

Corporate Social Responsibility Policy

Introduction:

Our CSR policy has been framed in conformity with the stipulations specified by the Ministry of Corporate Affairs, Companies Act 2013 and subsequent amendments from time to time to date. It is mandatory for all of our Group Companies to adhere to this policy.

For us in the Aditya Birla Group, reaching out to underserved communities is part of our DNA. We believe in the trusteeship concept. This entails transcending business interests and grappling with the “quality of life” challenges that underserved communities face and working towards making a meaningful difference to them. Aditya Birla Fashion and Retail Limited (*“the Company”*) is a part of Aditya Birla Group, it fully subscribes to this policy.

Our vision is –

“To actively contribute to the social and economic development of the communities in which we operate. In so doing, in sync with the United Nations Sustainable Development Goals build a better, sustainable way of life for the weaker sections of society and raise the country’s National Development Indicator.” (Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development).

Scope

Planning and conceptualisation, formulation, collaboration, implementation, monitoring, evaluation, documentation, and reporting constitutes its key planks.

Guiding Principles

Implementation process: Identification of projects

All projects are identified in consultation with the community in a participatory manner, literally sitting with them and gauging their basic needs. We recourse to the participatory rural appraisal mapping process. Subsequently, based on a consensus and in discussion with the village panchayats, and other stakeholders, projects are prioritized.

Arising from this the focus areas that have emerged are education, healthcare, sustainable livelihood, sports, infrastructure development, and espousing social causes. All of our community projects/programmes are carried out under the aegis of The Aditya Birla Centre for Community Initiatives and Rural Development. The activities are in line with Schedule VII of the Companies Act, 2013 as indicated:

In **Education**, our endeavour is to spark the desire for learning and knowledge at every stage through • Formal schools • Balwadies • Quality elementary education • Aditya Bal Vidya Mandirs • Girl child education • Non formal education.

In **Healthcare** our goal is to render quality health care facilities to people living in the villages and elsewhere through • our hospitals. • Primary health care centres • Mother and Childcare projects • Immunization programmes with a thrust on polio eradication • Programmes to address malnutrition. • Anganwadi • Adolescent health • Health care for visually impaired, and differently abled • Preventive health care through awareness programmes • Non communicable diseases • Safe drinking water • Sanitation & hygiene

In **Sustainable Livelihood** our programmes aim at providing livelihood in a locally appropriate and environmentally sustainable manner through • Formation of Self Help Groups for women empowerment • Skill Enhancement and Vocational training • Partnership with Industrial Training Institutes • Agriculture development and better farmer focus • Animal Husbandry • Soil and Water conservation • Watershed development. • Agro Forestry • Renewable sources of energy.

In **Infrastructure Development** we endeavour to set up essential services that form the foundation of sustainable development through • Basic infrastructure facilities • Housing facilities.

To bring about Social Change, we advocate and support • Dowry less marriage • Widow Remarriage • Awareness programmes on anti-social issues • De-addiction campaigns and programmes • Espousing basic moral values. • Gender equality.

Activities, setting measurable targets with timeframes and performance management.

Prior to the commencement of projects, we carry out a baseline study of the villages. The study encompasses various parameters such as – health indicators, literacy levels, sustainable livelihood processes, and population data - below the poverty line and above the poverty line, state of infrastructure, among others. From the data generated, a 1-year plan and a 4-year rolling plan are developed for the holistic and integrated development of the marginalized. These plans are presented at the Annual Planning and Budgeting meet. The one Year plan is the annual plan and the 4-year rolling plan is a multi-year project undertaken in fulfilment of our CSR obligation. Here the timelines for completion do not exceed three years excluding the financial year in which the project began. All projects/programmes are assessed by a reputed external agency. Alongside projects are monitored every quarter, measured against targets and budgets. Wherever necessary, midcourse corrections are affected. The surplus, if

at all, arising out of the projects/programmes do not form part of the business profit of the Company and are ploughed back into the CSR activities.

Organizational mechanism responsibilities

The Aditya Birla Centre for Community Initiatives and Rural Development provides the vision under the leadership of its Chairperson, Mrs. Rajashree Birla. The CSR committee of Directors at the Board level comprises of:

- Mr. Himanshu Kapania, Chairperson;
- Mr. Nish Bhutani, Member;
- Ms. Preeti Vyas, Member;
- Mr. Yogesh Chaudhary, Member;

Mrs. Rajashree Birla and Dr. (Mrs.) Pragnya Ram, Group Executive President & Group Head - CSR, Legacy Documentation & Archives, are permanent invitees to the meetings of CSR Committee.

This vision underlines all CSR activities. ABFRL Business Units has a CSR Cell. Every Company has a CSR Head, who reports to the Managing Director at the Centre. At the Company, the Business Director takes on the role of the mentor, while the onus for the successful and time bound implementation of the projects is on the ABFRL Jan Kalyan Trustee and Man-com team and CSR teams. To measure the impact of the work done, a social satisfaction survey / audit is carried out by an external agency.

All projects/programmes are placed before the CSR committee. The modalities of execution and the implementation schedules are presented to the Board. The Board reviews the annual action plan, which includes resource requirements and allocation across interventions and locations. Importantly, the impact assessment study is also reviewed by the Board. The decision regarding taking up CSR activities shall vest with the Board of Directors of the Company within the ambit of Schedule VII, Section 135 of the Companies Act 2013, CSR Rules 2014 and the rules made thereafter.

A robust implementation structure, monitoring process and a team of professionals is in place at the Company units.

To measure the impact of the work done, a social satisfaction social audit / impact assessment study is carried out by a third party.

Partnerships

Collaborative partnerships are formed with the Government, the District Authorities, the village panchayats, NGOs, funding agencies, community-based organizations (CBOs) and other like-minded stakeholders. All NGOs / collaborating organisations have to be 80G and 12A companies. The company may collaborate with other Aditya Birla Group companies, or other companies with similar developmental objectives for undertaking CSR projects or programmes in such a manner that the CSR committees of respective companies are in position to report separately on such projects or programmes in accordance with these rules. This helps widen the Company's CSR reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table. In collaboration with FICCI, we have set up Aditya Birla CSR Centre for Excellence to make CSR an integral part of corporate culture. The Company engages with well-established and recognized programs and national platforms such as the CII, FICCI, ASSOCHAM to name a few, given their commitment to inclusive growth.

Budgets

A specific budget is allocated for CSR activities. The budget is project driven.

The Budget provision towards CSR initiatives shall be at least 2% (two percent) of the average net profit of the Company (PBT) made during the 3 immediately preceding financial years calculated in terms of Section 198 of the Companies Act 2013.

If the budget allocated in a year remains un-utilized, the Board shall in its report explain the reasons for the unspent amount. The surplus arising out of CSR shall not form part of business profit and shall be ploughed back into the same project.

Based on the emerging needs, every year, a specific budget is allocated for CSR activities.

List of activities to be undertaken by the Company along with financial allocation against each activity will be recommended by the CSR Committee and approved by the Board of Directors of the Company.

CSR Expenditure

CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee.

CSR Reporting

The Board of Directors takes into account the recommendations of the CSR Committee. The CSR Policy is approved by the Board, and it is posted on the Company's website.

Furthermore, the annual CSR report shall form a part of Board's Report. It will include the impact assessment study. All CSR projects with an outlay of Rs. 1 crore (Rupees One crore) or more will be assessed for impact. These projects have to span a year of work before the impact study is taken.

Information dissemination

The Company's engagement in this domain is disseminated on its website, Annual Reports, in-house journals and through the media. The company shall disclose the composition of CSR Committee, CSR Policy and projects approved by the Board on their website for public access.

Review of Policy

The Board of Directors based on the recommendation of CSR committee may alter or amend this policy, which nevertheless will be reviewed after a 3-year interval.

Management Commitment

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Approved on : October 25, 2013
First Revision on : May 3, 2015
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