

Corporate Social Responsibility and Sustainability Development Policy, 2016



Bengal Chemicals & Pharmaceuticals Limited
(A Government of India Enterprise)



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CIN: U24299WB1981GOI033489

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1. INTRODUCTION-

- i) The Companies Act, 2013 provides specific provisions for Corporate Social Responsibility (CSR) under Section 135 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by Ministry of Corporate Affairs vide notification G.S.R, 129(E) dated 27th February 2014, which have been made available from 1st April 2014.
- ii) Department of Public Enterprises vide its O.M. No. 15(13)/2013-DPE(GM) dated 21st October 2014 has issued “Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises” in suppression to the earlier guidelines on Corporate Social Responsibility and Sustainability, issued by DPE. It has also provided that the guidelines will supplement CSR Rules under Companies Act, 2013 notified by Ministry of Corporate Affairs.
- iii) Accordingly, CSR & Sustainability Policy of BCPL has been drafted in light of the following:-
 - (a) Section 135 of the Companies Act, 2013;
 - (b) Companies (Corporate Social Responsibility Policy) Rules, 2014 and various amendments thereof;
 - (c) The circulars and notifications issued by the Ministry of Corporate Affairs from time to time;
 - (d) “Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises” issued by the Department of Public Enterprises vide O.M. No. 15 (13)/2013-DPE (GM) dated 21st October 2014.
- iv) Whenever any amendments are made in DPE’s Guidelines and provisions of Companies Act, 2013 and rules made thereunder on the subject, the same shall be duly incorporated in the policy document. Any modification/ amendment in the policy document would be carried out by Board Level CSR & Sustainability Committee subject to approval of Board of Directors.
- v) This Policy shall be called BCPL’s Corporate Social Responsibility and Sustainability Policy 2016 and will regulate CSR & Sustainability activities of the Company.

2. CSR POLICY STATEMENT:

CONCEPT:

Corporate social responsibility (CSR) promotes a vision of business accountability to a wide range of stakeholders, besides shareholders and investors. Key areas of concern are environmental protection and the

wellbeing of employees, the community and civil society in general, both now and in the future. The concept of CSR is underpinned by the idea that corporations can no longer act as isolated economic entities operating in detachment from broader society. Traditional views about competitiveness, survival and profitability are being swept away.

CSR OVERVIEW-

Corporate Social Responsibility in BCPL is a continuing commitment to behave ethically and contribute to harmonious and sustainable development of society and planet through business, while improving the quality of life of the community and the society. CSR is, therefore, the organization's commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interest of its stakeholders.

VISION-

To actively contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker sections of society, and also build a socially responsible image of BCPL as a corporate entity.

OBJECTIVE-

The objectives of BCPL CSR Policy are:

- Adherence to the ethical and responsible behaviour of a Company towards the community and society and undertakes the Programmes for welfare & sustainable development of the community at large;
- To define CSR projects or programs which BCPL plans to undertake and which fall within the purview of the Companies Act 2013, the Companies (CSR Policy) Rules, 2014 and the prevailing DPE Guidelines;
- Modalities of execution of such CSR projects or programs;
- Monitoring process of such CSR projects or programs;
- To make the stakeholders aware about CSR practices in BCPL
- To work keeping in mind the larger objective of sustainable development in conduct of business and in pursuit of CSR agenda.

SCOPE-

The Policy relates to the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013 and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the Company. CSR activities as per Schedule VII of the Companies Act, 2013 are enumerated at Annexure-I.

3. TERMS AND DEFINITIONS

Unit(s): Offices/ Factories/Depots of BCPL

Company: Bengal Chemicals & Pharmaceuticals Limited (BCPL)

Board: Board of Directors (BOD) of BCPL;

BLC: Board Level Committee for Corporate Social Responsibility;

BBLC: Below Board Level Committee for Corporate Social Responsibility;

Local Areas: District in which Unit operates and the districts contiguous thereto.

Any undefined words and expressions used in 'BCPL CSR Policy' shall have the same meaning as defined for them in the Companies Act, 2013, the Companies (CSR Policy) Rules, 2014 and the Guidelines of DPE.

4. PLANNING OF CSR & SUSTAINABILITY ACTIVITIES/ SELECTION OF PROJECTS

A. As per Rule 4 (1) of the Companies (Corporate Social Responsibility) Rules, 2014, following parameters will be taken care of while planning of CSR and Sustainability activities and selection of projects thereof:

i) The CSR activities shall be undertaken by the Company as per this policy framework as projects, programs or activities excluding activities undertaken in pursuance of its normal course of business.

ii) The Board of Company may decide to undertake its CSR activities approved by the CSR committee, through a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise:

Provided that-

a. If such trust society or company is not established by the Company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;

b. The company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

iii) A company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.

iv) All the CSR projects or programs or activities shall be undertaken in India only.

v) Companies may build CSR capacities of their 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 the company in one financial year.

B. Every care should be taken to avoid duplication of CSR activities undertaken with that of programmes run by Central, State and Local Governments. However BCPL will contribute/ participate in any Programmes/ initiatives of Government of India under Schedule VII of the Companies Act, 2013.

Activities not covered under CSR:

As per Rule 4 of Companies (Corporate Social Responsibility Policy) Rules 2014 and General Circular No. 21/2014 issued by Ministry of Corporate Affairs (MCA) the following activities are not covered under CSR:-

- i. One-off event such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. Would not qualify as CSR activities.
- ii. Any expenses incurred for the fulfilment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure.
- iii. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities.
- iv. Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activities.

5. CSR POLICY STATEMENT

BCPL being a first pharmaceutical company of India, formed by the Legend Acharya P.C. Ray, is committed towards holistic welfare of the society by undertaking CSR activities within the ambit of Schedule-VII of the Companies Act, 2013, as amended from time to time. However, thrust areas for CSR activities will be:

- Inclusive India: Mitigation of hunger and poverty through livelihood promotion/ augmenting income generation, imparting vocational Skills
- Healthy India:, Promoting health care including preventive health care and sports;
- Clean India: Sanitation and making available Safe Drinking Water, Cleaning and preserving the Rivers, Clean surroundings; toilets in schools especially for girls;
- Educated India: Promoting education with thrust on informal education to reduce dropouts at primary school level, value education, digital education;

- Responsible India: Women Empowerment, Setting up old age homes, day care centre and such other facilities for senior citizens, Rural Development Projects and Slum Development Projects
- Green India: Ensuring environmental sustainability with emphasis on projects based on Solar Energy;
- Heritage India: Protection of national heritage, art and culture;

In the above thrust areas priority will be given to under privileged, neglected and weaker sections of the society. The company shall give preference to the local areas for spending at least 75 % of the amount earmarked for CSR activities. The remaining amount may be utilised beyond local areas. It is desirable that CSR initiatives should be taken up in project mode, to the extent possible. Periodic review of this policy shall be done to ensure its continued suitability, adequacy and efficacy.

6. FUNDING & ALLOCATION

• Funding

As per provisions of section 135 of the Companies Act 2013 and requirements laid down in the Companies (CSR Policy) Rules, 2014, 2% of the average profit of the company computed in the manner prescribed in the Act during the three immediately preceding financial years will be allocated for CSR activities and CSR budget for the relevant financial year computed as above shall be submitted to the Board.

Since BCPL is a loss making/ BIFR listed company, it is not possible to allocate 2% of the average profit of the Company for CSR activities. However, till the Company does not earn profit, the amount for CSR activities may be allocated voluntarily, which is to be recommended by the Board Level CSR & Sustainability Committee and approved by the Board of Directors of the Company.

• Proposal through Registered Trusts/Societies/ Government Agencies/ Customers

Proposals received from registered Trusts/ Societies (having established track record of minimum three years in undertaking similar programs or projects)/ Govt. Agencies/ CPSEs/ Customers etc. will be considered for review depending upon availability of budget during the year and on the merit of the proposal. Proposals received from Govt. Agencies/ CPSEs/ Customers will generally be given preference over that of Trusts/ Societies. Implementing agencies will submit CSR proposals in areas specified in CSR Policy statement. The proposals pertaining to local areas shall preferably be routed through the relevant Unit(s), who will review them and forward the selected proposals to corporate office for further processing. The proposals falling beyond the local areas will be submitted to the corporate office. Decision of BCPL for acceptance or rejection of proposals will be final.

7. IMPLEMENTATION, MONITORING AND IMPACT ASSESSMENT

- It is desirable to get a baseline/ need assessment survey done prior to the selection of any CSR activity. It is also desirable to get an impact assessment study done by external agencies of the CSR activities/ projects undertaken by them.
- CSR and Sustainability activities will be implemented in and around the BCPL offices/ factories and Depots by engaging specialised agencies or through contractors etc. After following due and transparent procedure. Specialised agencies may include Community based Organisation whether formal or informal, Elected local bodies such as Panchayats, NGOs, Institutes/ Academic organisations, Trusts, Mission, Self-help groups, Government, Semi-Government and autonomous Organisations, Standing Conference of Public Enterprises (SCOPE), Professional Consultancy Organisations etc.
- The Board Level Committee on CSR & Sustainability will keep a check on the implementation of the CSR projects/ activities.
- The ultimate test of the success of any CSR & Sustainability activity is the social, economic or environmental impact thereof. Every such activity is planned and implemented with some anticipated impact on society or environment.
- BCPL may conduct the impact assessment through its own or may utilize the services of specialised external agencies for impact assessment study.

The expenditure incurred on baseline survey and impact assessment study should be within the overall limit of 5% of administrative overheads of CSR spent.

8. Documentation & Reporting

- The Board's Report of the BCPL will disclose the composition of the Corporate Social Responsibility & Sustainability Committee
- The Company shall include a Report in its Annual Report on every CSR & Sustainability initiatives undertaken during the year in accordance with the Rule 8 of Companies (Corporate Social Responsibility) Policy Rules, 2014. The Report shall be signed by Functional Director and Chairman of CSR & Sustainability Committee.
- The Policy on CSR & Sustainability shall be uploaded on the website of the Company i.e. www.bengalchemicals.co.in.

9. AMENDMENT

- The policy will be subject to changes as per DPE Guidelines, Government Guidelines and Regulations and provisions of Companies Act, 2013 and rules made thereunder.
- The modification/ amendment in the CSR policy will be approved by the Board of Directors as and when recommended by the Board level CSR & Sustainability Committee.
- The policy would serve as the Referral document for planning and selection of CSR activities. However, in case of any doubt/ issue, cross reference to the Companies Act, 2013 and corresponding rules is advised to avoid any inconsistency with the later. However in an event of conflict between the CSR Rules and Guidelines issued by DPE, the CSR Rules and the Companies Act shall prevail.

10. CSR STRUCTURE

Following Committees shall be overseeing all activities related to CSR projects/ programs in the company:

i) Board Level CSR & Sustainability Committee (BLC):

This committee is to be headed by Nominee or Independent Director. The Board level Corporate Social Responsibility (CSR) & Sustainability Committee shall-

- (a) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) Monitor the CSR Policy of the company from time to time.

ii) Below Board Level CSR & Sustainability Committee (BBLC):

The Committee shall consist of minimum 3 members out of them one shall be the Nodal Officer. The BBLC provides necessary support and assistance to the BLC in selection, finalisation, implementation, monitoring etc of various activities/ programmes/ projects under CSR & Sustainability initiatives.

BBLC also submit the periodic progress report to the Board and Board Level CSR & Sustainability Committee on the implementation and progress of the CSR and Sustainability activities/ programmes.

**Schedule VII of the Companies Act, 2013
(As notified on 27th February 2014)**

- (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- (ii) Promoting education, including special education and employment enhancing vocation skill 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 eradicating 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;
- (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 arts and handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents;
- (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 any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) Contribution for funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) Rural development projects.