

PRISM CEMENT LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. Guiding Principle

CSR is the process by which an organisation thinks about and evolves its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and strategies. Thus, CSR is not charity or mere donations.

CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company's operation and growth.

2. Background

Since its inception Prism Cement Limited has been socially responsible and has voluntarily undertaken various Corporate Social Responsibility initiatives even when there were no legal and statutory requirements in this regard.

In its commitment to CSR initiatives, the Company has been making available medical and education assistance to economically disadvantaged and socially weaker sections of the society. In addition, Prism independently carries out a variety of social initiatives in the areas of education, healthcare and environment where it actively involves its employees.

As part of Prism's focus on healthcare, vaccination camps, blood donation drives, general health and eye-check camps are regularly conducted for construction workers and their families, and disadvantaged communities around its operational sites. Similarly, at certain locations close to the Company's operations, school book distributions are carried out for the Children of local residents. Apart from these

awareness programmes on health, safety and hygiene are also carried out from time-to-time for labourers.

3. **CSR Vision Statement and Objective**

3.1 Corporate Social Responsibility is the continuing commitment of the Company to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. All efforts are made to operate the business with emphasis on Corporate Social Responsibility in all areas of operations by ensuring that the business values and operations meet the expectations of shareholders, customers, employees, suppliers and the communities living around the plants and offices.

Each and every manufacturing plant implements CSR initiatives with special focus on water, health and sanitation, energy conservation, pollution-free atmosphere and clean technologies. Primary health care is ensured by providing services for the villagers and operating mobile and static clinics in the plant vicinity.

3.2 The objective of this policy is to:

- Ø Promote a unified and strategic approach to CSR to incorporate the Company's philanthropic giving on the one hand and business which creates shared value on the other hand, thus enabling maximum impact of the CSR initiatives.
- Ø Ensure an increased commitment at all levels in the organisation, to operate in an economically, socially and environmentally responsible manner while recognising the interests of all its stakeholders.
- Ø Focus on incorporating 'shared value' into the core of the business which will result in creating value for the society.

Ø Encourage employees to participate actively in the Company's CSR.

4. **Scope and Applicability**

This policy shall be applicable to the Company.

5. **Policy Statement**

5.1. **Core Ideology**

For Prism responsible business practices include being responsible for our business processes, products; and engaging in responsible relations with employees, customers and the community. Hence for the Company, Corporate Social Responsibility goes beyond just adhering to statutory and legal compliances but create social and environmental value while supporting the company's business objectives and reducing operating costs; and at the same time enhancing relationships with key stakeholders and customers. Investment in a number of initiatives to maintain a strong CSR position for the future, including:

- Ø Placing the safety of our employees, as well as any others who come into contact with any of our Company's facilities or equipment, above everything else.
- Ø Maintaining our facilities and equipment in a safe, clean, neat and orderly manner.
- Ø Maintaining legal compliance and fostering an ethical work culture.
- Ø Ensuring a safe and secure work environment for our employees.
- Ø Conduct our business in an environmentally responsible manner protecting the environment.
- Ø Supporting the communities in which we work.
- Ø Developing sustainable technologies and products.
- Ø Constantly seek ways to improve what we do.

- ∅ Providing the best possible service to our customers.
- ∅ Delivering the highest quality product possible and deliver it on time.
- ∅ Always honour our commitments.

5.2. **Total Outlay**

From April 1, 2014 in line with the new Companies Act 2013, the Company pledges to set apart and expend 2% of the average net profits made during the three preceding financial years specifically towards CSR initiatives.

5.3. **Allocation of Resources & Thrust Areas**

The CSR Committee of the Board of the Company will manage 2% of the average net profits made during the three immediately preceding financial years to undertake CSR initiatives which meet the needs of the local communities where we operate.

Our commitment to CSR will be manifested by investing resources in any of the following areas:

- ∅ Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- ∅ Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- ∅ 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;

- Ø Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water;
- Ø 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;
- Ø Measures for the benefits of armed veterans, war widows and their dependents;
- Ø Training to promoter rural sports, nationally recognised sports, Paralympics sports and Olympic sports;
- Ø 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 Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Ø Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Ø Rural development projects

The companies shall give preference to the local area and area around it where it operates for spending the amounts earmarked for CSR activities.

The surplus arising out of the CSR activities will not be considered as a part of the business profits of the company.

5.4. **Implementation**

The Company has constituted / will constitute a CSR Committee of the Board consisting of 3 or more directors and wherever required with at least one CSR Committee member as an Independent Director.

The mandate of the said CSR Committee shall be:

- Ø To formulate and recommend a CSR policy to the Board to recommend amount of expenditure to be incurred on CSR activities;
- Ø To monitor the CSR policy of the Company from time to time.

Upon the approval by the Board of the recommendations made by the CSR committee, the CSR Policy shall be put up on the website of the Company and shall be disclosed in the Board's report to the Shareholders. The Board will ensure that the activities included in the CSR policy are undertaken by the Company and ensure that the Company spends, in every financial year at least two percent of the average net profits of the Company made during three immediately preceding financial years. In case the Company fails to spend such amount, the Board's report shall specify the reasons for not spending the amount.

A formal process of approving projects that the Company will support will be put into place with each project being vetted by the CSR Committee.

While CSR programmes may be identified by the CSR committee, the CSR Committee will also evaluate projects submitted directly by reputed not for profit organisations having an established track record of at least three years in carrying on the specific activity. To ensure that there is focus and maximum impact the CSR Committee will endeavour to work on fewer projects over a longer period of time so as to ensure that the outcomes of the projects can be measured. All CSR project proposals will need to be submitted at the beginning of each financial year.

The CSR Committee will convene quarterly meetings to review the progress of varied CSR projects in terms of both outcome assessment and financial monitoring. The CSR Committee will review the strategy from time to time and may choose new focus areas and projects as and when required.

In order to ensure transparency and communication with all stakeholders, the CSR Committee will document the details of the Company's CSR initiatives and CSR expenditure and ensure that the same are available in the public domain i.e. the Directors' Report of the Company's Annual report and on the Company's website.

Further employee participation in CSR projects will be encouraged.

5.5. **Executing Agency/Partners**

CSR initiatives will be undertaken by the local CSR teams of the Company or CSR consultants with the active involvement of employees or through partnerships with not-for-profit organizations having an established track record of at least three years in carrying on the specific activity.

The CSR activities may also be undertaken in collaboration with other companies where such collaborating companies are in a position to report separately as per the reporting requirements under the Companies Act, 2013 and Rules thereunder.

The following minimum criteria will be ensured while selecting NGO / voluntary organizations for programme execution:

- The NGO is a registered Society / Public Charitable Trust
- The NGO has a permanent office / address in India
- The NGO has a valid Income Tax Exemption Certificate
- The NGO has submitted a detailed project proposal and budget which has been approved by the CSR Committee.
- The NGO has a track record of atleast 3 years work in relevant areas.

Mr. Vijay Aggarwal
Managing Director

May 27, 2014