



**POLICY ON
CORPORATE SOCIAL RESPONSIBILITY**

of

Advanced Weapons and Equipment India Limited

A Government of India Enterprise

Department of Defence Production

Ministry of Defence

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The Corporate Social Responsibility Policy (“CSR Policy”) of Advanced Weapons and Equipment India Limited has been approved by the Board of Directors

1. INTRODUCTION

1.1. Corporate Social Responsibility (CSR) is about conducting business in a socially responsible and sustainable way, keeping the needs and expectations of the key stakeholders in focus in various business activities.

1.2 It is the Company's philosophy, firm belief and intent to effectively implement CSR and make a positive difference to society. This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014, Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended from time to time.

2. POLICY STATEMENT

We at Advanced Weapons and Equipment India Limited (AWEIL) strive to accomplish our vision of becoming a significant global player in the Weapons and Equipment manufacturing industry and to address the concerns of economic status, environment and well-being of society through CSR initiatives. AWEIL will:

2.1 Operate its CSR Projects in a socially responsible & sustainable manner, while recognizing the interests of all its stakeholders by adopting a shared value approach.

2.2 Ingrain the thrust of CSR and Sustainability concept across various levels in the organization by means of capacity building, awareness and training programs.

2.3 We are committed to allocate adequate resources and set up a suitable organization structure for steering the CSR and sustainability in our organization and report our performance on an annual basis.

3. DEFINITIONS

“Corporate Social Responsibility (CSR)” means and includes but is not limited to: -

- (i) Projects or programs relating to activities specified in Schedule VII to the Companies Act, 2013; or
- (ii) Projects or programs relating to activities undertaken by the board of Directors of the company (Board) in pursuance of recommendations of the CSR Committee/ HR Directorate of the Board subject to the condition that such Projects will cover subjects

enumerated in Schedule VII of the Companies Act, 2013.

(iii) "CSR Committee" means the Corporate Social Responsibility Committee of the Board/HR Directorate.

(iv) "CSR Policy" relates to the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 and the expenditure thereon, excluding activities undertaken in pursuance of the normal course of business of a company.

4. MISSION

To sincerely and effectively meet the company's responsibilities in the Corporate Social Responsibility (CSR) domains as stipulated in the Companies Act of 2013 and in accordance with the guidelines set forth by the Department of Public Enterprises (DPE).

5. VISION

A responsible corporate citizen working towards a better tomorrow.

6. OBJECTIVES

The objective of this policy is to continuously and consistently:

6.1 To carry out CSR activities in an economically, socially and environmentally sustainable manner that is transparent and ethical.

6.2 To integrate the core values of the company with the philosophy of corporate social responsibility (CSR) and sustainability.

6.3 To imbue the employees with the spirit of CSR and sustainability at all levels and to infuse them into all the activities, processes, operations and transactions of the company.

6.4 To undertake any other matter as deemed appropriate or determined by the Board from time to time in the best interest of the Company and other stakeholders of the Company.

6.5 Identify the areas and frame the segments the Company shall chase towards achieving its CSR objectives.

6.6 Formulate the modus operandi of the CSR activities and implementation of the processes.

6.7 Initiate projects that benefit society at large.

6.8 Encourage an increased commitment from employees towards CSR activities and volunteering.

7. SCOPE

AWEIL will integrate the CSR and sustainability plans and strategies with the business plans and strategies. The Projects / Activities as deemed fit under Schedule VII of the Companies Act, 2013 (**Appendix – A**) will be taken up by the Company and any changes/updates made in the Companies Act, 2013 thereto will be adopted accordingly. Any other Project / activity not falling within the ambit of the Companies Act, 2013 under Schedule VII, will not be considered as a CSR Project / activity and the amount spent therein will not be accounted for the CSR Expenditure of the Company.

8. AREAS OF INITIATIVES

Areas of Initiative shall be in line with SCHEDULE VII of the Companies Act, 2013.

9. ACTIVITIES NOT INCLUDED IN CSR ACTIVITIES

9.1 Activities undertaken in pursuance of the normal course of business of AWEIL.

9.2 Any activity undertaken by AWEIL outside India except for training of Indian sports personnel representing any State or Union territory at the national level or India at the international level.

9.3 Contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act, 2013.

9.4 Activities benefitting employees of AWEIL as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019).

9.5 Activities supported by AWEIL on a sponsorship basis for deriving marketing benefits for its products or services.

9.6 Activities carried out for the fulfilment of any other statutory obligations under any law in force in India.

10. GOVERNANCE STRUCTURE

Section 135 of the Companies Act, 2013 mandates every company having a net worth of Rs. 500 Crore or more or turnover of Rs. 1,000 Crore or more or net profit of Rs. 5 Crore or more during the immediately preceding financial year to constitute a Corporate Social Responsibility (CSR) Committee.

The CSR Committee of the Board is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities presented by the CSR Committee and to monitor the CSR Policy periodically.

The Board Level CSR Committee shall consist of three or more Directors, out of which one director shall be an Independent director.

11. BUDGET AND APPROVAL

11.1 In every Financial Year, the combined budgetary allocation for CSR expenditure for a year shall be at least 2% of average net profits of the company made during immediate three preceding financial years. 'The average Net profit' shall be calculated in accordance with the provision of Section 198 of the Act. This budgetary allocation will need to be approved by the Board. The company shall strive to maximize its spending on CSR activities.

11.2 The allocated funds for CSR activities of the financial year shall be utilized during the year. However, the unspent amount will not lapse and will, instead, be carried forward to the next year for the utilization of the purpose for which it was allocated. Also, the reasons for failure to spend the required amount on CSR activities shall be brought out in the Director's report.

11.3 The annual budget for CSR shall be spent on the implementation of activities in the project mode also, which entails charting the stages of execution in advance and prescribed timelines. CSR expenditure shall include all expenditures including contribution to Corpus, or on projects or programs relating to CSR activities approved by the board on the recommendation of its CSR / HR Directorate.

11.4 The Company will give preference to the local area and areas around the Units where it operates, for spending the amount earmarked for Corporate Social Responsibility Projects / activities.

11.5 The Board is the Competent Authority for approving the policy on Corporate Social Responsibility of the Company based on the recommendation of the CSR Committee of the Board/ HR Directorate.

11.6 The budget for CSR Projects/activities will be sanctioned by the Corporate Office. The Projects/activities are to be implemented as per the Delegation of Powers (DoP).

12. GUIDELINES

Guidelines on CSR Activities as per the Companies Act 2013 (CSR Policy) Rules, 2014.

12.1 The CSR activities shall be undertaken as per the CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of the normal course of business.

12.2 The board may decide to undertake its CSR activities approved by the CSR Committee/HR Directorate, on its own or through a registered Trust or a registered society or a Company established by AWEIL or its holding or subsidiary or associate company under Section 8 of the Act or otherwise: Provided that:

12.2.1 If such Trust, Society, or Company is not established by AWEIL or its holding or subsidiary or associate Company, it shall have an established track record of three years in undertaking similar programs or projects.

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

12.3 AWEIL may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner as recommended by the CSR committee/ HR Directorate.

13. IDENTIFICATION OF PROJECTS

13.1 The Board shall ensure that the CSR Activities undertaken by the Company are within the scope of SCHEDULE VII of the Companies, Act, 2013.

13.2 Based on the scope of activities set out above, the CSR Committee/ HR Directorate shall provide recommendations to the Board with respect to specific CSR Activities that may be undertaken by the Company.

13.3 In case any of the CSR Activities to be undertaken are anticipated to be long term i.e. an ongoing project being of a term of 3 (three) years excluding the financial year in which it was commenced then a detailed estimate on the implementation schedule or milestones should be submitted by the CSR Committee to the Board/ HR Directorate.

13.4 The Board shall ensure that appropriate designated staff or personnel provide adequate assistance to the CSR Committee/ HR Directorate to enable it to make necessary recommendations to the Board.

13.5 Based on the recommendations of the CSR Committee/ HR Directorate, the Board shall approve the CSR activities of the Company for a given financial year.

14. AMENDMENTS TO THE POLICY

14.1 Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the guidelines/regulations on the subject as may be issued by Government/ relevant statutory authorities, from time to time.

14.2 The Board of Directors on its own and/or on the recommendation of the CSR Committee/ HR Directorate reserves the right to modify, cancel, add or amend any provision of the policy as and when required and deemed fit.

15. SURPLUS FROM CSR ACTIVITIES

Any surplus arising out of the CSR activities shall not form part of the business profit of a Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

16. CARRY FORWARD AND SET OFF THE CSR EXPENDITURE

If in a Financial Year Company spends an amount in excess of the required CSR expenditure provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of Section 135 up to immediate succeeding three financial Years subject to the conditions that:

16.1 The excess amount available for set-off shall not include the surplus arising out of the CSR activities, if any.

16.2 The Board of the Company shall pass a resolution to that effect.

17. IMPLEMENTATION & REVIEW PROCESS:

17.1 The CSR Projects / Programs approved by the CSR Committee/ HR Directorate may be taken up through a Section 8 Company, registered Trust or a registered Society or a Company established by the Company provided that:

a) If any Unit/AWEIL Hqrs desires to implement CSR Projects through an external agency/NGO, it should ensure that the external agency / the NGO selected has an established track record of three years in undertaking similar Projects / programs.

b) The Unit/AWEIL Hqrs should specify the CSR Projects / Programs to be undertaken through these entities (external agency / NGO / Registered Trust / Registered Society), the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

17.2 The CSR Projects /activities will be undertaken by the Company itself (in-house) or through implementing agency excluding activities taken in pursuance of the normal course of Business and this system will continue until a dedicated "Trust" is created to implement the CSR Projects / activities.

17.3 The Units/AWEIL Hqrs may conduct a baseline survey to assess the inputs required for the identification & implementation of Projects/activities under CSR to achieve the expected level of social/economic/environmental development. In this regard, Gram Sabhas and Panchayati Raj institutions at the village level are important and reliable sources for assessing the social, economic and environmental needs in rural areas. Therefore, as far as possible they should be consulted in planning for CSR Projects/activities.

17.4 Conducting a baseline survey is not a mandatory provision; accordingly, the Units/AWEIL Hqrs may opt for other methods, including use of its own in- house expertise and resources for need assessment studies. However, the Units/AWEIL Hqrs has to essentially submit credible evidence of having made a fairly accurate assessment of the needs of the stakeholders or having accessed reliable data in this regard from recognized authoritative secondary sources, the same would also help in making a fair estimation of the social/economic/environmental impact after the conclusion of the activity.

17.5 The Units/AWEIL Hqrs will choose Projects/activities falling within the ambit of Schedule VII of the Companies Act, 2013. CSR expenditure shall include all expenditures including contribution to corpus for projects or programs relating to CSR Committee activities approved by the Board on the recommendation of its CSR Committee/ HR Directorate, but do not include any expenditure on an item not in conformity or not in line with activities mentioned in the Schedule VII of the Companies Act, 2013.

17.6 Projects/activities that are selected under CSR should, as far as possible, be implemented in a Project mode, which entails charting the stages of execution in

advance through planned processes, with mobilization of pre-estimated quantum of resources, and within the allocated budgets and prescribed timelines.

17.7 The Units/AWEIL Hqrs may take up long gestation Projects for reaping the maximum benefits and impact towards the social, economic and environment status in the locations identified under CSR projects. For easy implementation, long-term CSR plans should be broken down into medium-term and short-term plans.

17.8 All the CSR Projects / activities proposed by the Units/AWEIL Hqrs will be put up to the CSR Committee of the Board/ HR Directorate for approval. Based on the recommendation of the CSR Committee/ HR Directorate, the CSR Projects / activities along with CSR Policy would be put up to the Board for approval. The Board approved CSR Projects / activities will be taken up by the Units / Offices and the expenditure therein will be considered under CSR budget of the Company for that Financial Year. The Company, at the beginning of its financial year, will publish on its website, the approved CSR Policy, Budget and CSR Projects/ activities taken up by the Company and the Compliance / Responsibility Report and the targets achieved by the Company at the end of the Financial Year, respectively.

17.9 While implementing CSR Projects, it is mandatory to comply with the rules / regulations / laws of the State. However, expenditure on such compliance / statutory measures will not be covered under CSR's financial component and would be considered as mainstream business spend / expenditure.

17.10 The CSR Projects / activities that benefit only the Employees of the Company and their families will not be considered as CSR Project/ activity.

17.11 The surplus arising out of the CSR Projects / Programmes / activities, shall not form part of the business Profit of the Company.

17.12 Contribution of any amount directly or indirectly to any Political Party shall not be considered as a valid CSR activity.

17.13 The Units will not take up Projects/activities required to be implemented by the Government and / or for which Central / State Government's schemes have been sanctioned, as it could result in unnecessary duplication.

17.14 The Company may collaborate with other Companies for undertaking Projects / Programs / activities in such a manner that the CSR Committees/ HR Directorate of respective Companies are in a position to report separately on such Projects / Programmes in accordance with the CSR Rules notified under Companies Act, 2013.

17.15 At the Board level, the Board of Directors shall ensure that the activities included by the Company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Act.

17.16 Keeping in view the importance of CSR Projects/activities, the HR Heads would exercise due diligence and also review the modalities and progress of CSR Projects/activities.

17.17 The Board of Directors of the company, after taking into account the recommendations of CSR Committee/ HR Directorate of the Board, approves the CSR Policy for the company and discloses contents of such policy in its Board report and the same will be displayed on the company's website, as per the particulars specified in the **Appendix – B**.

17.18 Regular/constant feedback from the beneficiaries is very vital for any project/activity to be successful and sustainable. In this regard, the Units/offices are required to obtain regular feedback in writing/documentary evidences/photos/videos, before and after implementation of Projects/activities under CSR. The information will help/support during the impact assessment process at the end of the Project.

18. MISCELLANEOUS

AWEIL's CSR policy aligns with the regulations outlined in the Companies Act of 2013 and the relevant rules. Any aspect not explicitly addressed in this policy will be interpreted in accordance with the Companies Act of 2013 and rules made thereunder.

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Corporate Affairs
Notification

New Delhi, dated, the 27th Feb, 2014

G.S.R. ___E - In exercise of the powers conferred by sub-section (1) of section 467 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following amendments to Schedule VII of the said Act, namely: -

(1) In Schedule VII, for items (i) to (x) and the entries relating thereto, the following items and entries shall be substituted, namely: -

“(i) eradicating hunger, poverty and malnutrition, promoting preventive healthcare 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;

(ii) 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, agroforestry, conservation of natural resources and maintaining the 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 of 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 or any other fund set up by the Central Government for socio-economic development and relief and welfare of the 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.”

2. This notification shall come into force with effect from 1st April, 2014.

File Number 1/15/2013-CL-V

Sd/
(Renuka Kumar)
Joint Secretary to the Government of India

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD’S REPORT

1. A brief outline of the company’s CSR policy, including an overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs
2. The Composition of the CSR Committee
3. Average net profit of the company for the last three financial years
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)
5. Details of CSR spent during the financial year:
 - (a) Total amount to be spent or the financial year;
 - (b) Amount unspent, if any;
 - (c) The manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other; (2) Specify. The State and district where projects or programs was undertaken	Amount outlay (Budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent Direct or through implementing agency
1							
2							
	TOTAL						

*Give details of implementing agency:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committees/HR Directorate that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/-
[Chairman CSR Committee/Director(HR)]
