

A group of young school children in a classroom, some raising their hands. The children are wearing blue and white checkered school uniforms. The background shows a classroom setting with desks and windows.

**■ - BASF**

We create chemistry

# CSR Policy

## BASF India Limited

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## Corporate Social Responsibility (CSR) Policy of BASF India Limited ('Company' or 'BASF India')

This policy encompasses BASF India's philosophy towards corporate social responsibility and lays down the guidelines and mechanism for undertaking socially relevant programs for sustainable development of the community at large and to comply with all the local regulations in that regard, is titled as the 'CSR Policy for BASF India Limited'.

### Policy Objectives

BASF India has embarked upon the process of institutionalizing its commitment at being socially responsible with an aim of sustainable development of the society. The purpose of this policy is to define the company's vision, guiding principles, governance structures, strategy and programs for its corporate social responsibility efforts.

### Scope

This policy is applicable to corporate social responsibility initiatives of the Company.

### Policy

#### **Preamble**

With BASF's "We create chemistry" strategy, the Company has made sustainability the mainstay of its existence, as defined in the purpose statement "We create chemistry for a sustainable future". For the Company, sustainability means balancing economic, environmental and social needs to find the best available solution which is essential to ensure a more sustainable future. In this regard, the Company is integrating sustainability more closely into all business processes and by making it the starting point for new business opportunities.

#### **CSR Vision**

To contribute positively to society and bring about sustainable change by leveraging on the existing resources and increasing networks.

#### **Guiding Principles**

- Sustainable and holistic community development.
- Outcome-oriented annual projects with long term goals, creating a positive social image of the company.
- Complying with local regulations.

## **Governance Structure**

The company has put in place the following governance structure to ensure that CSR policy is implemented and monitored effectively. The roles and responsibilities are defined at each governance level.

### **Board of Directors**

BASF India's Board of Directors or Committee of the Board will be responsible for the following activities:

- Approve CSR policy, causes that the company proposes to support, programs to be undertaken by the company, modalities of operation and the budget for the activities.
- Ensure that the activities included in CSR Policy of the company are undertaken by the company, although primary responsibility lies with the CSR task force.
- Ensure that the company spends, in every financial year, at least two per cent of the average net profits or such amount as may be determined from time to time of the company made during the three immediately preceding financial years, in pursuance of this policy.
- To ensure that the Board's Report issued under clause (o) of sub-section (3) of section 134 shall include an annual report on CSR containing particulars specified in Annexure to the CSR Rules.
- To ensure that if the company fails to spend such amount, specify the reasons for not spending the amount in its annual report mentioned above.

### **CSR Core Committee**

The CSR Core Committee will have three members from the Board of Directors and two Independent Directors along with the lead CSR. This committee will be responsible for driving BASF India's CSR initiatives. The committee will give strategic direction, finalize and approve annual goals of the CSR programs selected, allocate budgets on a yearly basis and monitor progress.

The CSR Core Committee will be specifically responsible for the following:

- Recommend the CSR Policy to the Board for approval which shall indicate the activities to be undertaken by the Company as specified in Schedule VII.
- Recommending the amount of expenditure to be incurred on the CSR activities referred above to the Board for approval.
- Ensuring that the CSR Policy of the Company is monitored on a regular basis and is updated from time to time for any change or enhancement in scope and the same is recommended to the Board for approval.
- Defining the modalities and monitoring the progress of the activities being undertaken under the policy.
- Approving the design of the CSR activities and the budgets proposed by the CSR Working Committee and recommend to the Board for approval.
- Design monitoring mechanism for the activities and the policy.
- Ensure monitoring of the CSR programs by CSR task force.
- The Head of the CSR Committee will be responsible for the overall implementation and reporting of the CSR projects as approved by the Board.

**CSR Core Committee- Board Members:**

- Bahram Vakil – Chairman of CSR Committee
- Sonia Singh - Independent Director
- Anil Choudhary - Manufacturing Head & Whole-Time Director
- Manohar Kamath – Secretary to the CSR committee

**Lead CSR:**

- Sunita Sule – Corporate Affairs Director

**CSR task force**

The CSR task force will comprise of a senior BASF executive, heading it, along with a few selected employees, representing diverse responsibilities from the Company. CSR task force will be the first point of contact for the program implementation teams on the ground for advice and guidance. The task force will also support the CSR core committee in terms of implementation of the CSR interventions.

**Following are the specific roles and responsibilities of the task force:**

- Identify the projects in the areas as per the CSR Policy or as recommended by the CSR Code Committee.
- Ensure that the projects proposed are in line with Schedule VII of the Companies Act, 2013.
- Propose CSR programs to the CSR Core Committee for approval.
- Recommend programs, modality of operation and monitoring mechanism.
- Ensure availability of adequate resources.
- The CSR task force will meet once in every quarter to discuss the progress of projects approved and implementation mode.
- Ensure that the CSR goals are achieved within the proposed timeframe and budget allocated and will periodically report the progress of each project to the Board Committee.
- Support the CSR Core committee to ensure full compliance of the regulation.

**Following are the members of the CSR working committee:**

- Trupti Kadam
- Tinaz Sui
- Pankaj Bahl
- Abhishek Vyas

## Key Stakeholders

The key stakeholders of the CSR programs will be primarily those communities, in which BASF India has its business footprint. From these communities, the focus will be on children, youth and women.

Contributing positively to these stakeholders and improving their quality of life by providing sustainable solutions will be essential elements of BASF India's CSR efforts. The Company will prefer to work with the most underprivileged section of the society.

The Company will also engage its employees; wherever and whenever possible, to achieve its CSR vision.

## Causes (thematic Areas) to support through CSR interventions

BASF India undertook a detailed stakeholder engagement to understand the needs and expectation of its stakeholders from the Company's CSR interventions. Based on this, the company has decided to provide CSR interventions in compliance with the following United Nations Sustainable Development Goals.

**Goal 4:** Quality Education.

**Goal 6:** Clean Water and Sanitation.

Company may look for the need-based programs aligned to the activities listed in Schedule VII of the Companies Act 2013 and the rules framed therein or as modified from time to time.

## CSR Programs

In all projects, the Company will strive to create shared value for BASF and the communities in which it operates.

### ***Program development***

Every program must develop a proposal including information such as project description and duration, measurable objectives, information about the partner organization including proof of legal status, and amount of funding or other resources required.

### ***Program approval***

The program proposals must be submitted to the CSR Core Committee for their consideration and evaluation and thereafter to the Board of respective BASF Companies for their approval. The programs will be implemented after receiving approval from the CSR Core Committee. However, in case the company needs to respond to an urgent need within their stakeholder community, the program may get implemented after obtaining the approval of the CSR task force and the same will be placed before the next CSR Core Committee for ratification.

### ***Program implementation***

The total costs for all projects will be within the CSR budget as per the mandate or as approved by Board of Directors

### **Program criteria**

All CSR interventions will have a project-based approach and wherever applicable, will comply with the items specified in Schedule VII of the Section 135 of the Companies Act 2013, and the rules framed therein or as modified from time to time. Projects will be designed to fulfil strategic criteria according to relevant BASF global and regional policies and frameworks.

The company plans to undertake CSR activities mainly in the following areas:

- Community drinking water supply
- Sanitation facilities (with focus on toilets)
- Education

### **Budget**

BASF India Limited shall endeavour to spend, in every financial year, at least 2% of the average net profit or such amount as may be determined from time to time made during the three immediately preceding financial years on its CSR projects.

Net profit shall mean profit before tax as per books of accounts and shall not include profits arising from branches outside India. BASF India proposes not to include the effect of exceptions items while determination of Net Profits to ensure consistency and stability in the CSR spend and budget determination.

### **Modalities of Implementation**

The CSR programs will be implemented by BASF India either through itself or through a Trust or Section 8 company or Society or Foundation or any other form of entity operating within India to facilitate the implementation of its various CSR activities in accordance with its stated policy in a tax efficient manner.

The CSR programs will be implemented by the grass root level implementation partners with an established track record with support from project management consultants and social enterprises, as may be required. It is being endeavoured to work with approved and recognised partners to ensure effective and efficient execution of the programs.

While availing services of consultants or any other organizations, the company will seek proposals from various consultants and organizations and will then make a final decision based on criteria which are critical to the success of that particular CSR program.

### **Monitoring Mechanism**

CSR core committee shall meet once in quarter or as and when the need arises to review and guide the CSR activities of the company.

The CSR task force shall meet once a month to monitor the progress of CSR programs, CSR spending and review if any changes are required. During the half yearly meeting, the task force will also review the CSR policy to discuss if any changes are required in it. However, it may also meet at an early period in case of changes to a particular program or review of CSR policy is required.

At each of the program locations, the CSR programs will be implemented and monitored by the members of the CSR task force. The program managers will maintain their own monitoring schedule, as appropriate, to collect the required inputs from organizations, implementation partners and beneficiaries to ensure effective implementation.

The company may undertake an assessment, as and when needed, in order to evaluate the social impact of its CSR programs on the communities. This will also help the company to obtain learnings which will help increase program efficiency and scalability.

## **Reporting & Communications**

BASF India will incorporate the details of CSR activities, including physical and financial process in the annual report of the company. The CSR activities will also be reflected in the annual accounts of BASF India Limited under the head 'Expenditure under CSR Activities' and will be mentioned in the Director's report. CSR task force will be sending quarterly reports to the CSR Core Committee who will present the same during Board level CSR Committee's quarterly meetings.

The company will be communicating its CSR efforts to all its employees and external stakeholders through emails, its own website and other appropriate dissemination channels.

The CSR policy of BASF India Limited will also be uploaded on the website of the company.

## **Exclusion**

The company will not contribute any amount directly or indirectly to any political party or religious organization as part of its CSR activities.

## **Exceptions & Deviations**

All exception and deviation to this policy shall be approved by CSR Core Committee.

## **Policy Owners**

The CSR Core Committee is the process owner of this policy.

## **Amendment**

Based on the recommendation of the CSR task force and the CSR core committee, the Board of BASF India Limited can modify this policy unilaterally at any time to maintain compliance with local laws.

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