

Corporate Social Responsibility policy for Aker Solutions in India

Aker Solutions and its subsidiaries recognize the company's responsibility to conduct its business in a responsible manner and take an active approach to Corporate Social Responsibility (CSR). Corporate Social Responsibility in Aker Solutions is a matter of making good and sustainable business decisions. The framework and guidelines for the company's corporate social responsibility work are outlined in the Aker Solutions corporate responsibility strategy 2013-2017 approved by the Aker Solutions Board of Directors in January 2013 (*Appendix A*).

Intent of this Policy

This CSR policy tool aims to help Aker Powergas Pvt Ltd (APG) and Aker Powergas Subsea Pvt Ltd (APGS) gain insight into their CSR activities, assess its value and determine CSR activities that can be employed.

The Aker Solutions subsidiaries present in India as legal entities or operating in India as branches or project offices have committed to engage in corporate social responsibility as outlined in this policy and Aker Solutions Corporate Responsibility strategy 2013-2017.

In 2013, statutory compliances in the form of Corporate Social responsibility have been introduced in India through the provisions of the Companies Act 2013 (*Appendix B*). Starting April 1st, 2014 these provisions are applicable to all corporate entities functioning in India.

Accordingly this document is prepared to enable:

- Aker Powergas Pvt Ltd and
- Aker Powergas Subsea Pvt Ltd

to incur expenditure on Corporate Social Responsibility (CSR) activity if mandated by the Companies Act 2013 to do so. A separate CSR policy for each legal entity will be prepared based on this document to comply with statutory requirements.

The other Aker Solutions Corporates incorporated outside India and having Project or Branch offices such as Subsea Kakinada operation is currently excluded from this CSR policy since the statutory requirements are yet to be ascertained.

Governance of CSR Activity

The governance and responsibility for the implementation of CSR is regulated in the company's business integrity policy, with the overall direction and strategy set by the board of directors. The corporate business integrity and compliance department assesses, maintains and reports on CSR, while each business area implements, monitors and reports on CSR activities. An internal CSR network supports the business areas in setting and meeting their specific CSR goals.

In India, CSR activities shall be operationalized and integrated by the Board of Directors of the business unit who will establish a CSR committee comprising of at least 3 Directors of the Board along with India Country Management Team members. The CSR committee and CSR network representative are responsible for anchoring this policy with the Unit's Board of Directors and ensure that the objectives are implemented in the relevant legal entity.

Focus areas and objectives for CSR activities in India

APG and APGS will endeavour to achieve the objectives of CSR through the following channels:

- Supporting large-scale causes such as disaster relief which are supported by non-political non-religious funds like the Prime Ministers relief Fund by contribution to these funds
- Partner with non-government and civil society organizations in enabling skills enhancement, healthcare, education to the socially and economically challenged persons better their wellbeing and livelihood in the state of Maharashtra, India
- Champion engineering education in India by creating infrastructure that reinforces and strengthens existing systems and processes. Involve and engage in facilitating cross sharing of experiences and resources in the core areas of competencies that APG & APGS possesses
- Contributing to saving fossil fuels and reducing carbon emissions by encouraging usage of non-conventional sources of energy

Identification of CSR Activity & Implementation mechanism

The CSR activity of the business unit will be implemented through a series of projects\ programs which will have definite beginnings, ends, expected outputs and outcomes as well as budgets associated with it. The chosen projects should be aligned with this policy and corporate responsibility strategy for 2013-2017, and should be continuously monitored and evaluated on an annual basis. The project duration will be limited to 12 months.

The CSR committee will implement the activity:

- By nurturing the capability and capacity among employees by organizing independent working groups with responsibility for CSR within the company.
- By partnering with/through an independently registered non-profit organization that has a record of at least three years in similar related activities. A due diligence of the implementing partner is required before any partnerships are entered into.

The CSR committee may consider contributing to the corpus of existing projects of organizations which qualify under Schedule VII of the Act.

The implementing partner should be registered under the Foreign Contribution Regulation Act 2010 (FCRA).

The activity, program or project should have an outcome which is measurable to the society, economy, environment or community at large against the amount of cash, time and in-kind invested within the community.

The projects or programs

- should not be in the normal course of business of the unit
- should not benefit any employee or his family member
- should not have religious or political objectives or be associate with political or religious groups
- should be an activity specified in the Schedule VII of the Companies Act 2013 (Appendix B)
- should be aligned with this policy and the corporate responsibility strategy 2013-2017
- should be relevant for the local context and stakeholders.

The geographic spread will be in India and preferably in the local areas where the unit operates.

Organising and Finalizing for internal execution

When projects are executed internally, an official memo will be prepared on the outcome to be achieved for each program or project separately appointing a manager exclusively for this project. The memo will define roles, responsibilities, deliverables and commitments. A declaration from the project in charge should include a project plan, intended outcome of the project with measurable objectives, including a time schedule. The memo should contain a financial plan and cashflow. The amounts will be earmarked and transferred to the fund and disbursements will be made out of the fund.

Finalizing the arrangement with the implementing agency

A formal acknowledgement that the partners and APG/APGS have voluntarily consented to work together to achieve an agreed outcome is essential. The formal acknowledgement and arrangement with the implementing agency or a Memorandum of Understanding (MoU) needs to be signed for each project or program separately. The MoU will define the roles, responsibilities, deliverables, commitments and consequences in case of any breach. Each agreement should include a project plan, intended outcome of the project with measurable objectives, including a time schedule for the expected outcome to be achieved. The MoU will also contain a financial plan and a payment schedule.

Finance planning control and management

The CSR committee shall forward to the Board of the Business Unit a list of activity to be undertaken during the budget year and a view of the following year. The committee shall review the projects and achieved results on an annual basis, and chose CSR activities for the coming year. A communication on progress should be reported annually to corporate BIC.

The amount will be limited to 2% of the Operational EBIT plus Finance income. The expenses will be collated for each project independently and monitored accordingly.

The unit may train its own employees in CSR activity but such training will be limited to 5% of the expenditure.

Quarterly reporting of the spend and final reporting and communication closes the loop between intent and achievement.

Detailed operational procedures will be formalized as required.

Treatment of Surplus Funds

Amount approved by the CSR committee and Board of Directors will be transferred to the CSR Fund Account. Disbursement to the implementing agency will be from CSR Fund Account. Any surplus arising out of CSR project or programme or activities shall be recognised in the statement of profit and loss and the same will be recognised as liability for CSR expenditure in the balance sheet and recognised as a charge to the statement of profit and loss. Wherein the company receives a grant from others for carrying out CSR activities, the CSR expenditure will be measured net of the grant.

Monitoring Mechanism and Conceptual framework

All agreements related to this policy should be regularly monitored. Implementing agencies carrying out CSR activities on behalf of APG/APGS should submit monthly progress reports to the CSR Committee. Such reports should include information about:

- A. Activities
- B. Financial Status
- C. Measurement & sustainable impact of the CSR activities

The CSR Committee is responsible for ensuring that an external third party integrity due diligence is carried out at interval of not less than annual to ensure impact evaluation of the project.

Appendix A Aker Solutions Corporate Responsibility Strategy 2013-2017

Appendix B The Companies Act 2013 & Rules

Aker Solutions corporate responsibility strategy 2013-2017

Corporate responsibility in Aker Solutions

Corporate responsibility (CR) at Aker Solutions is a matter of making good and sustainable business decisions. Aker Solutions considers corporate responsibility to be a strategic benefit and a value-adding factor to the company and society. Aker Solutions benefits from CR because it helps increase our quality through improving processes and mind-sets, it creates motivation among our employees, and it makes us a more attractive supplier, in particular among the large oil companies who have set strict requirements to their supply-chain. It also reduces reputation risks and unnecessary time and resources spent by senior management on managing negative publicity.

Through deliberate socially responsible choices, Aker Solutions will aim to achieve profitability over time, while taking care of our stakeholders and the environment. Responsible conduct will not be undermined by prospects of short-term gain. Aker Solutions is positioning itself to be an attractive contractor, business partner and employer, and a company that can operate robustly also in markets with high political risks, weak regulatory enforcement or reputational risks. We acknowledge that strong CR frameworks and initiatives are essential to sustain this position.

Our corporate responsibility is founded on Aker Solutions' values. Our values guide our CR work and create an organisation culture of which CR is a natural part.

Aker Solutions Corporate Responsibility strategy for 2013-2017 is built on the four overall goals:

Goal 1: Ensure that the values created by Aker Solutions' operations benefit the societies where we are present and are used to stimulate economic and social development

Goal 2: Protect the health, safety, human rights and well-being of our workforce

Goal 3: Do our part to reduce negative environmental effects of the global oil and gas industry by providing leading technology and environmentally safe products and by reducing the impact of our own operations

Goal 4: Be open and transparent about the way we operate and the impact that we have on society

Implementation of the corporate responsibility strategy

Corporate's role in the CR implementation is to act as the shaper of the overall goals, and work with the board and the Executive Management Team (EMT) to establish direction for the CR work. Corporate Business Integrity and Compliance (BIC) shall support the regions in defining strategic and relevant CR goals, and work as a competence resource when required. Corporate BIC will also establish and manage global initiatives such as the CR network described below.

CR activities shall be operationalised and integrated in the business, aiming at continuously improving our CR performance. The implementation will follow the regional structure. The regions and business areas will be responsible to define targets under each of the overall goals, and implement them according to agreed parameters. The regions shall monitor their performance, and ensure on-going improvements. Some performance indicators will be relevant for CR reporting, and shall be submitted to BIC or Corporate

Communications on an annual basis. A CR network with representatives for each region (or BA) will be established to share competence and establish monitoring systems.

Corporate responsibility strategy and goals

Goal 1: Ensure that the values created by Aker Solutions' operations benefit the societies where we are present and are used to stimulate economic and social development

Context

The oil and gas industry has the potential to create wealth and reduce poverty in the countries that have such resources. Attracting foreign companies and investors to a country can lead to increased investments, increased employment, local competence building, technology transfer and increased public revenues.

Several of Aker Solutions' key markets, like West Africa, Brazil, Malaysia and Indonesia, have local content requirements in order to promote local growth from oil and gas resources. By endeavouring to optimise the positive effects of our operations, Aker Solutions will build a long-term presence which is less volatile to political and economic fluctuations. This can be achieved by preparing sustainable local content strategies, working with responsible and competent local suppliers and by hiring and training local employees and managers.

Aker Solutions' use of subcontractors often constitutes a large part of the contract value, and as a large buyer we have both responsibility and the opportunity to influence. We expect responsible behaviour from our suppliers and subcontractors, and will work with them to ensure that they have awareness and take appropriate responsibility for Health, Safety and Environment (HSE), anti-corruption, human rights, labour rights and environmental and social impact. We acknowledge that our responsibility is greater where we have the possibility to influence in the supply chain.

Aker Solutions acknowledge our responsibility under international human rights law and will undertake particular caution with respect to human rights in developing economies. We will ensure that our business in developing countries respect the rights of local communities, ethnic groups and individuals, and that we always do our utmost to avoid being complicit in human rights abuses.

Corruption has been identified as a key obstacle to the trickle-down effect of wealth creation. Corruption reduces governments' public account of spending and transfers values from the public to individuals. It also causes public discontent and political and security risks. Aker Solutions will work against corruption, and be strong at promoting our zero tolerance approach to bribery and facilitation payments. Our zero-tolerance approach shall be known among all of our customers, our employees, governments and public officials where we operate. Our employees shall receive integrity and ethics training suitable for their needs.

Overall goals for 2013-2017

- Aker Solutions will take the spirit of local content seriously, and work to develop local content strategies in low-development economies that are sustainable, long-term and have real positive effects for the local economic development. Local content considerations shall be included in our long-term investment strategies

- Aker Solutions will ensure that our business in developing countries pay particular respect for the local communities, that people groups and individuals are respected, and that we avoid being complicit in human rights abuses
- In Aker Solutions, we will endeavour to develop our local content implementation skills to be a competitive advantage for our company. We will define best practices to build on resources such as Legal, HR, Compliance, Country Risk, Project Support and HSE units to work with the Business Areas when setting up projects or new premises in countries with local content requirements
- Aker Solutions will have implemented a best-in-class anti-corruption compliance programme. This includes paying attention to the efforts made internationally, and taking pro-active measures to eliminate corruption
- Develop long term partnerships with suppliers in developing countries, and implement strategies to help them develop their knowledge, quality, operational efficiency, technology, HSE and Corporate Responsibility

Goal 2: Protect the health, safety and human rights in our workforce

Context:

As a technology-based company, Aker Solutions depends on smart minds and a working environment with room for creativity and considerable cooperation. Our people are our main asset. A competent and motivated workforce driving toward the same goals is vital to our success. Maintaining competence and knowledge is a key focus for Aker Solutions. We believe that promoting learning and personal development is a strong motivating factor and necessary in order to maintain a high competence level and high quality in the organisation.

With thousands of employees around the world, representing many cultures, religions and ethnic groups, it is important for the success of the company to help each individual employee realise his or her potential. Diversity and equal opportunity also brings value to the workplace, by ensuring access to talents of any background, and by fostering cooperation skills. Aker Solutions is also committed to promote human and labour rights among our workforce and our suppliers and subcontractors, and to support the standards developed by the International Labour Organisation (ILO).

All Aker Solutions employees and subcontractors, at all of our plants and locations, are entitled to work in a safe and healthy environment. We sometimes work under challenging conditions, and in these cases our main priority is to maintain the safety of our employees and our customers, our sub-contractors, consultants and other parties working together with us. In Aker Solutions, we have a zero incident mind-set. We believe that it is possible to achieve our goal of zero accidents, and consistently strive to reach this goal.

A healthy workforce means more than avoiding sickness and injuries. In Aker Solutions we want to promote a healthy living by allowing for work-life balance and encouraging healthy activities. We also understand employees as a key driving factor behind our corporate responsibility work, and acknowledge the impact that CR can have on motivation and commitment in our workforce.

Overall goals for 2013-2017:

- Work towards zero accidents for our employees and subcontractors working on our sites
- Increase the focus on training and individual competence development
- Ensure that employees are aware of their rights, and the channels to use if they observe or experience breaches
- Attract and recruit new employees according to the global recruitment process ensuring unbiased assessment and recruitment principles to encourage diversity
- Create opportunities for employees to engage in corporate responsibility projects, such as charities, engagement with NGOs, community outreach projects and internal awareness-raising and campaigns
- Ensure implementation of People Policy and global people processes

Goal 3: Do our part to reduce negative environmental effects of the global oil and gas industry by providing leading technology and environmentally safe products, and by reducing the impact of our own operations

Context:

The oil and gas industry has high environmental risks and potential impact, in particular risks of environmental damage by oil spills and of high CO₂ emissions. Sustainable management of these risks are essential to the future of oil and gas extraction. It is also in Aker Solutions' self-interest to support an environmentally sound development of the oil and gas industry.

As a supplier to the oil and gas industry, Aker Solutions can contribute by helping our customers reducing environmental risks and impacts of their operations. We acknowledge that there may be new and increased risks related to potentially rising sea levels, and we observe that oil and gas resources increasingly may be extracted from areas with sensitive biological environments. It will therefore be important to continue the focus on strengthen the environmental safety of our products and services, and be diligent in informing our customers and the market about their environmental advantages.

As a large company and responsible societal actor, Aker Solutions also considers it appropriate that we shall focus on our own environmental footprint and work to reduce any negative environmental or biological impact of our operations. Initiatives to reduce energy consumption and material use will also have positive synergies with cost moderation, and will help make us more competitive.

Overall goals for 2013-2017:

- Use environmental accounting principles to get a complete overview of our environmental impact
- Initiate environmental initiatives in the areas where our environmental footprint is largest
- Increase energy efficiency in our operations
- Reduce CO₂ emissions intensity (e.g. tonnes by million hours worked)
- Reduce the total waste of our operations, and increase the degree of recycling in our waste-handling

- Map and streamline the on-going work to develop environmentally friendly technology in the company

Goal 4: Be open and transparent about the way we operate and the impact that we have on society

Context

“Open and honest dialogue” is one of Aker Solutions’ core values. In Aker Solutions, we shall accept mistakes, but expect honesty. Transparency is essential in corporate responsibility, and being open to stakeholders about activities that may have an impact on them is part of all companies’ responsibility. Transparent and fact-based communication will also help realize the benefits of the CR work, such as attracting new employees, motivating the work force and increase our trust and reputation among our customers. Open external reporting about our operations and impact on society and environment, is aligned with the need to have a culture within the company where information is monitored and shared with people that it may influence.

Aker Solutions, as a large company and often a cornerstone company, influences demand for commodities, products and services, and engage the labour market and the environment in the local community. Sharing information about the company’s influence on the market, labour market or the environment, and our endeavours to influence in a positive way, is necessary to build trust in the societies where we are present.

Where we are present in developing countries, this responsibility may be even more important. In particular where oil and gas revenues are high, corruption is wide-spread and poverty levels are high, citizens have a particular interest in insights into the impact foreign companies have on their society.

Overall goals for 2013-2017:

- Support an organisation culture capable of building on lessons learned, by communicating internally on both successes and failures
- Promote open and honest dialogue with our stakeholders and take on a balanced external reporting of our corporate responsibility
- Continue our CR reporting on annual basis, based on the guidelines of the Global Reporting Initiative and aim to continuously improve the reporting and maintain relevant information available on our CR work
- Report publically on our anti-corruption compliance programme and provide relevant anti-corruption information on a country by country basis
- Implement biannual stakeholder engagement and benchmarking surveys to ensure that we comply with expectations and are aligned with best practice in the field

Section 135 of Companies Act 2013 - Corporate Social Responsibility

- (1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
- (2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.
- (3) The Corporate Social Responsibility Committee shall,—
 - (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
 - (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
 - (c) Monitor the Corporate Social Responsibility Policy of the company from time to time.
- (4) The Board of every company referred to in sub-section (1) shall,—
 - (a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

The Companies (Accounts) Rules, 2014

9. Disclosures about CSR Policy -

The disclosure of contents of Corporate Social Responsibility Policy in the Board's report and on the company website, if any, shall be as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rule, 2014.

- (b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
- (5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Explanation.—For the purposes of this section —average net profit shall be calculated in accordance with the provisions of section 198.

Companies (Corporate Social Responsibility) Policy Rules, 2014

In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules. namely: -

1. Short title and commencement

- (1) These rules may be called the Companies (Corporate Social Responsibility Policy Rules, 2014.
- (2) They shall come into force on the 1st day of April, 2014.

2. Definitions

- (1) In these rules, unless the context otherwise requires' -
 - (a) "Act" means the Companies Act, 2013;
 - (b) "Annexure" means the Annexure appended to these rules;
 - (c) "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 Act or
 - (ii) Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
 - (d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
 - (e) "CSR Policy" relates to the activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company):
 - (f) "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-
 - (i) any profit arising from any overseas branch or branches of the company' whether operated as a separate company or otherwise; and
 - (ii) any dividend received from other companies in India, which are covered under and complying with the Provisions of section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:

Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (l) of section 381 read with section 198 of the Act.

- (2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

3. Corporate Social Responsibility

- (1) Every company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2 of the Act having its branch office or project office in India which fulfills the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of section 135 of the Act and these rules:

Provided that net worth, turnover or net profit of a foreign company of the Act shall be computed in accordance with balance sheet and profit and loss account of such company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Act.

- (2) Every company which ceases to be a company covered under sub-section (1) of section 135 of the Act for three consecutive financial years shall not be required to -
 - (a) constitute a CSR Committee; and
 - (b) comply with the provisions contained in sub-section (2) to (5) of the said section till such time it meets the criteria specified in sub-section (1) of section 135

4. CSR Activities

- (1) The CSR activities shall be undertaken by the company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
- (2) The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company ¹*[established by the company under section 8 of the Act by the company, either singly or along or subsidiary or associate company or alongwith any other company or holding or subsidiary or associate company of such other company or otherwise:]*

Provided that-

- (i) if such trust, society or company is ²*[not established by the company, either singly or along with its holding or subsidiary or associate company, or alongwith any other company or holding or subsidiary or associate company of such other company]* it shall have an established track record of three years in undertaking similar programs or projects;
 - (ii) the company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- (3) A company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.
 - (4) Subject to the provisions of sub-section (5) of section 135 of the Act the CSR projects or programs or activities undertaken in India only (hall amount lo CSR expenditure

- (5) The CSR projects or programs or activities that benefit only the employees of the company and their Families shall not be considered as CSR activities in accordance with section 135 of the Act.
- (6) Companies may build CSR capacities of their own personnel as well as those of their implementing agencies through Institutions with established track records of at least three financial years but such expenditure ³[including expenditure on administrative overheads,] shall not exceed five percent of total CSR expenditure of the company in one financial year.
- (7) Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.

5. CSR Committees

1. The companies mentioned in the rule 3 shall constitute CSR Committee as under.-
 - (i) an unlisted public company or a private company covered under sub-section (1) of section 135 which is not required to appoint an independent director pursuant to subsection (4) of section 149 of the Act, shall have its CSR Committee without such director;
 - (ii) a private company having only two directors on its Board shall constitute its CSR Committee with two such directors:
 - (iii) with respect to a foreign company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub-section (1) of section 380 of the Act and another person shall be nominated by the foreign company.
- (2) The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

6. CSR Policy

- (1) The CSR Policy of the company shall, inter-alia, include the following, namely -
 - (a) a list of CSR projects or programs which a company plans to undertake falling within the purview of the Schedule VII of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same; and
 - (b) monitoring process of such projects or programs:

Provided that the CSR activities does not include the activities undertaken in pursuance of normal course of business of a company.

Provided further that the Board of Directors shall ensure that activities included by a company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Act.

- (2) The CSR Policy of the company shall special that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

7. CSR Expenditure

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on any item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

8. CSR Reporting

- (1) The Board's Report of a company covered under these rules pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure.
- (2) In case of a foreign company, the balance sheet filed under sub-clause (b) of sub-section (1) of section 381 shall contain an Annexure regarding report on CSR.

9. Display of CSR activities on its website

The Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any, as per the particulars specified in the Annexure.

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1. Substituted for "established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise" by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2015 w.e.f. **19-1-2015**.
 2. Substituted for "not established by the company or its holding or subsidiary or associate company, it", *ibid*.
 3. Inserted by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2014 w.e.f. **12-9-2014**.