

**CORPORATE SOCIAL
RESPONSIBILITY POLICY**

Corporate Social Responsibility (CSR) Policy

Corporate Social Responsibility (CSR) Policy of The Andhra Petrochemicals Limited (APL):

Preamble:

Corporate Social Responsibility is strongly connected with the principles of sustainability; an organisation should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of APL to focus on various areas of corporate sustainability that impact the environment, people and their health and society at large and to practise its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of all its stakeholders.

APL recognises that its business activities have wide impact on the society in which it operates, and therefore an effective practice of CSR Policy is required giving due consideration to the interests of all its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities, other organisations and Government.

As per the provisions of Section 135 of the newly enacted Companies Act, 2013, every company having a net worth of Rs.500 Crores or more, or turnover of Rs.1,000 Crores or more, or a net profit of Rs.5 Crores or more during any Financial Year, is required to constitute a Corporate Social Responsibility (CSR) Committee consisting of at least 3 Directors out of whom 1 should be an Independent Director.

Accordingly Board of Directors at its meeting held on 24th May, 2014 constituted CSR Committee comprising the following Directors:

1. Dr. B.B. Ramaiah
2. Sri A A Krishnan
3. Smt. Anita Rajendra, I.A.S.

CSR Policy consists of 3 sections:

- (a) CSR activities to be taken up
- (b) Amount of expenditure to be incurred and
- (c) Monitoring of CSR activities from time to time.

(a) CSR activities to be taken up:

APL's Policy is towards achievement of CSR objectives by undertaking any one or more of the following activities to be in alignment with Schedule-VII of the Companies Act, 2013:

- ❖ To eradicate hunger, poverty and mal-nutrition by providing noon-meals, clothes to poor children in the vicinity of premises of the Company and in the locality in which it operates.
- ❖ To promote health care by providing free medical aid, hospitalisation, ambulance and such other facilities to poor people in the vicinity of premises of the Company and in the locality in which it operates.
- ❖ To promote health care including preventive health care and sanitation by providing safe drinking water facilities, constructing toilets and bathrooms, in the vicinity of premises of the Company and in the locality in which it operates.
- ❖ To promote education including special education and employment enhancing vocational skills especially among children, women, elderly and differently abled and livelihood enhancement projects by constructing schools, colleges and by providing technical skills through practical oriented classes and undertaking employment enabled projects.
- ❖ To promote gender equality by focusing on educating the girl child and the under-privileged by providing appropriate infrastructure and grooming them as future value creators.
- ❖ To empower women by setting up homes and hospitals for women and orphans, setting up of old age homes, day care centres, and such other facilities for senior women citizen and undertake measures for reducing inequalities faced by socially and economically backward groups.
- ❖ To ensure environmental sustainability and ecological balance by planting sapplings, developing parks etc., in the vicinity of premises of the Company and in the locality in which it operates.
- ❖ To protect flora and fauna, by undertaking animal welfare, and conserving agro-forestry through afforestation.
- ❖ To ensure conservation of natural resources and maintaining of quality of soil, air and water by reducing water consumption of Company Plant and taking-up rain water harvesting projects and also by using environment friendly and safe processes in production at its Plant.

- ❖ To protect national heritage, art and culture including restoration of buildings and sites of historical importance and works of art by setting up public libraries, promoting and developing traditional arts and handicrafts.
- ❖ To undertake measures for the benefit of armed forces veterans, war widows and their dependants.
- ❖ To undertake training to promote rural sports, nationally recognised sports, para-lympic sports and Olympic sports.
- ❖ To contribute 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 scheduled castes, scheduled tribes, other backward classes, minorities and women.
- ❖ To contribute funds to technology incubators located within academic institutions which are approved by the Central Government.
- ❖ To undertake rural development projects.
- ❖ To undertake any other activity which will be specified by the Central Government in this regard from time to time.

(b) Amount of expenditure to be incurred:

As per the provisions of Section 135(5) of the Companies Act, 2013, Company should spend in every Financial Year at least 2% of the average net profits of the company made during the three immediately preceding Financial Years, in pursuance of its Corporate Social Responsibility Policy and 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. If the Company fails to spend such amount, the Board shall specify in its report the reasons for not spending the amount.

Accordingly, for achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes, APL shall allocate 2% of its average Net Profits calculated as per Section 198 of the Companies Act, 2013 as its Annual CSR Budget in each Financial Year.

From the Annual CSR Budget allocation, a provision will be made towards the expenditure to be incurred on identified areas, for undertaking CSR activities on a year on year basis.

Allocation of the Annual Budget for CSR activities in any given year shall be as per the provisions of the Companies Act, 2013 and rules made thereunder

as amended from time to time. Any unspent / unutilised CSR allocation of a particular year, will be carried forward to the next year, i.e., the CSR budget will be non-lapsable in nature.

(c) Monitoring CSR activities from time to time:

As required by the provisions of Section 135(3)(c) of the Companies Act, 2013 the CSR Committee constituted above shall monitor the CSR Policy of the Company from time to time and recommend any changes which are required to be made in the CSR Policy due to revision or amendment in accordance with the guidelines as may be issued by the Government from time to time.

This CSR Policy formulated at the CSR Committee meeting held on 20th July, 2014 be recommended to the Board for its implementation.

* * *