utilization certification before the Board to this effect.
- 12.6 At the end of each year, an Impact Assessment study through an internal/external agency will be organized and the cost of the impact assessment study should not exceed 5% of the expenditure
- 12.7 The impact assessment reports of CSR projects shall be placed before the Board Level- CSR & SD Committee/Board.

13 PROJECT MONITORING & REPORTING

- 13.1 The Chairman of Below Board Level- CSR & SD Committee shall submit quarterly reports regarding the progress in the implementation of CSR activities to the Board Level CSR and SD Committee.
- 13.2 In the case of ongoing projects, the Board Level- CSR & SD Committee shall monitor **on half-yearly basis**, implementation of the project with reference to the approved timelines, if any and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within overall permissible time period.
- 13.3 The Company shall disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board in the Annual Report of the Company in the format as prescribed under Companies Act and also on its website for public access.

14 CSR EXPENDITURE

- 14.1 The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year.
- 14.2 Any surplus arising out of CSR activities 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 6 months of the expiry of the financial year.

- 14.3 Where the company spends an amount in excess of requirement mentioned in clause 8.1 such excess amount may be set off against the requirement to spend upto immediate succeeding three financial years, subject to the conditions that:
- a) The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
 - b) The Board of the company shall pass a resolution to that effect.
- 14.4 The CSR amount may be spent by the company for creation or acquisition of a capital assets which shall be held by:
- a) A company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number or
 - b) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities or
 - c) A public authority

15 TRANSFER OF UNSPENT CSR FUND

- 15.1 If the Company fails to spend 2% of the Average net profit, then the following shall be the treatment of the unspent amount.
- a) If the unspent amount is not related to ongoing project: - the Board shall, in its report, shall specify the reasons for not spending the amount; and unless the unspent amount related to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year
 - b) If the unspent amount is related to ongoing project: - The unspent amount be transferred within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account (UCSRA).
 - c) If failed to spend on the ongoing project: - If Company Failed to spend in 3 years, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

16 COMMUNICATION STRATEGY

- 16.1 The Company shall establish regular dialogue and consultation with its key stakeholders (viz. nearby villagers and their representatives, NGOs, Government and Non Government agencies, Below Board Level CSR and SD Committee members etc.) to ascertain their views and priorities regarding the selection and implementation

of CSR activities. However, the ultimate decision in the selection and implementation of CSR activities would be that of the Board of the BDL.

- 16.2 During important events such as launching a project, completion of a project or inauguration of a facility in the area of CSR, Corporate Communications Division shall give wide publicity to the event through invitation to the media personnel and issue of press release in the print media, TV channels etc.
- 16.3 The Company shall take steps to create awareness and sensitize employees on CSR initiatives through regular training, workshops etc.
- 16.4 The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on their website, if any, for public access.
- 16.5 Corporate Communication Division shall also bring out special articles on CSR initiatives of the company in the Corporate House Journal.

17 AMENDMENTS TO THE POLICY

- 17.1 Any or all provisions of this CSR Policy would be subjected to revision/amendment in accordance with the circulars/notifications/guidelines as issued by the government or any other statutory authorities, from time to time. The Chairman & Managing Director may accordingly modify this CSR Policy in line with such government directives.
- 17.2 This Policy may be reviewed by the Board Level CSR & SD Committee on half yearly basis and any amendments to this policy shall be subject to the approval of the Board.

BDL POLICY ON SUSTAINABLE DEVELOPMENT

- 1) “Sustainable Development” is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. In this context, BDL has adopted the following Policy Statement, which incorporates BDL’s Principles on Sustainable Development.
- 2) The Company is committed to achieve the economic, ecological and social responsibility objectives of Sustainable Development through its varied business operations and activities.
- 3) As an Environmentally Responsible Company, BDL commits itself to take all necessary initiatives towards optimization and continuous reduction in utilization of natural resources and also manmade resources.
- 4) The Company is determined to focus its attention to achieve the goal of “Reduce, Reuse and Recycle” in its entire operations / processes for Sustainable Development. The Company is committed to put in continuous efforts towards renewable resources to avoid depletion of natural resources.
- 5) The Company shall comply with all legal / regulatory requirements related to Environment protection, management and Sustainable Development. Company shall have regular monitoring programme to assess its performance of environment management and Sustainable Development.
- 6) The Company shall identify hazardous processes, assess its risk and determine appropriate control measures to minimize the impact on Environment. Impact minimization process shall follow Elimination, Substitution, Engineering control methods.
- 7) Environmental friendly Processes / operations shall be given high priority while selecting or introducing any new process, operation or product or service. Efficient processes are opted in order to minimize impact on environment.
- 8) Energy efficiency is given high priority for selecting or changing over to new system to have less carbon emission initiatives. Company already stepped in greener energy to minimize its carbon foot printing and shall bank more and more on greener or renewable energy.
- 9) Company shall initiate environment management programmes to minimize impact on environment. This shall be a continuous process. Introduction of cleaner technology, elimination of hazard, complying with legal requirement and resource conservation, etc. shall be the impetus areas of Company’s environment management programmes.
- 10) Budgetary resources as required will be allocated for the Company’s Sustainable Development activities and projects. The project / activity wise budget allocation will be based on the project design and follow due assessment procedure.
- 11) The Company shall promote customer awareness in Environment management to minimize impact on Environment during usage of the Company’s products. The Company shall persuade and encourage its business partners to move towards environment friendly processes right from design to disposal

CORPORATE SOCIAL RESPONSIBILITY

Project proposals

1. Name of the Office / Unit
2. Title of the proposed CSR Project (with location)
3. Project Objectives :
4. Project addresses the area (s):

(as per Schedule VII and Section 135 of Companies Act-2013)

- (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.

5. Brief description of the Project:

6. Justification:

7. Implementation methodology:

8. Implementation schedule with Project Time frame:
(Approx. time to complete the Project-with milestones)

9. Benefits to the stakeholder:

- i) Tangible
- ii) Intangible

10. Benefits to the organization:

- i) Tangible
- ii) Intangible

11. Financial Requirements (Rs. Lakh):

12. Year wise Fund Requirement:

Signature of Unit HR HEAD

Through Unit HEAD

To

HR Head / Chairman- Below Board Level-CSR & SD Committee