

CSR POLICY

BEML LIMITED



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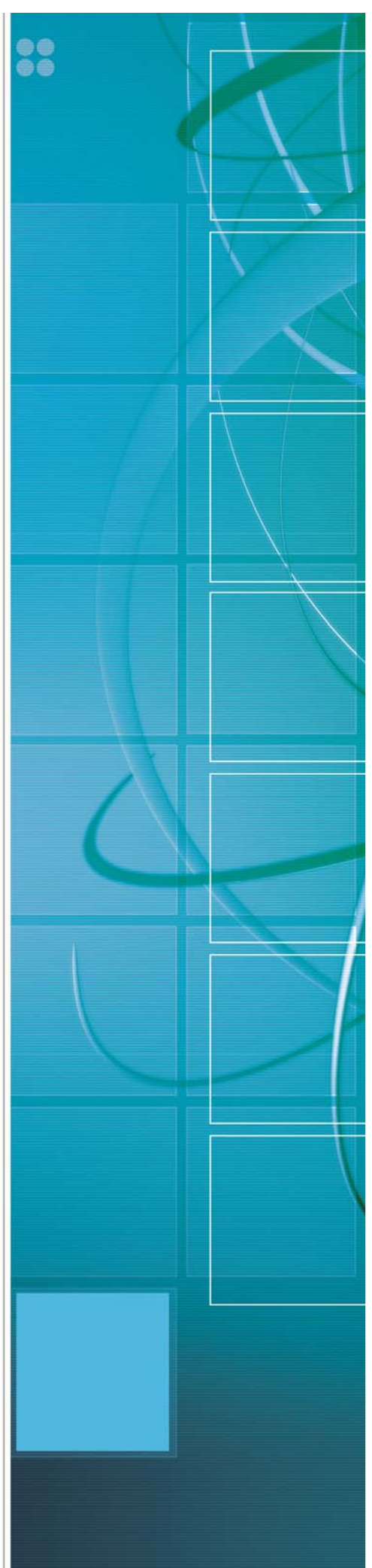


CONCEPT

SHORT TITLE & APPLICABILITY

This policy, which encompasses the company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for carrying out socially useful activities / projects and programs for welfare & sustainability and development of community at large, preferably at local area and in its areas of operation, it is titled as "BEML CSR Policy".

This policy shall apply to all CSR projects, activities and initiatives taken-up at all units/zonal offices/Regional / District offices/ Work Centers and locations of BEML, or any other location as may be decided by the management of BEML for the benefit of different segments of the society.





VISION STATEMENT & OBJECTIVES

VISION

“To commit for enhanced value-creation for the Society, our shareholders, other stakeholders and the communities by taking-up activities and initiatives for sustainable growth for the Society, with environmental concern”.

OBJECTIVES

To ensure an increased commitment at all levels in the organization, operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.

To directly or indirectly take up programs that benefit the communities in & around its units /Zonal offices /Regional / District offices/Work Centers and results, over a period of time, in enhancing the quality of life & economic well-being of the local population.

To generate through its CSR initiatives, a community goodwill for BEML and help reinforce a positive & socially responsible image of BEML as a corporate entity





CSR COMMITTEES

BEML shall have a CSR Committee of Board consisting of three or more directors out of which at least one Director shall be an Independent Director

Further to assist and take CSR Activities forward, the following sub-committees are formed:

- i. Corporate CSR Committee: shall consist of team under the Chairmanship of an Executive preferably in the level of Executive Director / Chief General Manager, as may be nominated by the Management.
- ii. Divisional CSR Committee: shall consist of team of officers under the Chairmanship of Complex Head / Divisional Head as may be nominated by Management.

For carrying out the CSR Projects / Activities, the Committees will meet as per the following schedules :

CSR Committee of the Board : Every Quarter

Corporate CSR Committee : Once in 2 months

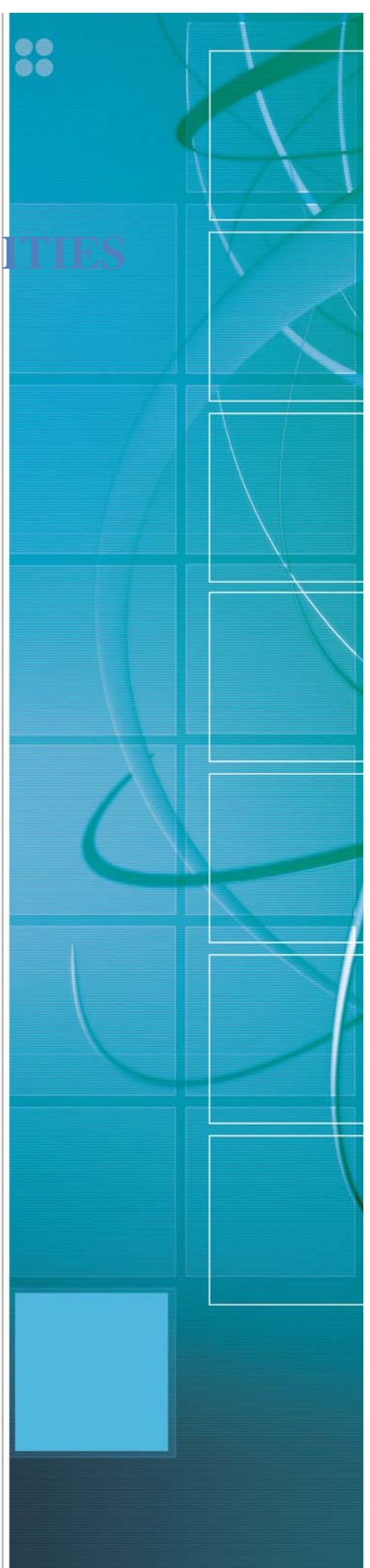
Divisional CSR Committee : Once a month





AREAS OF CSR & SD ACTIVITIES

- 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 & 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 centers 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, agro-forestry, conservation of natural resources and maintaining quality of soil, air & water
- v. Protection of national heritage, art & culture including restoration of buildings, 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 the armed forces veterans, war widows and their dependents
- vii. Training to promote rural sports, nationally recognized sports, Paralympics 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, Scheduled Tribes, other backward classes, minorities and women
- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- x. Rural development projects
- xi. Any other projects





FUNDING & ALLOCATION

1. For achieving CSR objectives, BEML will allocate 2% of the average net profits of the Company made during the three immediately preceding financial years, as its annual budget for the current year.
2. The annual budget allocated on a yearly basis will be utilized to carryout activities / projects relating to the CSR Areas as per the CSR Plan for the year.
3. If the Company fails to spend the allocated CSR amount, the Board shall in its report made under clause(o) of sub-section(3) of section 134 of Companies Act,2013,specify the reasons for not spending the amount.





IMPLEMENTATION

1. CSR programs will be undertaken by Corporate Office / various Complexes /Divisions, zonal offices/Regional Offices / District offices/ Work Centers of BEML to the best possible extent within the defined ambit of the above identified heads.
2. The time period/duration over which a particular program will spread, will depend on its nature, extent of coverage and the intended impact of the program.
3. Programs which involve considerable financial commitment and are undertaken on a time frame of 2-5 years, will be considered as 'flagship programs' and accorded enhanced significance.
4. By and large, preference will be given for the CSR programs to be executed in and around the areas adjoining BEML Complexes /Divisions/ zonal offices/Regional / District offices/ Work Centers, including Corporate Office.
5. Whenever possible, initiatives of State Governments, District Administration, Local Administration as well as Central Government Departments Agencies, Self-Help Groups, etc., would be dovetailed and synergized with the initiatives of by BEML.
6. Project activities identified under CSR are to be implemented by specialized agencies, which could include - Voluntary Organizations (VOs) formal or informal Elected local bodies such as Panchayats, Institutes/Academic Institutions, Trusts, Self Help Groups, Govt/Semi Govt./Autonomous organizations, Mahila Mandals, Professional Consultancy organization or through any other means as may be decided by the management of BEML





IMPLEMENTATION

7. The process for implementation of CSR programs will involve the following steps:

7.1 Identification of programs by means of any of the following :

- i. Need identification studies by professional institutions/agencies
- ii. Internal need assessment by cross-functional team at the local level
- iii. Receipt of proposals /requests from District Administration/local Govt. etc.
- iv. Discussions and request with local representatives/Civic bodies / Citizen's forums / Voluntary Organizations.
- v. Proposals as identified by the company in any other manner.

7.2. Project based approach: BEML Corporate Office / Complexes /Divisions/ zonal offices/Regional/ district offices/ work centers will follow a project based accountability approach to stress on the long term sustainability of CSR projects, where its action plan will be distinguished as :

- Short term : up to 1 year
- Middle Term : 1 year to 2 years
- Long Term : 2 years and above

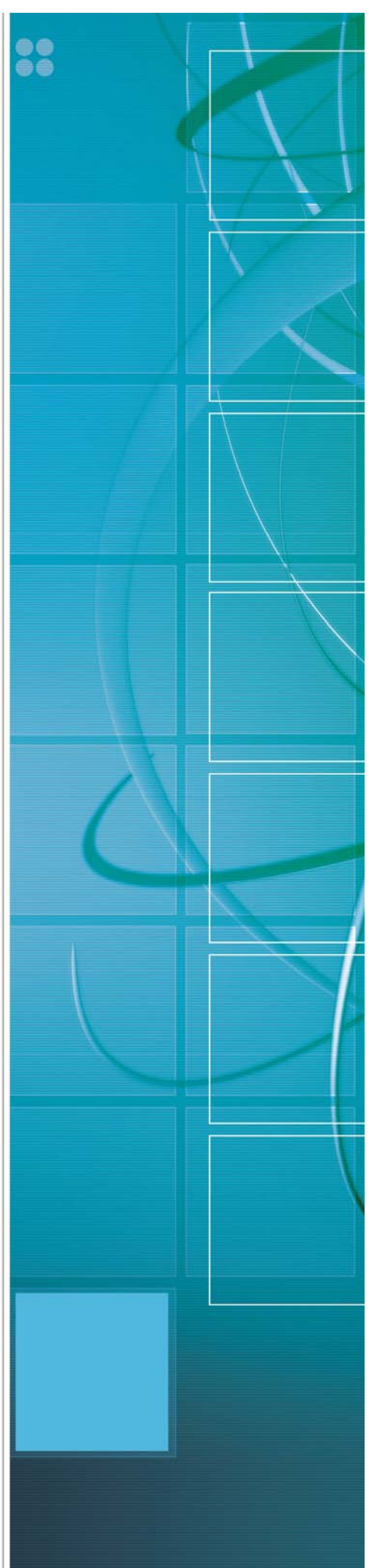




IMPLEMENTATION

While identifying long term programs, all efforts be made to the extent possible to define the following:

- a) Program objectives
- b) Baseline survey – It would give the basis on which the outcome of the program would be measured.
- c) Implementation schedules- Timelines for milestones of the program will need to be prescribed
- d) Responsibilities and authorities
- e) Major results expected and measurable outcome.
- f) Evaluation of the project implementation/ completion





POWERS FOR APPROVAL

CSR programs as may be identified by Corporate Office/ Complexes / Divisions / Zonal Offices / Regional / District Offices / Work Centers / Corporate CSR Department will be required to be put up to the CSR Committee of the Board at the beginning of each financial year with due recommendations and the Committee will make proposal for the approval of the CMD.





EXECUTING AGENCY/PARTNERS

BEML will seek to identify suitable programs for implementation in line with the CSR objectives of the Company and benefit the stakeholders and the community for which those programs are intended. These works could be done through:

- Registered Trust / Registered Society
- Company established by the Company or its holding or subsidiary or associate Company under Section 8 of Company's Act.
- Collaboration with other CPSEs / Companies
- Community based organizations whether formal or informal
- Elected local bodies such as Panchayats
- Voluntary Agencies (NGOs)
- Institutes/ Academic Organizations
- Trusts, Missions
- Self-help Groups
- Government, Semi-Government and autonomous Organizations
- Standing Conference of Public Enterprises (SCOPE)
- Mahila Mandals/ Samitis
- Contracted agencies for civil works
- Professional Consultancy Organizations
- Others





MONITORING & FEEDBACK

To ensure effective implementation of the CSR programs undertaken at each Complex / Division / Office a monitoring mechanism will be put in place.

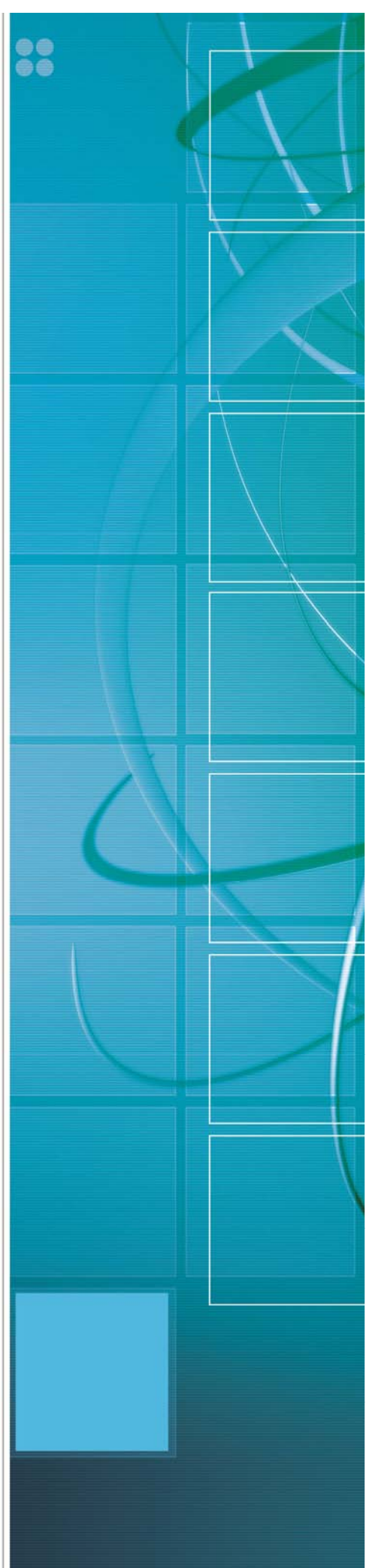
The progress of CSR programs under implementation will be reported to Corporate Office on a monthly basis.

The CSR department at the Corporate Office will conduct impact assessment studies on a periodic basis, if necessary through independent professional third parties/professional institutions, especially on the strategic and high value programs.

BEML Corporate Office/ Complexes/Divisions/Zonal Offices/Regional /District Offices/Work Centers will also obtain feedback from beneficiaries about the programs.

Appropriate documentation of the BEML CSR Policy, annual CSR activities, executing partners and expenditure entailed will be undertaken on a regular basis and the same will be made available to Corporate Office.

CSR Policy and initiatives of the Company will also be reported in the Annual Report and the official website of the Company.





ROLES & RESPONSIBILITIES

While each BEML Limited employee has a responsibility to abide by the fundamental principles outlined in this document, specific responsibility for implementation is assigned as follows:

1. LINE MANAGEMENT

Line managers are responsible for CSR implementation and for communicating the basic principles of this Corporate Directive to all employees in their units.

2. BUSINESS UNITS

To ensure that our business practices are in accordance with these basic principles, each Business Unit shall integrate relevant CSR issues into its strategy development.

Challenges related to CSR shall be evaluated in connection with the yearly business planning process. If relevant, goals and targets should be established.

Operational guidelines for CSR shall be developed when appropriate and according to the specific challenges and characteristics of each Business Unit. Each Business Unit is responsible for developing and maintaining adequate organizational capabilities to ensure compliance with this Corporate Directive.





ROLES & RESPONSIBILITIES

3. CORPORATE CSR DEPARTMENT

Corporate CSR Department forming part of HR function is responsible for developing CSR Plan and reporting guidelines, monitoring internal performance, and for providing general support to the Business Complexes /Divisions/ Zonal / Regional / District Offices.

Corporate CSR Department is also responsible for coordinating external reporting at a corporate level and for developing and maintaining relationships with other companies, institutions and organizations in order to share knowledge and competence.

4. CSR BOARD COMMITTEE

The CSR Board Committee shall :

- i. Formulate and recommend CSR Policy of the Company to the Board.
- ii. Recommend the amount of expenditure to be incurred on the CSR activities
- iii. Monitor the CSR Policy of the Company.

5. CORPORATE CSR COMMITTEE

The Corporate CSR Committee will assist the CSR Board Sub-Committee through :

- i. Allocation of budgets for each Division
- ii. Finalizing and recommending projects each year for the approval of the Management and Board
- iii. Monitoring implementation & progress of the projects undertaken during the year
- iv. Reviewing of the projects undertaken for the year and the new projects proposed during the course of the year.





6. COMPLEX / DIVISIONAL CSR COMMITTEE

The Complex / Divisional CSR Committee will carry out the following responsibilities towards achieving the CSR Goals of the Company :

- i. Identification of projects along with budgetary estimations for their respective Divisions
- ii. Submission of the projects to the Corporate CSR Committee for finalizing the projects prior to obtaining the approval of the Management
- iii. Implementation of the projects
- iv. Reporting of the progress of the projects on timely basis and final report for review by the Corporate CSR Committee.



