

# **THE BOMBAY BURMAH TRADING CORPORATION, LIMITED**

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

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### **I. BACKGROUND**

Corporate Social Responsibility (“CSR”) embodies the various initiatives and programs of the Wadia Group in the communities and environment in which Group Companies operate. It represents the continuing commitment and actions of the Group to contribute towards economic and social development and growth.

### **II. OBJECTIVE**

The CSR Policy of the Company has been formulated and adopted in terms of Section 135 of the Companies Act, 2013 (“the Act”) and the Rules made thereunder. The Company will undertake CSR activities specified in Schedule VII to the Act (Annexure - A).

### **III. IMPORTANT DEFINITIONS:**

1. **Rules** under this Policy means Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021

2. **Net profit** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

(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:

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section.

3. **CSR Policy** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual.

4. **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 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. **On Going Projects** 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

#### **IV. CONSTITUTION OF CSR COMMITTEE**

The Board of Directors of the Company shall constitute a CSR Committee of Directors comprising of at least three directors with one being an Independent Director.

#### **V. RESPONSIBILITIES OF CSR COMMITTEE:**

CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy in consonance with the long term vision and strategy of Wadia Group in respect of CSR activities, which shall include the following, namely:

- the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4 of the CSR Rules 2021;
- the modalities of utilization of funds and implementation schedules for the projects or programmes;
- monitoring and reporting mechanism for the projects or programmes; and
- details of need and impact assessment, if any, for the projects undertaken by the company.

Recommend to the Board any alteration of the Annual Action plan at any time during the financial year, based on the reasonable justification to that effect.

#### **VI. CSR ACTIVITIES:**

- The contribution will be made for any CSR activities undertaken within India.
- The Committee will give preference to the local area and areas around it where it operates in spending the amount earmarked for CSR activities.

#### **VII. CSR Expenditure:**

##### Administrative Overheads:

The Board to ensure that the administrative overheads expenses not to exceed 5% of the total CSR expenditure of the Company in any financial year.

##### Surplus from the CSR Activities:

Any Surplus arising out of the CSR activity shall not be a part of the business profit of the Company. Such surplus shall be used on the followings within a period of 6 months of the expiry of the financial year:

- Ploughed back into the same project.
- Transferred to the Unspent CSR Account; and
- Spent in pursuance of the CSR policy and the annual action plan of the Company
- Transfer such surplus amount to fund specified under Schedule VII of the Act.

### Excess CSR Spent:

In case of excess CSR Spend in any year, such excess amount may be set-off against the requirement to spend up to immediate succeeding 3 financial years subject to:

- a) the excess amount available for set off will not include surplus arising from CSR Activities; and
- b) the Board to pass a resolution to that effect.

### Creation or Acquisition of Capital Assets

The CSR amount can be spent for creation or acquisition capital assets which shall be held by:

- a) a company established under section 8 of the Act or Registered Public Trust or Registered Society, having Charitable objects and CSR Registration Number under the Rules; or
- b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c) Public authority

## **VIII. RESPONSIBILITY OF BOARD OF DIRECTORS**

The role of the Board with respect to CSR is as under:

- Review and approve the recommendations of CSR Committee in respect of annual budget for CS
- To formulate and recommend annual action plan in pursuance of its CSR policy;
- To approve the CSR projects or programmes that are recommended to be undertaken in areas or subjects specified in the Act; along with the manner of execution of such projects or programmes as specified in the Act;
- To ensure that the funds are utilized for approved purpose and shall be certified by the Chief Financial Officer (CFO) or Person in charge of finance.
- To monitor the implementation of ongoing projects and make modifications in such projects to ensure smooth implementation of the project within permissible time period.
- To review and approve the Annual Action Plan in pursuance of the CSR Policy of the Company and make any Alteration to such Plan at any time during the financial year, as may be recommended by the CSR Committee; and
- Ensure that the Company spends in every financial year, at least two percent of the average net profits made during the three immediately preceding financial years of the Company on CSR activities;
- In case of excess CSR Spend in any year, to approve and pass a resolution to the effect that the excess amount may be set off against the requirement to spend in the 3 immediate succeeding financial years
- **Impact Assessment:** In the event of the average CSR obligation of the Company in the 3 immediately preceding financial years being Rs.10 Crore or more as under:
  - To undertake **Impact Assessment** through an **Independent Agency** for all projects of 1 crore or more which have been completed not less than 1 year before undertaking the impact study.
  - To consider and approve the impact assessment reports which shall be annexed to the annual report on CSR.

- To consider and approve the Cost of the Impact Assessment which shall be the lesser of 5% of CSR Expenditure or Rs 50,00,000/-.

## **IX. DISBURSEMENT OF CSR AMOUNT**

The Company may undertake CSR activities, on its own or by pooling the resources into Sir Ness Wadia Foundation, or any other Trust or Society created for charitable purpose, or other charitable company or not-for-profit organisations (NGOs) or any combination thereof.

The CSR Committee will decide on the budget allocation for CSR Projects and Programmes and the instalments for disbursement of amount as part of the Annual CSR Plan and recommend the same to the Board for its approval.

## **XI. PARTNERING ORGANISATIONS**

While undertaking any project or program with other partnering organizations, the Company will undertake due diligence to evaluate the NGO's reputation, track record, capacity and competency, including organization structure, requisite permits and licenses, presence in desired geography and compatibility with the Group CSR Policy and satisfy itself that the entities in the list of eligible entities through which the company shall undertake the CSR Project or Programme are registered with the Central Government as required under the CSR Rules in this behalf..

### **Process for Undertaking CSR Activities / Projects through Partnering NGOs**

The following procedure will be adhered to while undertaking/ funding CSR activities/ projects through NGOs:

- Presentation of Project / program details.
- Execution of Memorandum of Understanding (MoU) with the Partnering NGOs, which will detail the key roles and responsibilities of each of the parties for a specified project or projects identified by the Wadia specified project or projects identified by the Wadia Group / Company.
- Scheduling of disbursements of funds relating to the program and monitoring Scheduling of disbursements of funds relating to the program and monitoring system in accordance with with pre--agreed milestones with NGO.
- The Committee and Board whilst approving the projects and making any contribution, will specify the activities for which it is made and the amount for the same.

**Form CSR -1** –(Rule 4(2) of CSR Rules, 2021) provides that:

The eligible entities through which the company has undertaken the CSR Project or Programme will require to register itself with the Central Government by filing electronically e-Form (CSR-1) with effect from 1<sup>st</sup> April, 2021 and get the unique CSR Registration Number generated by the system automatically.

## **XV. VOLUNTEERING**

The Company will encourage and enable employees and other stakeholders to participate in the projects supported by it through Employee Volunteering Programmes (EVP).

The Company will recognize the efforts put in by employees in CSR activities through annual appraisal system. The Head HR will play a specific role in building capacities, skills and talents under the concept of the Company's broader vision on CSR.

#### **XVI. SELF ASSESSMENT**

The Company will introduce mechanism for self-assessment of CSR activities pursued by it and strive to improve existing policy and systems. It will also undertake impact assessment of the development projects on the target group.

#### **XVII. DISSEMINATION OF INFORMATION**

The CSR Committee will report to the Board of Bombay Burmah from time to time the status of the CSR projects/ activities undertaken by it along with the report on the impact created by such projects/ activities.

BBTC would upload Composition of CSR Committee, its CSR Policy, and Projects approved by the Board on its website [www.bbtcl.com](http://www.bbtcl.com).

A detailed status report on the CSR activities and projects approved by the Board for carrying CSR activities by Bombay Burmah will be disclosed every year as part of the Directors' Report in the Annual Report. The said information will also be uploaded on the website of the Company.

The CSR activities of the Company should be visible through newsletters, websites, press releases and Directors' Annual Report (as an integral part of business) articulated on major occasions and employee / shareholder / dealer meetings.

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

Unspent amount of CSR, if any, are to be transferred in terms of section 135(5) & (6) of the Act, to any fund included in schedule VII of the Act, until a specific fund is prescribed.

Earlier, it was provided that if company was unable to spend the CSR amount, it was required to provide reasons for not spending the amount in its Directors Report. However, from the FY 2020-21, it is required to transfer the unspent amount within a period of six months of the expiry of the financial year to a Fund specified in Schedule VII, unless the unspent amount relates to any on-going project referred to in sub-section 135(6);

135(6) states that amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company 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, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility 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, within a period of thirty days from the date of completion of the third financial year.

Any contravention to the transfer the unspent CSR amount under 135 (5) or (6) of the Act, the Company and its Officers would be subject to fine and imprisonment as specified in Section 135 (7).

**SCHEDULE VII of the Companies Act, 2013**

Activities which may be included by companies in their Corporate Social Responsibility Policies  
Activities relating to:—

(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.

Note:

*MCA vide General Circular no.10/2020 dated 23<sup>rd</sup> February, 2020 clarified that spending of CSR funds for COVID-19 is eligible CSR activity, i.e. funds may be spent for various activities related to COVID-19 under items (i) and (xii) of Schedule VII relating to promotion of health care, including preventive health care and sanitation and disaster management.*