

## SUSTAINABLE DEVELOPMENT (SD) POLICY OF BEML

BEML'S determination in its goal towards achieving Sustainable Development is reinforced in its SD Policy which is as follows:

BEML Limited views Sustainability as a long-term business development process and proactively follows its Sustainable Development Policy approved by its Board. BEML's SD policy ensures that all the objectives and commitments are implemented and reported as per the policy.

BEML Limited emphasizes on the National Guidelines on responsible Business conduct (NGBRC) set by Ministry of Corporate affairs (MCA), Government of India. The 9 principles led by NGBRC that are adopted by the SEBI for Business Responsibility and Sustainability Report (BRSR) are part and parcel of company's SD Policy, in order to deal with Environment Social and Governance aspects of the business.

Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable.

Principle 2: Businesses should provide goods and service in a manner that is sustainable and safe.

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect and make efforts to protect and restore the environment.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Principle 8: Businesses should promote inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.

SD policy of BEML is:

### *1. CONCEPT:*

#### **SHORT TITLE & APPLICABILITY**

This policy, which encompasses the company's philosophy and Governance for enduring and balanced approach to economic activity, social progress and environmental responsibility lays down the guidelines and mechanism for carrying out projects and programmes to meet the needs of the present without compromising the ability of future generations to meet their own needs and is titled as "BEML SUSTAINABLE DEVELOPMENT (SD) Policy".

This policy shall apply to all SD projects pertaining to Environment, Social and Governance of the Company 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.

### *2. SD VISION STATEMENT AND OBJECTIVES:*

#### **VISION**

"To reduce the impact of its operations on the environment, preserve natural resources to meet the needs of the present without compromising the ability of future generations to meet their own needs."

#### **OBJECTIVES**

- *To ensure balanced Economic, Environment and Social needs.*
- *Conserving and enhancing our resource base by gradually changing the ways of developing and using technology.*

### *3. RESOURCES*

BEML will allocate funds for achieving SD projects on a yearly basis. The fund allocated will be as per DPE Guidelines issued vide OM No. 3(9)/2010-DPE (MoU) dated 23<sup>rd</sup> Sept, 2011. The resource allocated shall include Human Resources, Organizational Infrastructure, Technology, and Financial Resources.

The guidelines for the allocation of the funds will be as follows:

<i>Sl No.</i>	<i>NET PROFIT AFTER TAX (previous Year)</i>	<i>Minimum Expenditure for SD Projects/ Activities (Financial Year) % of Profit</i>
<i>1</i>	<i>Less than 100 Crore</i>	<i>0.5% of Profit After Tax</i>
<i>2</i>	<i>100 Crore &amp; above</i>	<i>Rs.50 Lakhs Plus 0.1% of Profit after Tax (PAT) exceeding Rs.100 Crores</i>

Sick and/ or loss-making enterprises need not commit any specific expenditure to SD but may try to attain SD objectives through saving/ conservation Activities or by collaboration /cooperation with other private/ Public organizations

Any unspent/unutilized SD allocation of a particular year, will be carried forward to the following year, i.e., the SD budget will be non-lapsable in nature.

From the annual budget allocation, a provision will be made towards the following expenditure heads, on a year on year basis. However, the heads may vary from year to year.

#### **SCHEDULE –A (Environment)**

- *Waste Management*
- *Water Management*
- *Energy Management*
- *Biodiversity Conservation*
- *Material & Natural Resource Management*
- *Carbon Management*
- *Life Cycle Analysis*
- *Any other area which may be included from time to time.*

#### **SCHEDULE-B (Social)**

- *Awareness of Board of Directors, Key Management Personnel, Employees and workers on ESG issues.*
- *Awareness of Value chain partners (from procurement to sale up to the end user of the product)*
- *Process to confirm the compliances on ESG issues by the value Chain*
- *Fair Labour Practices*
- *Trainings on skills upgradation, Human Rights, Safety, Environment and extended employability.*
- *Community Development*
- *Improve Product Health and Safety*
- *Cyber security*

### SCHEDULE-C (Governance)

- *Engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent*
- *Focus on R&D and Innovation*
- *Focus on diversity*
- *Focus on Environment Social Governance by the Top management*
- *Business Continuity & Risk Management*
- *External Charters / Mandates*
- *SD reporting and BRSR reporting to maintain Transparency, Accountability*

#### **4. POWERS FOR APPROVAL**

SD Projects may be identified by Corporate Office/ Complexes / Divisions/ Zonal Offices/Regional/ District Offices/ Work Centers will be required to be put up to the Board/ Board Level Committee for necessary approvals.

Board/ Board Level Committee will oversee all the activities related to SD projects/ Activities.

The Board/ Board Level Committee on SD will be headed by Independent Director as its Chairman.

The Board/ Board Level Committee will monitor and review the SD projects on a quarterly basis or at different frequencies depending upon the nature of the performance indicators. Evaluation of the SD projects will be done on a yearly basis by the Board / Board Level Committee.

#### **5. IMPLEMENTATION**

SD Projects 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.

The time period/ duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.

Programmes which involve considerable financial commitment and are undertaken on a time frame of 5 years & above, will be considered as 'flagship programmes' and accorded enhanced significance.

The process for implementation of SD programmes will involve the following steps:

- i. Identification of the Project*
- ii. Implementation of the Project*
- iii. Monitoring & Review of the Project*
- iv. Evaluation of the Project*

Identified projects / Activities will clearly specify the objectives, term, resources allocated, responsibilities and roles with expected major measurable and perceivable results /deliverables. However, the projects / Activities identified will be other than those specified as Statutory / Legal requirement.

The weights assigned and targets / milestones against each of the project / Activities will be under a five-point scale (Excellent, VeryGood, Good, Fair, Poor) of MoU.

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 SD projects, where its action plan will be distinguished as

Short term : Less than 2 years  
Medium Term : 2 years to 5 years  
Long Term : 5 years and above

Projects/Activities with completion targets that exceed one year shall be required to detail annual targets for the projects in each year of its implementation.

## **6. MONITORING AND REVIEW**

To ensure effective implementation of the SD Projects, monitoring the projects / activities is crucial and needs to be conducted periodically.

The monitoring and review of the SD Projects will be based on the performance indicators by the following :

- 1. Internal Audit and Verification*
- 2. Management Review*
- 3. External agency*
- 4. Board-Level SD Committee*

## *7. EVALUATION*

Yearly evaluation of the projects will be done based on its objectives, scope, deliverables and benefits.

The evaluation will be done by the following and the same will be submitted to the Administrative Ministry / Department.

- 1. Internal Audit and Verification*
- 2. Management Review*
- 3. External agency*
- 4. Board-Level SD Committee*

## *8. DOCUMENTATION*

Documentation and reporting of SD will done as per the DPE Guidelines and will be in the form of a stand-alone SD Report or a chapter as a part of the Annual Report.

SD Policy, Projects and Activities will be made available on BEML's official website.

BEML will co-ordinate with various National / State Government agencies for SD related Activities.

## *9. ORGANISATIONAL STRUCTURE*

A specific organizational structure will be defined to steer the SD projects and Activities. This Structure shall define key responsibilities within the various levels of an organization for implementing SD.

## *10. TRAINING*

BEML will train its personnel and partners in various aspects of SD comprising the 9 Principles adopted by BRSR for enhancement of Environmental, Social and Governance (ESG) performance by introducing mandatory hours.

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