

**THE ANDHRA PETROCHEMICALS LIMITED**  
**VENKATARAYAPURAM**

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

Pursuant to the provisions of Section 135 of the Companies Act, 2013 (“the Act”) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”), Board of Directors of the Company, on the recommendation of the Corporate Social Responsibility Committee (“CSR Committee”), approved the Corporate Social Responsibility Policy (“CSR Policy”) of The Andhra Petrochemicals Limited (“APL”) on 21<sup>st</sup> July, 2014.

The Ministry of Corporate Affairs (“MCA”) vide its Notification No. GSR (40 E) dated 22<sup>nd</sup> January, 2021 amended the said CSR Rules. In order to comply with the requirements of the amended Rules, this new “**Corporate Social Responsibility**” (“CSR Policy” or “the Policy”) of **The Andhra Petrochemicals Limited** (“APL” or “the Company”) has been framed in place of the previous Corporate Social Responsibility Policy.

Corporate Social Responsibility (“CSR”) embodies the various initiatives and programmes of the Company in the communities and environment in which the Company operates. It represents the continuing commitment and actions of the Company to contribute towards economic and social development and growth.

CSR 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.

**Important Definitions:**

“**Corporate Social Responsibility (CSR)**” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:-

(i) activities undertaken in pursuance of normal course of business of the Company:

provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for Financial Years 2020-21, 2021-22, 2022-23 subject to the conditions that-

(a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

(b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

(ii) any activity undertaken by the Company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

(iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;

(iv) activities benefitting employees of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019;

(v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;

(vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

**"CSR Activities"** shall mean the projects and / or programmes to be undertaken by the Company either directly on its own, or indirectly, i.e., through Implementing Agencies, pursuant to applicable laws in accordance with this CSR Policy.

**"CSR Policy"** means a Statement containing the approach and direction given by the Board of the Company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the Annual Action Plan.

**"Implementing Agency"** means any entity registered with Ministry of Corporate Affairs for undertaking CSR projects, which is engaged by the Company to implement various projects in pursuance of the CSR Policy.

**"Impact Assessment"** means Impact Assessment as defined in the CSR Rules.

**"Rules"** means Companies (Corporate Social Responsibility Policy) Rules, 2014, or, any other Rules prescribed under Section 135 of the Act and pertaining to CSR, as may be amended and prescribed from time to time.

**"Net Profit"** means the Net Profit as defined in the CSR Rules.

Where any word, or phrase, or term is used and not defined in this Policy but defined in the Act or CSR Rules shall have the same meaning as assigned to it therein.

**CSR Committee:**

As required by the provisions of Section 135 of the Act, Board of Directors of the Company at its Meeting held on 24<sup>th</sup> May, 2014 constituted CSR Committee which was reconstituted by the Board from time to time.

CSR Committee, reconstituted by the Board on 5<sup>th</sup> November, 2020, comprises the following Directors:

1. Sri P Narendranath Chowdary, Managing Director, Chairman
2. Sri Mullapudi Thimmaraja, Non-Executive & Non-Independent Director, Member
3. Dr. V N Rao, Non-Executive & Independent Director, Member

**CSR activities to be taken up:**

APL's Policy is towards achievement of CSR objectives by undertaking, either by the Company itself or through any Implementing Agency, 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 hostels for women and orphans, setting up of old age homes, day care centres, and such other facilities for senior

women citizens and undertake measures for reducing inequalities faced by socially and economically backward groups.

- ❖ To ensure environmental sustainability and ecological balance by planting saplings, 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 a forestation.
- ❖ 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 Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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 or research and development projects in the field of science, technology, engineering and medicine funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government.
- ❖ To undertake rural development projects.
- ❖ To undertake slum area development
- ❖ To undertake measures relating to disaster management, including relief, rehabilitation and reconstruction activities.
- ❖ To undertake any other activity which will be specified by the Central Government in this regard from time to time.

### **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 CSR Policy and the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.

Accordingly, for achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes, Company 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.

Where the Company spends any amount towards CSR activities in any Financial Year less than or in excess of the statutory requirement, the same shall be dealt with as provided in the Act and the Rules.

### **Monitoring CSR activities from time to time:**

(i) As required by the provisions of Section 135(3)(c) of the Companies Act, 2013 the CSR Committee shall monitor the implementation of 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.

#### **(ii) Annual Action Plan:**

The CSR Committee shall formulate and recommend to the Board, an Annual Action Plan in pursuance of its CSR Policy in consonance with the long-term vision and strategy of the Company in respect of CSR activities, which shall include the following:

- (i) the list of CSR projects or programmes that are approved and to be undertaken by the Company
- (ii) the manner of execution of such projects or programmes
- (iii) the modalities of utilization of funds and implementation schedules for the projects or programmes

- (iv) monitoring and reporting mechanism for the projects or programmes, and
- (v) details of need and Impact Assessment, if any, for the projects undertaken by the Company.

Provided that the Board may alter such Plan at any time during the Financial Year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

**Amendment in law:**

Any subsequent amendment / modification in the Listing Regulations / the Companies Act / the CSR Rules in this regard shall automatically apply to this Policy. The same shall be added / amended / modified from time to time by the Board of Directors of the Company with due procedure.

This CSR Policy, formulated by the CSR Committee and recommended to the Board for its implementation, was approved by the Board of Directors at its Meeting held on 5<sup>th</sup> August, 2021 and be effective from 5<sup>th</sup> August, 2021.

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