

CORPORATE SOCIAL RESPONSIBILITY POLICY

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INTRODUCTION

Corporate Social Responsibility (CSR) is the way of conducting business by which a corporate entity visibly contributes to the social good. L&T MBDA Missile Systems Limited's (LTMMMSL) CSR Policy outlines its philosophy & the mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.

For LTMMMSL, CSR means the integration of social, environmental, and economic concerns in its business operations. CSR involves operating the Company's business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of businesses. LTMMMSL, through its CSR initiatives, will continue to enhance value creation in the society through its services, conduct & initiatives, so as to promote sustained growth for the society.

OBJECTIVE AND PURPOSE

The key purpose of this policy is to:

- Outline the development areas in which LTMMMSL shall get involved in;
- Define governance structure for CSR management within LTMMMSL;
- Serve as a guiding document aiding in identification, execution and monitoring of the CSR projects;
- Describe the treatment of surplus from CSR activities.

SCOPE OF CSR POLICY

This policy applies to all CSR projects that will be undertaken by LTMMMSL and shall fulfil all the requirements of section 135 of the Companies Act, 2013. LTMMMSL shall also ensure all these activities are over and above the normal course of business and are in line with the requirements under Schedule VII of the Companies Act, 2013. This policy shall be reviewed annually and updated in line with the relevant provisions of applicable legislations and best practices that can be adopted by LTMMMSL.

AREAS TO EMPHASISE

LTMMMSL has broadly selected following areas of focus under its CSR activities:

Education

may include but not limited to promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

Health Care

may include but not limited to promoting health care including preventive health care and sanitation and making available safe drinking water.

Environmental Sustainability

may include but not limited to ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water.

Skill Development

may include but not limited to vocational training such as skill building, computer training, women empowerment, support to ITI's, support to specially abled.

Contribution to Funds

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 scheduled tribes, other backward classes., minorities and women

Any other activities which form part of CSR as per schedule VII of the Act, 2013 as amended from time to time.

UNDERTAKING CSR ACTIVITIES

LTMMMSL will undertake CSR activities either directly or through partnership with not for profit, registered trust/ societies/ other body corporate.

GOVERNING STRUCTURE

The Board of Directors of LTMMMSL shall appoint a CSR officer, who shall on behalf of the Board, monitor and ensure that the CSR projects undertaken by LTMMMSL are in accordance with the policy and statutory requirements.

Once the total budgeted amount for CSR spent exceeds INR 50 Lakhs then Board of Directors of LTMMMSL shall form a CSR committee to monitor the CSR spent and propose new projects for Board approval.

The Board shall have the following roles and responsibilities:

- Approve CSR Policy of the company;

- Ensure spend of 2% of the average net profit during the three immediate preceding financial years;
- Ensure that the social programmes undertaken are aligned to the CSR policy of the Company;
- Specify reasons in its report for not spending the earmarked amount in case the Company fails to spend such amount;
- Approval of annual action plan (including amendments thereto) as recommended by the CSR committee/ CSR officer;
- Authorize the CSR Committee/CSR officer to undertake urgent CSR activities in the nature of disaster relief;
- Oversee and adhere to all other responsibilities as mandated by the CSR rules.

Functions & Powers of CSR Committee/officer:

CSR committee shall have the following functions and powers, however in absence of CSR Committee, CSR officer shall be vested with these functions and powers:

1. Recommend amendments in the CSR policy to the board of Directors of the Company for approval;
2. Recommend CSR activities as stated under Schedule VII of the Act;
3. Approve to undertake CSR activities, if necessary, in collaboration with other Companies/firms/NGOs etc., and to separately report the same in line with the CSR Rules;
4. Recommend the CSR Budget;
5. Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules;
6. Create transparent monitoring mechanism for implementation of CSR initiative;
7. Submit the reports to the Board in respect of the CSR activities undertaken by the Company;
8. Monitor CSR policy from time to time.

CSR BUDGET

The Board of LTMMSL shall allocate at least 2% of the average net profit during the three immediate preceding financial years in accordance with applicable provisions of the Companies Act, 2013 and the Rules made thereunder. The CSR officer/CSR Committee shall propose to distribute the budget among the areas to emphasize or such of them as the CSR officer/CSR Committee may deem fit in each financial year, in such proportion and in manner that meets the objective of CSR policy.

In case of any surplus arising out of CSR programmes, the same shall not form part of the business profits of the Company and shall be ploughed back into the same project or

transferred to a separate designated account as per the provisions of the CSR rules. The Company shall comply with the provisions of Companies Act, 2013 and CSR rules thereunder with respect to unspent CSR amount with regard to ongoing projects and projects other than ongoing projects.

IMPLEMENTATION PROCESS

CSR Contributions

LTMMMSL through its CSR program will endeavour to contribute and spend at least 2% of the average net profit during the three immediate preceding financial years or any such amount as may be recommended by the CSR officer/ CSR Committee from time to time in pursuance of this Policy.

Compliance, Monitoring & Reporting

Compliance

The CSR officer in consultation with executive management team shall plan, Implement, monitor and manage all CSR projects & activities for LTMMMSL and shall work closely with the Board.

The CSR officer shall formulate implementation plans for the projects specifying the following:

- Activities to be undertaken.
- Budget proposed.
- Time frame for implementation.
- Responsibilities and authorities for implementation.
- Results expected to be achieved post implementation.

Monitoring

The CSR officer shall monitor the implementation and progress of the approved projects through appropriate mechanisms such as site visits, review meetings and progress reports etc. Mechanisms to track data and monitor projects will be established to ensure the transparency and efficiency of the implementation process and the CSR officer shall be responsible to ensure traceability and appropriate documentation with respect to any decisions taken or executed. The projects will be evaluated against the milestones defined in the implementation plan of the project. The Budgeted CSR spend for the year shall be undertaken as per the delegations approved by the Board in Principle of Operations (POO).

Reporting

The Board, based on reports presented by the CSR officer, shall annually publish report on the CSR projects as a part of the Director's report. The report will disclose information in the format as prescribed by the Section 135 of the Companies Act 2013 or such other statutory provision as may be applicable from time to time. The Board will satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

CSR INITIATIVES

Pursuant to Schedule VII of the Act and the CSR Rules, LTMMSL shall undertake CSR activities included in its CSR Plan, as recommended by the CSR officer at the beginning of each year. The CSR Officer is authorized to approve necessary modification in the approved programme as per the Board approved Annual CSR Plan and report the modifications to the Board from time to time during the financial year under review or to propose any new program and seek the approval during the financial year under review.
