



Garden Reach Shipbuilders & Engineers Limited

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GRSE POLICY ON CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

PREAMBLE

1. GRSE as a Corporate Citizen is committed to take up different developmental projects, as a part of its Corporate Social Responsibility (CSR) and Sustainability, towards improving the quality of lives of the underprivileged sections of the society and other stakeholders primarily around its Factories and any where in India thereby making a meaningful difference in people's lives and strive to contribute towards sustainable development of the society and become a partner in nation building. CSR and Sustainability is to be reckoned as an integral part of GRSE's corporate philosophy integrating business processes with social processes.

OBJECTIVE

2. As a responsible Corporate Citizen, in pursuance of its Corporate Social Responsibility and Sustainability Policy, GRSE will spend, in every financial year, at least 2% of the average net profit of the Company made during the 3 immediately preceding financial years. The Company shall give preference to the local area and areas around it, where it operates, for spending the amount earmarked for CSR and Sustainability activities. The Company will abide by the provisions under Section 135 of the Companies Act, 2013 and the Rules framed there under.

SCOPE

3. The Company will undertake projects as envisaged under Schedule – VII {items (i) to (x)} of the Companies Act, 2013 which are enumerated below :

“(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 skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

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(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.

(v) Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.

(vi) Measure for the benefit of armed forces veterans, war widows and their dependents.

(vii) Training to promote rural sports, nationally recognized 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 Castes, the Schedule Tribes, other backward classes, minorities and women.

(ix) Contribution or funds provided to technology incubators located within academic institution which are approved by the Central Government.

(x) Rural development projects.”

4. The CSR and Sustainability activities of the Company will focus on the thrust areas of health care, education & skill development and community development under CSR and conservation of natural resources and energy efficient initiatives under Sustainability. It will be endeavoured to undertake a project in a backward district. The projects or programmes that benefit only the employees of the Company or their families shall not be considered as CSR and Sustainability activities.

5. All social interventions shall be identified keeping in mind the needs and requirements of the community / beneficiaries for whom these interventions are intended to be implemented. Implementation of the projects will be decided by the "Corporate Social Responsibility and Sustainability Committee".

6. **CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE** – The Corporate Social Responsibility and Sustainability Committee of the Board will consist of 03 or more Directors, out of which at least one Director shall be an Independent Director and Company Secretary will be the Secretary of this Committee. The functions of the Board Level Corporate Social Responsibility and Sustainability Committee shall be as under :

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility and Sustainability Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule – VII of the Act.
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause – 6(a) above.
- (c) Monitor the Corporate Social Responsibility and Sustainability Policy of the Company and its effective implementation from time to time.

BUDGET / FUNDING

7. CSR and Sustainability Budget has to be allocated in each Financial Year. An amount equivalent to 2% of the average net profit of the Company made during the 3 immediately preceding financial years. Average net profit means the net profit as per the financial statement prepared in accordance with the applicable provisions of the Companies Act 2013. The unspent amount in the budget in a financial year, if any, will not be allowed to lapse and will be transferred to the CSR and Sustainability Fund that will be created exclusively for CSR and Sustainability activities.

EXPENDITURE

8. CSR and Sustainability expenditure shall consist of all expenditure including contribution to corpus for projects or programmes relating to CSR and Sustainability activities approved by the Board on the recommendation of its CSR and Sustainability Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule – VII of the Act. Preference will be given to activities in the local area around the Units, for spending the amount earmarked for CSR and Sustainability activities.

9. The Company may build CSR and Sustainability capacity of its own personnel as well as those of its implementing agencies through institutions with established track records of at least 3 financial years but such expenditure shall not exceed 5% of total CSR and Sustainability expenditure in that financial year.

REPORTING

10. Annual Report on CSR and Sustainability activities will be included in the Board's Report as per Annexure of the Rules framed by Ministry of Corporate Affairs vide Gazette Notification dated 27 Feb 14. CSR and Sustainability projects and activities pertaining to a financial year commencing on or after the 1st day of April 2014, shall be included in the Annual Report on CSR and Sustainability containing particulars and as per the format specified in the Annexure.

DISPLAY OF CSR AND SUSTAINABILITY ACTIVITIES ON GRSE's WEBSITE

11. The Board of Directors of the Company shall, after taking into account the recommendations of CSR and Sustainability Committee, approve the CSR and Sustainability Policy for the Company and disclose contents of such Policy in its report and the same shall be displayed on the Company's website.

BASELINE / NEED ASSESSMENT SURVEY

12. Towards identification of social needs / projects / activities to be undertaken, if considered necessary by the Board Level CSR and Sustainability Committee, GRSE may engage any professional agency for undertaking baseline / need assessment survey in any of the project areas / locations.

IMPLEMENTATION MODALITIES

13. CSR and Sustainability Project activities recommended by the Board Level Committee and approved by the Board of Directors of the Company are to be carried out by the Company itself or by outside Specialist Agencies (Implementor) as appointed by the Company for these purposes.

14. Specialist Agencies for implementation of various CSR and Sustainability Projects will include NGOs, Voluntary Organizations, Institutes, Academic Organizations, Society, Community based Organizations (CBOs) including Self Help Groups, Trusts, Missions and Professional Consultancy Organizations etc. which have established track record of 3 years in undertaking similar programmes or projects.

15. GRSE may also collaborate with other Companies for undertaking CSR and Sustainability projects or programmes in such a manner that the CSR and Sustainability Committees of both the Companies are in a position to report separately on such projects or programmes.

16. The list of Specialized Agencies, if circulated by DPE / MOD / Ministry of Corporate Affairs including such list as given in the Web-site of Central / State Government are to be considered while selecting specialized implementation agencies for GRSE's CSR and Sustainability projects.

INTERNAL ORGANIZATION FOR CSR ACTIVITIES.

17. An internal organization will be put in place to co-ordinate / regulate the CSR and Sustainability activities of the Company which shall be directly responsible to D(P) who will be the overall In-charge of CSR and Sustainability activities of GRSE. The internal organization may be christened as CSR and Sustainability Cell consisting of the following officials :

- (a) 01 DGM/Sr. Manager
- (b) 01 Asst. Manager (CSR)
- (c) 02 Supervisors / Office Assistants

18. The CSR and Sustainability Cell shall report to Director (Personnel) through GM (HR) / GM (ES) / AGM(ES).

DUTIES AND RESPONSIBILITIES OF CSR AND SUSTAINABILITY CELL

19. The CSR and Sustainability Cell shall undertake the following activities :

- (a) Identification of activities / project proposals for the Board Level CSR and Sustainability Committee, organizing meetings and preparation of report of the Committee.
- (b) Take all necessary steps to finalize agencies for conducting Baseline Survey, if required and analysis of Baseline Survey report, if any.
- (c) Examine Project Proposals, submit feasibility / viability report of Projects and implementation strategy.
- (d) Submit project-wise budget estimate.
- (e) Co-ordinate Project implementation.
- (f) Monitor Project completion through stage review and implement directives of the Board Level Committee on CSR and Sustainability.
- (g) Select / nominate agencies for implementation of projects.
- (h) Execute MOUs and finalize timelines for CSR and Sustainability activities.
- (i) Engage Agency for Monitoring and Evaluation of Project.
- (j) Take necessary action for release of payments.

PROCEDURE

20. The following procedure shall be followed for implementing CSR and Sustainability Projects :

- (a) Examination of the project / activity proposals in relation to Schedule – VII activities, need identification through Baseline Survey report / assessment by CSR and Sustainability Cell and preparation of Action Plan.

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- (b) If considered necessary, Representatives of CSR and Sustainability Cell to visit the respective potential project sites for appropriate need assessment / to assess viability.
- (c) Take steps for preparing a panel of Specialist Agencies / NGOs, Voluntary Organizations, Trusts, Society, Institutes, Academic Organisations, Community Based Organisations (CBO) etc. as necessary for implementing, monitoring and evaluating projects and activities in the areas of Health care, Education & Skill Development, Community Development, Conservation of natural resources and energy efficient initiatives.
- (d) Suitable agencies shall be nominated / selected through Company's established procedure for implementation of specific projects / activities / programmes including preparation of draft MoU / Agreement / Contract that may be required to be signed for execution of projects.
- (e) CSR and Sustainability Cell to examine project proposal including assessment of the merit / viability of the proposal and seek Management's Approval for placing before Board Level Committee as also for placing before the Board of Directors.
- (f) Specify / allocate budget for the project proposal, workout the time frame and specific / periodic milestones for implementation and monitoring in consultation with the implementing / monitoring agencies.
- (g) Dovetail / Synergise CSR and Sustainability activities of GRSE with initiatives of Central Govt. / State Govts. including local bodies in case of necessity as may be considered / directed by the Board Level Committee on CSR and Sustainability.
- (h) Monitoring progress of the projects by engaging External Agencies or through an In-House Committee. Small-scale projects may be monitored by below Board Level CSR and Sustainability Committee. Release of fund / payment depending on progress of work based on certification.

- (i) Arrange to handover the assets / facility created to the beneficiaries.
- (j) Arrange to conduct evaluation of the implemented projects by an independent external agency to measure the impact made by the socio / economic / environmental intervention.
- (k) Undertake meticulous documentations from the beginning to the end of the project.
- (l) To arrange conduct of training and awareness programmes for all staff / officials connected with CSR and Sustainability work.
- (m) Preparation and submission of report to MoD / Ministry of Corporate Affairs / other Ministry of Central Government as may be directed from time to time.

INTERNAL MONITORING MECHANISM

21. CSR and Sustainability projects will be monitored at the level of D(P) on as required basis.

22. Regular monitoring of the progress of different CSR and Sustainability activities will be conducted by Director (Personnel) through a below Board Level Committee who will report the developments to C&MD from time to time. The Below Board Level Committee may be constituted as under :

- (a) Director (Personnel)- Chairman of the Committee
- (b) GM (F) - Member
- (c) GM (HR) - Member
- (d) GM /AGM (ES) - Member
- (e) AGM(HR&IR) - Member
- (f) DGM(HR)ER&CSR - Member Secretary

EVALUATION

23. CSR and Sustainability Projects are to be evaluated by an independent external agency. This evaluation should both be concurrent and final. GRSE may appoint a Social Audit Firm to critically assess the fulfillment of CSR and Sustainability obligation of the Company.

PROMOTIONAL ACTIVITIES

24. GRSE may undertake promotional activities of CSR and Sustainability activities including production of short films, printing of brochures, pamphlets, promotional materials etc.

25. Modification of CSR and Sustainability Policy, if any, as and when considered necessary may be decided and approved by Board.

CONCLUSION

26. The Company is committed to enrich and enhance quality of life of people by creating sustainable economies and by finding environment friendly solutions to local problems.



(A.K. Verma)
Rear Admiral, IN (Retd.)
Chairman & Managing Director



Distribution :

D(S)
D(P)
CVO, All CGMs
All GMs
Company Secretary