



CSR Policy

Sun Petrochemicals Private Limited

24th September 2021

Version – 1.0

Index

1. <i>CSR vision and mission statement</i>	3
2. <i>Applicability</i>	3
3. <i>CSR Policy Objectives</i>	3
4. <i>Stakeholder Engagement</i>	4
5. <i>Process</i>	4
5.1 <i>CSR Philosophy</i>	5
5.2 <i>Governance Structure</i>	5
5.2. 1. <i>Board of Directors</i>	5
5.2. 2. <i>CSR Committee</i>	6
5.2. 3. <i>CSR Department and / or Corporate Foundation</i>	6
5.2. 4. <i>Social Organisation as Partners</i>	7
5.3. <i>Principal causes supported by CSR activities and Proposed Programs</i>	7
6. <i>Monitoring & Evaluation plan</i>	8
6.1. <i>Targets to be achieved</i>	8
6.2. <i>Monitoring Process</i>	8
6.3. <i>Impact assessment</i>	8
7. <i>Communication & Reporting</i>	9
8. <i>CSR Expendiure</i>	9
9. <i>Exclusions</i>	10
10. <i>Conclusion</i>	10

Corporate Social Responsibility Policy

This policy, which encompasses the Company's philosophy towards corporate social responsibility and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large, is titled as the 'Corporate Social Responsibility (CSR) Policy for Sun Petrochemicals Private Limited '(The Company)'. This CSR Policy has been effective from 24th September 2021.

1. CSR vision and mission statement

VISION

"We will strive to bring about the holistic development of underserved communities in a sustainable and impactful manner"

MISSION

"We will leverage our people, expertise and networks to address the needs of the communities that we serve and thereby catalyse overall development."

2. Applicability

This policy has been formulated in consonance with section 135 of Companies Act 2013 on CSR and the CSR Rules as notified by the Ministry of Corporate Affairs in 2014.

The Policy shall apply to all CSR projects/programmes undertaken by the Company in India as per Schedule VII of the Companies Act, 2013 (the Act). This policy shall be applicable to Sun Petrochemicals Private Limited '(The Company)'

3. CSR Policy Objectives

In alignment with the CSR vision and mission statement of The Company the CSR policy has been formulated with the following objectives:

- **Serving the community:** Giving back to the community and addressing their needs is a key priority for the Company. The Company believes that the progress of the local community should go hand-in-hand with the growth of the Company. The Company therefore intends to concentrate on the upliftment and enrichment of underprivileged communities.
- **Focus on quality:** The Company believes that only serving the community will not suffice, the primary objective of serving the society shall be attained in its real meaning only by delivering qualitative service to meet the needs of the community.
- **Ensuring sustainability:** The Company wishes to introduce interventions in the communities that address critical needs and can become sustainable over a period of time.

4. Stakeholder Engagement

The Company will engage and impact the following set of stakeholders in their CSR activities. These stakeholders will participate in the CSR initiatives as beneficiaries, participants and/or decision makers. While the CSR initiatives of the Company will focus on engaging its stakeholders, some of the programs may also include beneficiaries other than the stakeholders listed below.

The following table lists the stakeholders engaged and their roles / functions:

Stakeholder		Role / Function of the Stakeholder
Internal	Employees	Employees can volunteer for, champion causes and implement the Company's CSR initiatives.
	Management	The management will set the vision for all the CSR initiatives. They will ensure compliance and adherence, encourage innovation and oversee the implementation of the CSR activities.
	Shareholders	No active involvement.
External	Community	The community will be the beneficiaries of CSR activities at the initial stage, but, may become active participants in some of the initiatives over a period of time.
	Government	The Company could collaborate with local and national government agencies to implement the programs and could also provide support to existing government schemes within the causes that the Company aims to support.
	NGOs and social enterprises	The Company could seek help from NGOs and social enterprises with conducting community needs assessment studies, feasibility studies, implementing the CSR initiatives as well as providing monitoring and impact evaluation support.

5. Process

The salient features of the CSR policy comprises of:

- CSR philosophy of the Company
- Governance structure
- Causes that the Company plans to support over a period of time

- Specific CSR programs and strategic initiatives

5.1 CSR Philosophy

The Company intends to undertake its corporate social responsibility in a strategic manner. The Company will leverage its financial and human resources, networks and expertise to create maximum impact for its stakeholders.

5.2 Governance Structure

This sub - section describes the governance structure that the Company will adopt to implement its CSR activities in line with the Companies Act, 2013 and the relevant rules and regulations.

In addition, the Board of the Company may decide to undertake its approved CSR activities through an eligible Registered Trust or a Society or an Associate Company established under section 8 of the Act, by the company either singly or along with its associate company or along with any other company or holding or subsidiary or associate company of such other company, or otherwise, provided that if such Trust, Society or Company is not established by the company, either singly or along with its associate company, or along with 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;

The 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.

The Governance Structure of the Company may include the following –

(A) Mandatory Structure	(B) Need based (Optional) Structure
<ul style="list-style-type: none"> • Board of Directors • CSR Committee 	<ul style="list-style-type: none"> • CSR Department • Social organizations (SOs)

Each of the above constituents has a specific role to play with clearly defined roles and responsibilities. These are as under:

Mandatory Structure:

5.2. 1. Board of Directors

The Board of Directors will be responsible for the following:

- Approve this policy, causes that the Company proposes to support, programs to be undertaken by the Company, modalities of operation and the budget for the activities.
- Ensure that activities included by the Company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Act

- Ensure that the activities included in Corporate Social Responsibility Policy of the Company are undertaken by the Company to the extent and in the manner considered appropriate
- Try to ensure that the Company, to the extent possible, 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 this policy.
- If the Company fails to spend such amount, then comply with the provision of sub-section (5) or sub –section (6) of section 135 of the Companies Act, 2013.
- The Board's Report issued under clause (o) of sub-section (3) of section 134 shall include the details on CSR containing particulars specified in the above referred section of the Act and Annexure to the CSR Rules.

5.2. 2. CSR Committee

The CSR Committee presently comprises of two directors. The CSR Committee shall work in co-ordination and in accordance with directions given by the Board.

The CSR Committee will be responsible for the following:

- Formulating a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject specified in Schedule VII and recommending the same to the Board for approval.
- Recommending the amount of expenditure to be incurred on the activities referred above.
- Monitoring the Corporate Social Responsibility Policy of the Company on a regular basis, ensuring that it is updated for any change or enhancement in scope and the same is recommended to the Board for approval.
- Defining the modalities and monitoring the progress of the activities being undertaken under the policy.

The constitution of the CSR Committee may be changed from time to time by the Board.

5.2. 3. CSR Department and / or Corporate Foundation (if formed):

If the Company opts for forming its own CSR Department then, all the CSR activities of the Company will be overseen by that CSR Department. The Company may also choose to implement some or all of its CSR activities through a Corporate Foundation that it may set up or through any appropriate Corporate Foundation. The Corporate Foundation could be registered as a Section 8 company, a Trust or a Society. The Company may also implement some initiatives through external partners or may even implement certain interventions directly through its own local team.

The role of the CSR Department / Corporate Foundation will include:

- Helping conceptualize the programs that the Company intends to support.

- Executing the programs through its employees or in collaboration with other partners such as NGOs, the government, and community based organizations, sector experts, any appropriate Corporate Foundation and any other partners as are deemed necessary.
- Collecting and analysing data for monitoring and reporting of all programs.
- Providing capacity building support to the program team and implementation partners.
- Providing periodic reports to the CSR Task Force and CSR Committee.

5.2. 4. Social Organisation as Partners

The Company may implement some or all of its CSR programs through social organisations or the Corporate Foundations with at least three years of track record. The company may support such organisations or the Corporate Foundations in their existing programs or may co-develop new programs with them. Social organizations or the Corporate Foundations will help the Company in the following ways:

- Assisting the CSR Department, Corporate Foundation and Local CSR teams in conceptualizing and implementing their CSR programs.
- Providing capacity building support to all the partners.
- Providing periodic reports and updates to the Company / Foundation.
- Collecting and analysing data for monitoring and reporting of all programs
- Monitoring the progress made by the program partners.
- Tracking, measuring and communicating the impact that the programs have created to relevant stakeholders.

5.3. Principal causes supported by CSR activities and Proposed Programs

This sub – section contains the potential causes the Company may take up as a part of its CSR activities. The Company may conduct a pilot for each of the selected programs, identify issues, if any and address them before scaling up to the desired level. The programs may be implemented by the Company in collaboration with program management consultants and/or vendors for providing products/services.

The Company may undertake CSR programs in following areas-

- Healthcare
- Education
- Environment Conservation
- Water Management
- Disaster Relief and Covid-19
- Rural & Urban Development
- Any cause covered under Schedule VII of the Companies Act, 2013:
- Any issue that has not been visualised above but is considered important and urgent for immediate attention including disaster relief

Most of the CSR activities of the Company aim to improve the lives of the community and the Company will continue to be responsive to the needs expressed by the community, either explicitly or otherwise.

6. Monitoring & Evaluation plan

The monitoring plan for SPPL's CSR programs will include the following:

6.1 Targets to be achieved

The company will decide certain targets to be achieved for impact generation, which will also be in line with the broader company mission and vision.

6.2 Monitoring Process

For each of the programs, the standard monitoring and evaluation framework would be developed. The CSR team would submit monthly performance reports in the format and manner that has been agreed at the beginning of the project execution.

The CSR team will review the reports and engage with the implementing agency, if required to ensure that the programs are on track. The CSR team will submit a quarterly report to the CSR Committee which in turn will submit it to the Board. The report will cover –

- Progress of each program vis-à-vis the timelines, plan and budget
- Beneficiaries covered
- Performance of the external partners
- Problems encountered and solutions if implemented
- Estimated amount that will be spent till the end of the year.

The CSR Team will review the progress at least once in 3 months and provide the Board with a report on the CSR initiatives. The Committee will also review the CSR policy and ensure that it is current and relevant. Changes, if any, will be placed before the Board of Directors for approval.

6.3. Impact assessment

Sun Petrochemicals Private Limited shall conduct Impact Assessment as follows:

The detailed Project Plan of each program will also include Impact Assessment, for measuring specific metrics and its comparison with the baseline metrics as a process of field assessment and shall be compulsorily organised subject to the fulfilment of following condition

a) Sun Petrochemicals Private Limited having average CSR obligation of ten crore rupees or more in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

c) Sun Petrochemicals Private Limited undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

7. Communication & Reporting

The company will ensure that it communicates program details and social impact created for the upliftment of the community.

a) CSR program details would be communicated in the public domain through the annual report in the reporting format as mandated by Section 135 of the Companies Act, 2013.

b) CSR Annual Report will be developed to track the progress every year.

8. CSR Expenditure

8.1. Every year the Company shall spend at least 2% of its average Net profit as defined under the CSR Rules during the three immediately preceding financial years on the CSR Activities according to the CSR Plan approved by the Board.

8.2. The Company shall consider administrative expenses such as salary of dedicated CSR staffs, travel, office expenditure etc. as per CSR Rules.

8.3. The cost of Impact Assessment in fulfilment of its CSR obligation, provided that, such costs shall not exceed the cap prescribed under CSR Rules for undertaking impact assessments.

8.4. In case, any amount remains unspent at the end of the financial year (except in case of an ongoing project) shall be transferred to a Fund to be specified in Schedule VII for this purpose, within a period of six months of the expiry of the relevant financial year.

8.5. In case of an ongoing project, by the Company, any amount remaining unspent and earmarked for the ongoing project, shall be transferred within a period of thirty days from the end of the financial year to a special account to be opened for that financial year in any scheduled bank to be called the 'Unspent Corporate Social Responsibility Account' and the same amount shall be spent within a period of three financial years from the date of such transfer, failing to do so, the unspent amount shall be transferred to the National Fund as specified in Schedule VII for this purpose, within a period of thirty days from the date of completion of the third financial year.

8.6. The programs that the company intends to implement will not give rise to any surplus. However, in case a surplus is earned, then such surplus arising out of the CSR projects or

programs or activities shall not form part of the business profit of a company and shall be utilized towards the eligible CSR Activities as per CSR Rules.

8.7. Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135 , such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –

- a) The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
- b) The Board of the company shall pass a resolution to that effect.

8.8. The CSR amount may be spent by company for creation or acquisition of a capital asset, which shall be in name of either -

- a) A company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number or
- b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c) A public authority.

9. Exclusions

Following activities shall be excluded from CSR expenditure,

- a) Any activity in normal course of business,
- b) Donation to Political parties,
- c) Any activity that derives marketing benefit under CSR,
- d) Activities in pursuance to any other Act and Rules in India,
- e) One-off events such as sponsoring Exhibition, Seminar, Conference, Advertisements in Newspaper and Electronic Media are considered as one-off activities, hence, will not be eligible under CSR,
- f) CSR Activity exclusively benefitting our Employees,
- g) CSR Activity outside India.

10. Conclusion

The Company is committed to ensuring the implementation of the proposed CSR programs in order to bring meaningful and sustainable development of underserved communities. The Company will leave no stone unturned in ensuring that it contributes to the society, which is an integral stakeholder for it.