

KOTHARI PETROCHEMICALS LIMITED (KPL)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

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Chapter 1

1. CONCEPT:

1.1. SHORT TITLE & APPLICABILITY:

1.1.1 This policy, which encompasses the company's philosophy for drawing its responsibility as a *corporate citizen* and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the '**KPL CSR Policy**'.

1.1.2 This policy shall apply to all CSR initiatives and activities taken up by KPL, for the benefit of different segments of the society, specifically the deprived, underprivileged and differently abled persons.

1.2. CSR VISION STATEMENT & OBJECTIVE:

1.2.1. In alignment with the "Vision" of the company, KPL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a *Socially Responsible Corporate*, with environmental concern.

1.2.2. The objective of the KPL CSR Policy is to:

- ✓ Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- ✓ To directly or indirectly take up programmes that benefit the communities in & around its work centers and results, over a period of time, in enhancing the quality of life & economic well being of the local populace.
- ✓ To generate, through its CSR initiatives, a community goodwill for KPL and help reinforce a positive & socially responsible image of KPL as a corporate entity.

1.3. CSR COMMITTEE:

1.3.1 The Company has constituted the CSR Committee with the following Directors:

Sl. No.	Name	Members
1.	Mr.B.H.Kothari	Chairman (Non-Independent)
2.	Mr.P.N.Devarajan	Member (Independent)
3.	Mrs.Nina Bhadrashayam Kothari	Member (Non-Executive & Non-Independent)
4.	Dr.R.K.Raghavan	Member (Independent)

Chapter 2

2. RESOURCES & AREAS TO BE COVERED

2.1. Funding & Allocation:

2.1.1. For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, KPL will allocate 2% of its average annual net profits made during 3 immediately preceding financial years, as its *Annual CSR Budget*.

2.1.2. From the annual CSR Budget allocation, a provision will be made towards the CSR activities made under relevant expenditure heads, on a year on year basis as per the amount spent on the activities covered under **Schedule VII of the Companies Act, 2013 and amendment thereon as follows:**

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;

(viii) contribution 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, the Scheduled Tribes, other backward classes, minorities and women;

(ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

(x) rural development projects.

(xi) Slum area development

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

2.2 Area to be covered

2.2.1. The poor and needy section of the society living in different parts of India would normally be covered. As per the Section 135 of the Companies Act, 2013 the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.

2.2.2. For this purpose the Company would spend the CSR amount within 25 to 40 km radius of the Company or in case the Company may desire so, to spend for the CSR activities within the allocated amount within the State / States in India.

Chapter 3

3. PLANNING

3.1. Identification of Thrust Areas and Strategic Initiatives:

3.1.1. For purposes of focusing its CSR efforts in a continued and effective manner, the following **Eight Thrust Areas** have been identified:

- i. Education/ Literacy Enhancement
- ii. Environment Protection / Horticulture
- iii. Infrastructure Development
- iv. Drinking water/ Sanitation
- v. Healthcare/ Medical facility
- vi. Community Development / Social Empowerment
- vii. Contribution to Social Welfare funds set up by Central / State Government
- viii. Relief of victims on Natural Calamities

3.1.2. As a guideline for the work centers to distribute their annual CSR Expenditure amongst the 8 thrust areas, an indicative percentage, as below, has been suggested. However, the actual distribution of expenditure among these *thrust areas* will depend upon the local needs as may be determined by the need Identification studies or discussions with local government/bodies/citizen's forums/NGOs.

Sl. No.	Thrust Area	% of Allocation
i.	Education/ Literacy Enhancement	60%
ii.	Environment Protection / Horticulture	10%
iii.	Infrastructure Development	05%
iv.	Drinking water/ Sanitation	05%
v.	Healthcare/ Medical facility	05%
vi.	Community Development & Social Empowerment	05%
vii.	Contribution to Social Welfare funds set up by Central / State Government	05%
viii.	Relief for victims from Natural Calamities	05%

The above percentage can be varied year on year by the CSR Committee.

3.2 Scope for the 8 thrust areas for Strategic CSR initiatives

Considering the facts the Company to the extent feasible, Strategic CSR initiatives are undertaken in the areas that align to its business operations such as the following:

3.2.1 Education/ Literacy Enhancement

- (a) Construction of School & College Buildings and extensions of classes and lab facilities for Schools & Colleges.
- (b) Support to Technical/Vocational Institutions for their self- development.
- (c) Academic education by way of financial assistance to Primary, Middle and Higher Secondary Schools and Colleges including Special Education.
- (d) Adult literacy especially amongst those belonging to BPL.
- (e) Awareness programmes on girl education.
- (f) Special attention on education, training and rehabilitation of mentally & physically challenged children/persons and Counseling of parents
- (g) Spreading legal awareness amongst people and disadvantageous sections of the society about their rights & remedies available.
- (h) Promotion of Professional Education by setting up educational institutions offering courses in Engineering, Nursing, Management, Medicine and in Technical subjects etc.
- (i) Provide fees for a period of one year or more to the poor and meritorious, preferably girl students of the school in the operational area of the Company to enable them to get uninterrupted education.
- (j) Provide cycle to needy girl students who are attending school in remote and distant areas.
- (k) Support to Police Department's public initiatives such as Police Boys & Girls School / Clubs etc.

3.2.2 Environment Protection / Horticulture

- (a) Organizing sensitizing programmes on Environment Management and Pollution Control.
- (b) Green belt Development
- (c) Afforestation, Social Forestry, Check Dams, Park.
- (d) Restoration of mined out lands.
- (e) Development of jobs related to agro product i.e., Dairy/Poultry/farming and others.
- (f) Plantation of saplings producing fruit.
- (g) Animal care.

3.2.3 Infrastructure Development

- (a) To develop infrastructural facilities for providing electricity through Solar Lights or alternative renewal energy to the nearby villages. Recurring expenditure should be borne by the beneficiaries.
- (b) Community kitchen through natural gas alternative Energy (Solar / Wind)/Biomass/Bio Gas etc.
- (c) Infrastructure Support for construction, repair, extension etc. of the following areas:
 - (i) Auditorium & Educational Institutions
 - (ii) Old Age Home.
 - (iii) Rural Dispensaries initiated by reputed NGOs.
 - (iv) Mobile Creches.
 - (v) Bridges, Culverts & Roads,
 - (vi) Check Dam
 - (vii) Shopping Complex to facilitate business/self employment for local people
 - (viii) Community Centre,
 - (ix) Yatri Shed in Bus Stand,
 - (x) Burning Ghat/Crematorium
 - (xi) Development of Park
 - (xii) Play ground/Sports complex/Good Coaches.
 - (xiii) Municipal & Corporation initiatives

3.2.4 Drinking water/ Sanitation

- (a) Installation / Repair of Hand Pumps / Tube Wells.
- (b) Digging/Renovation of Wells.
- (c) Gainful utilization of waste water from Under ground Mines for cultivation or any other purpose.
- (d) Development/construction of Water Tank/Ponds.
- (e) Rain water-harvesting scheme.
- (f) Formation of a Task Force of Volunteers to educate people regarding proper use of drinking water.
- (g) Empowerment to the villagers for maintenance of the above facilities for availability of water.
- (h) Buildings Toilets in Villages and Schools and Solid Waste Disposal

3.2.5 Healthcare/ Medical facility

Organizing health awareness Camps on

- (a) Child and Mother care & Family Welfare
- (b) Diet and Nutrition.
- (c) Blood donation camps.
- (d) Diabetics detection & Hypertension Camps
- (e) Senior Citizen Health Care Wellness Clinics.
- (f) AIDS TB and Leprosy
- (g) Social evils like alcohol, smoking, drug abuse etc.
- (h) Fully equipped Mobile Medical Vans.
- (i) To supplement the different programme of Local/State Authorities.

3.2.6 Community Development / Social Empowerment

- (a) Employment facilities should be provided to the community people especially to the backward section by providing education and training thereby developing their skill for suitable Employment.
- (b) Further opportunities for self-employment should be provided by constructing Shopping Complex in and around the projects.
- (c) Co-operative Societies should be formed by active participation of local people for setting up Dairies, Poultryies and Piggery etc, which will also help to generate self-employment.
- (d) Empowerment of Tribal Communities & employment for the Differently Able persons.
- (e) Computer Skill Training for School Dropouts & Skill Development Centre for Underprivileged Youth.
- (f) Training of Rural Youth for Self Employment (TRYSEM) on Welding, Fabrication, and other Electronic appliances.
- (g) To provide assistance to villagers having small patch of land to develop mushroom farming, medicinal plants, farming & other cash crops to make them economically dependent on their available land resources. Training may be provided by agricultural experts for above farming.
- (h) Organizing training programmes for women on tailoring Embroidery designs, Home Foods/Fast Foods, Pickles, Painting and Interior Decoration and other Vocational Courses.

3.2.7 Contribution to Social Welfare funds set up by Central / State Government

- (a) Contribution 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, the Scheduled Tribes, other backward classes, minorities and women;

3.2.8 Relief for victims from Natural Calamities

- (a) Provide cloths
- (b) Arrange for Food & water
- (c) Arrange for Shelter
- (d) Health Care and Medical Treatment for the victims
- (e) Rebuild Houses

Chapter 4

4. IMPLEMENTATION:

4.1. CSR programmes will be implemented by the Company on its own or by any Specialized Agencies to the best possible extent within the defined ambit of the identified '*Thrust Areas*'

The Specialized Agencies means :

- (a) Community based organization whether formal or informal.
- (b) Elected local bodies such as Panchayats
- (c) Voluntary Agencies (NGOs)
- (d) Institutes/Academic Organizations
- (e) Trusts, Mission etc.
- (f) Self-help groups
- (g) Government, Semi Government and autonomous Organizations.
- (h) Standing Conference of Public Enterprises (SCOPE)
- (i) Mahila Mondals/Samitis and the like
- (j) Contracted agencies for civil works
- (k) Professional Consultancy Organization etc.

4.2. 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.

4.3. Programmes which involve considerable financial commitment and are undertaken on a timeframe of 2 to 5 years, will be considered as '*flagship programmes*' and accorded enhanced significance.

4.4. The process for implementation of CSR programmes will involve the following steps:

4.4.1 Identification of programmes at Corporate and work centre level will be done by means of the following:

- (a) Need identification Studies by professional institutions/agencies
- (b) Internal need assessment by cross functional team at the local level
- (c) Receipt of proposals/requests from District Administration/local Govt. etc.
- (d) Discussions and request with local representatives/Civic bodies/Citizen's forums/Voluntary Organizations

4.4.2 Project based approach: KPL will follow a project based accountability approach to stress on the long term sustainability of CSR projects, where its action plan will be distinguished as '*Short term*', '*Middle Term & Long Term*'; qualified as

Short Term : 6 months to 1 year

Medium Term : 1 year to 2 years

Long Term : 2 year and above – '*Flagship programmes*'.

4.4.3. While identifying long term programmes, all efforts must be made to the extent possible to define the following:

- (a) Programme objectives
- (b) Baseline survey – It would give the basis on which the outcome of the programme would be measured.
- (c) Implementation schedules, Timelines for milestones of the programme will need to be prescribed
- (d) Responsibilities and authorities
- (e) Major results expected and measurable outcome.

4.5 Powers for approval

4.5.1. CSR programmes as may be identified by each work centre/corporate office will be required to be put up to the CSR Committee at the beginning of each financial year with due recommendations from the Board of Directors of the Company.

4.5.2 For meeting the requirements arising out of immediate & urgent situations, CMD is authorised to approve proposals in terms of the empowerment accorded to him by the CSR Committee and subsequently brought to the information of the CSR Committee and the Board.

4.6 Executing agency/Partners:

4.6.1. KPL will seek to identify suitable programmes for implementation in line with the CSR objectives of the Company and also benefit the stakeholders and the community for which those programmes are intended. These works would be done through:

- (a) Community based organization whether formal or informal.
- (b) Elected local bodies such as Panchayats
- (c) Voluntary Agencies (NGOs)
- (d) Institutes/Academic Organizations
- (e) Trusts, Mission etc.
- (f) Self-help groups
- (g) Government, Semi Government and autonomous Organizations.
- (h) Standing Conference of Public Enterprises (SCOPE)

- (i) Mahila Mandals/Samitis and the like
- (j) Contracted agencies for civil works
- (k) Professional Consultancy Organization etc.

4.7 Criterion for identifying Executing agency:

4.7.1. While identifying programmes the concerned work centres will also identify the external agency who would execute the said programme. In case of programme execution by NGOs/Voluntary organizations the following minimum criteria need to be ensured:

- (a) The NGO / Agency has a permanent office / address in India;
- (b) The NGO is a registered society under Societies' Registration Act;
- (c) Possesses a valid Income tax Exemption Certificate;
- (d) The antecedents of the NGO / Agency are verifiable/subject to confirmation

4.8 Agreement between KPL & Executing agency:

4.8.1. Once the programmes are approved by the CSR Committee of the Board, the company will be required to enter into an agreement with each of the executing/implementing agency for the smooth execution of projects and to avoid any litigation.

4.8.2. If no external agency is involved in the execution work, then no such agreement is required.

Chapter 5

5. MONITORING AND FEEDBACK

- 5.1.** To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head. The progress of CSR programmes under implementation at work centre will be reported to corporate office on a monthly basis.
- 5.2** The CSR department at the corporate office will conduct *impact studies* on a periodic basis, through independent professional third parties/professional institutions, especially on the strategic and high value programmes.
- 5.3.** Work centres will also try to obtain feedback from beneficiaries about the programmes.
- 5.4.** Appropriate documentation of the KPL CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the public domain.
- 5.5.** CSR initiatives of the Company will also be reported in the Annual Report of the Company.

Chapter 6

6. GENERAL

- 6.1.** In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to Secretarial Department.
- 6.2.** Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time.
- 6.3.** The Company reserves the right to modify, cancel, add, or amend any of these Policy Rules.