

ANDREW YULE & COMPANY LIMITED

(A Government of India Enterprise)

CIN No.: L63090WB1919GOI003229

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CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY POLICY

1. Preamble:

- (i) Andrew Yule & Company Limited (AYCL) is a Schedule-B, Public Sector Enterprise (PSE) under the Ministry of Heavy Industries & Public Enterprises incorporated in 1919.
- (ii) CSR and Sustainability are essential ingredients of corporate governance. CSR is fundamentally a philosophy or a vision about the relationship of business and society. It is the continuing commitment of business to work ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.
- (iii) AYCL has developed this CSR and Sustainability Policy in consonance with the CSR Policy framework as provided in the Section 135 of Companies Act, 2013 (the Act) and in accordance with the Companies (CSR Policy) Rules, 2014 (the Rules) made under the Act, Guidelines on CSR and Sustainability for Central Public Sector Enterprises (CPSEs) issued by Department of Public Enterprises (DPE), Government of India (the Guidelines).
- (iv) The policy shall apply to all CSR and Sustainability Projects/ Programs (here-in-after may be referred to as CSR activities/works/scheme/projects) undertaken by AYCL as per liberal interpretation of activities listed in Schedule-VII of the said Act, within the geographical limits of India alone, preferably towards the benefit of marginalized, disadvantaged poor and deprived sections of the community and the environment.
- (v) The latest DPE Guidelines is the force and directive in framing this policy.

2. Vision:

Improving lives to create a healthier and happier society through social commitments to help and build educated, skilled and sustainable society by supporting processes that lead to sustainable transformation and social integration.

3. Mission:

- (i) To act as a responsible corporate entity working for enriching the quality of life for the communities in which we operate, and serve as good stewards of society and the environment.
- (ii) To endeavour to bring about the holistic development of underserved communities in a sustainable and impactful manner and to support their upliftment.

4. Strategy:

The main thrust of the CSR and sustainability activities would be on capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions and upliftment of the marginalized and underprivileged sections of the society in general and those within the periphery of its operation areas in particular.

5. CSR Objectives:

- (i) The main objective of the policy is to lay down guidelines for the company to make CSR a key business process for sustainable development for the society and environment with a balanced emphasis on all aspects of CSR and Sustainability – equally with regard to its internal operations, activities and processes, as well as in their response to externalities to create community assets for the development of rural/urban society.
- (ii) AYCL is committed to adopt a well-integrated approach for sustainable development to improve resource efficiency, minimize the impact of its operations on environment simultaneously improving the status of the community. The Company endeavors reducing and recycling waste, reducing energy consumption, water conservation, improving the air quality in and around its area of operations, providing green cover around mines through afforestation, Waste Dump Management, etc.
- (iii) Sensitize and involve the employees of the company and their families to the concepts and approaches to CSR.
- (iv) Maintaining regular network with other PSUs, Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprise (DPE) and Ministry of Corporate Affairs (MCA) etc., to keep updated with latest developments in CSR domain.
- (v) Continuous monitoring of the implementation of CSR Projects.

6. Scope of CSR Activities:

The scope of AYCL's CSR activities would be as per the provisions made under the Companies Act, 2013, Rules made thereunder and Govt. Guidelines and circulars issued and amended from time to time. CSR activities that can be taken up by a Company as per existing Schedule-VII of the Act are given below:

- (i) eradicating hunger, poverty and malnutrition; promoting health care including preventing 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 vocational 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, agro forestry, 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, Paralympics 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 to incubators funded by Central Government or State Government or any agency of PSU of Central Government or State Government and contributions to Public funded Universities, IITs, National Laboratories and Autonomous Bodies(established under the auspices of Indian Council of Agricultural Research(ICAR), Indian Council of Medical Research(ICMR) Council of Scientific and Industrial Research(ICAR) ICMR, CSFR, DAE, DRDO, DST, Ministry of Electronics and Information Technology engaged in conducting research in science technologies, engineering and medicine aimed at promoting Sustainable Development Goals(SDG's);
- (x) rural development projects;
- (xi) Slum area development;
- (xii) Setting up makeshift hospitals and temporary COVID Care facilities.

Explanation:- For the purposes of this item, the term “slum area” shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.}

[The activities mentioned above at Sr. No. (i) “Contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga” is inserted by Notification GSR 741(E), dated 24-10-2014, w.e.f 24-10-2014 of MCA. Similarly, the activity mentioned above at Sr. No. (xi) “Slum area development” is inserted by Notification GSR 568(E), dated 06-08-2014, w.e.f .07-08-2014 of MCA]

Any contribution to corpus of a Trust/ society/ non-profit making companies registered under the Companies Act, created exclusively for undertaking CSR activities, shall be considered as part of the CSR expenditure. (As per General Circular No. 21/2014 - No. 05/01/2014-CSR dated 18.06.2014 of MCA)

7. Organization Setup for CSR:

- (i) The Board and the Board level CSR Committee headed by a Director.
- (ii) Internal Committee for CSR activities.

- (iii) Nodal Officer (CSR) assisted by Internal Committee on CSR.
- (iv) CSR projects in the Company are implemented under the guidance of a Board level CSR Committee which comprise of at least three members out of which minimum one member shall be Independent Director, if company is having such director.
- (v) The CMD will be the competent authority to nominate/change/replace the members of the Internal Committee. The management will ensure adequate strengthening of the Internal Committee so as to enable it to discharge its duties/responsibilities expeditiously, smoothly and efficiently.
- (vi) The CMD will be the competent authority to sanction and incur any amount of expenditure on the activity/schemes approved by the Board, by duly following the prescribed procedures.
- (vii) CSR activities can be carried out by the Company directly or through any other eligible entity, only if, the Company or such entity is also registered with Central Government for such purpose.
- (viii) a Company may also collaborate with other Companies for undertaking projects or programmes 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 programmes in accordance with these rules.

8. Responsibilities of CSR Committee:

The responsibilities of the Board level CSR Committee shall be in accordance with as per Rules, Act and Guidelines, which include the following:

- (i) Recommendation of CSR Projects or programs to the Board for approval.
- (ii) Formulation and recommendation to the Board, a CSR policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII as well as in line with the Rules, Act and the Guidelines.
- (iii) Recommendation of amount of CSR expenditure to the Board for approval.
- (iv) Monitoring the implementation of CSR projects/programs/activities.
- (v) Perform such other functions as may be required under provisions of the Act, Rules, and the Guidelines or as may be directed by the Board, from time to time.

9. Geographical coverage:

- (i) CSR initiatives will be taken up primarily in the districts surrounding the peripheral areas/ impact zones of AYCL's units, which may be referred to as Local Areas.
- (ii) Priority will be given to the local areas (As defined above) in terms of allocation of funds however an indicative ration of 80:20 wherein 80 refers to the percentage of budget to be spent in the local area and 20 to the rest of the country shall be maintained.
- (iii) In line with the provisions of Companies (CSR Policy) Rules, 2014, the company may build CSR capacities of their own personnel by training through the reputed professional agencies.

“Administrative Overhead” towards CSR process should not exceed 5% of total CSR expenditure of the Company for the financial year. “Administrative Overhead” has been defined now and it means the expenses incurred by the Company for “general management and administration” of CSR functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.

10. Budget and Expenditure:

- (i) The CSR and Sustainability budget expenditure shall be fixed in accordance with the provisions of the Act, Rules and the Guidelines.
- (ii) The budget expenditure shall not be less than 2% of the average net profits of the company during the three immediately preceding financial years. Here, net profit means net profit as defined in Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (iii) In the event of the company not qualifying under the eligibility criteria based on threshold limits of net-worth, turnover or net profit as specified by section 135, but made profits in the preceding year, the company shall allot a CSR budget of at least 2% of profit made in preceding year.
- (iv) The Companies not completed three years of its incorporation will also be required to contribute two percent of its average net profit of preceding financial years since its inception towards CSR, if the Company fulfill any of the criteria mentioned in Section 135(1) of the Act.
- (v) The expenditure to be incurred on CSR and Sustainability activities planned for a year will be approved by the Board on recommendation of the CSR Committee once in a year. However, if in any financial year, the actual expenditure is less than the budget for that year but not less than the minimum expenditure limit (i.e., 2% the average net profits of the company as prescribed in the Act) the budget may be restricted to actual expenditure. Otherwise, un-spent amount shall be carried forward to the next year, if required under the provisions of the Act, Rules, and the Guidelines.
- (vi) Any surplus arising out of the CSR activities shall not form part of the business profit of a Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account.
- (vii) The amount needs to be spent in pursuance of CSR policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year, unless the unspent amount relates to any ongoing project.
- (viii) “Ongoing Project” as a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial years in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

In case of remaining unspent CSR amount pursuant to any ongoing project undertaken by a company in pursuance of its CSR Policy, the same shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf

for that financial year in any schedule bank to be called the Unspent CSR Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

- (ix) Where a Company spends an amount in excess of requirement provided under Section 135(5), 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 condition 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.
- (x) No requirement for constitution of CSR Committee, if the CSR required amount does not exceed Rs. 50 Lakh and CSR Committee's function to be discharged by the Board of Directors of the Company in all such cases.

11. Planning:

- (i) Baseline/ need assessment survey should be carried out prior to the selection of any CSR activity once the targeted expenditure on CSR & SD will cross Rs. 1 crore.
- (ii) With a view to have a baseline data and to ascertain basic needs/ requirements of the people and the area, CSR committee will ensure conducting of a Survey on the basis of which requisite schemes/projects will be identified for implementation.
- (iii) AYCL will endeavour at all times to build and develop the skills of its CSR team and enhance level of CSR awareness within the organization.
- (iv) After the identification of Schemes/Projects, the Internal Committee will prepare the Draft Annual Plan keeping in view the availability of funds and put up the same to the CSR Committee.

12. Impact Assessment:

The company having average CSR obligation of Ten Crore Rupees or more in pursuance of Sub-Section (5) of Section 135 of the Act, 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.

However, the cost of impact assessment may be booked as expenditure within the stipulated limit of Administrative Overhead. The impact assessment report needs to be placed before the Board and shall also be annexed with the Annual Report on CSR.

13. Execution and Implementation Methodology:

- (i) The CSR activities/projects shall be implemented by AYCL using internal resources by the company itself or through an identified suitable agency or

through District Administration or through providing financial assistance to NGOs / specialized agencies / trusts / institutions/foundations / societies/bodies / etc. in accordance with the provisions of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, functioning in similar activities [as defined in clause (xi) below].

- (ii) AYCL may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that each company's part in such activity may separately identified.
- (iii) The external implementation partner should be identified following the due procedure in this regard.
- (iv) Preferably, executing agencies having strong credentials like good track record, relevant experience, recommendation by Govt. / other PSUs etc. shall be engaged for undertaking CSR works.
- (v) Every project will specify the implementation schedule indicating the starting date, date of completion, likely benefits, etc.
- (vi) The funds shall be released in suitable installments based on the progress and Utilization Certificate from the executing Agency / Beneficiary.
- (vii) For the purchase of materials, medical equipment and supply of other material connected with CSR activities, the relevant procedures of the company in a transparent manner/e-procurement drawn up from time to time will be followed.
- (viii) Procurement of vehicles and other miscellaneous items will be done by tendering through respective Contracts Department of AYCL.
- (ix) CSR works executed through contractors shall adopt the same procedure as followed for award of contracts for other AYCL works.
- (x) Whenever required/necessary, CSR activity of AYCL can be synchronized with the CSR activities of other PSUs.
- (xi) NGOs / Voluntary Organizations /Trusts/Society means and requires:
 - a. A permanent office / address in India.
 - b. Members of such agency should be predominantly Indian citizens.
 - c. Certificate of Registration as per Societies" Registration Act 1860 or under the Public Trust Act 1950 or non-profit making Company under the provisions of the Companies Act.
 - d. A valid Income Tax Exemption Certificate of 12AA, 80G etc, wherever applicable.
 - e. NGO is preferably in the approved list of / recognized by Central/State Govt. or any Govt. Body/authority.
 - f. Minimum 5 (five) financial years of sustained experience duly certified with Audit reports and Annual Reports from the competent authorities.
 - g. Any deviation required in the eligibility criteria of NGOs mentioned above will be put up to the CSR Committee of the Board for approval.

14. Monitoring Mechanism:

- (i) The AYCL Internal Committee headed by a Nodal Officer will have a team of officials to assist him in co-ordination work. The team which will in no way detract from the importance of CSR and Sustainability work.

- (ii) Nodal Officer (Head of CSR department) shall be responsible for monitoring of CSR activities at every stage.
- (iii) For the purpose of proper monitoring of the CSR projects, each project should include well defined milestones in terms of measurable parameters (preferably in line with the parameters defined for base line study).
- (iv) Prime duty of the Internal Committee would be to provide necessary help and assistance to the CSR Committee in identification, finalization, implementation and monitoring of various activities/schemes/projects/programmes under CSR and sustainability.
- (v) As monitoring of activities is of paramount importance, the CSR Committee will keep a watchful eye on the implementation and periodically review progress of the works.
- (vi) The AYCL Internal Committee shall also periodically make site visits and inspections. It shall draw a schedule of inspection to be done by CSR Department from the date of award of the projects/programs. If any delay is noticed while monitoring the activity, remedial measures shall be taken for timely completion.
- (vii) The Board will also be apprised of the implementation progress in its meetings by the CSR Committee.

15. Reporting/Documentation/Transparency:

- (i) Nodal Officer of CSR Dept. shall certify completion of the project and proper handing over to the user within the scheduled dates.
- (ii) Contents of the CSR Policy would be disclosed in Board's report and same shall be displayed in the company's website, in the prescribed format as per provisions of the Act/Rules/Guidelines.
- (iii) The Company shall include details relating CSR and Sustainability activities in its Annual Report in the prescribed format as per the Act/Rules/Guidelines.
- (iv) Meticulous documentation relating to CSR approaches, policies, programs, major milestones, etc. should be prepared. Annual Sustainability report should also be prepared, as may be required.
- (v) The policy on CSR & Sustainability and the activities carried out under it, also be uploaded on the website of the Company.
- (vi) The impact made by the CSR and Sustainability activities will be quantified to the best possible extent.
- (vii) As per DPE Guidelines on CSR, the threshold value for compulsorily carrying out Impact Assessment Study of the work shall be minimum Rs.1.00 crore or as maybe approved by the Board of Directors from time to time.

Company having average CSR obligation of Ten Crore Rupees or more in pursuance of Sub-Section (5) of Section 135 of the Act, 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. However, the cost of impact assessment may be booked as expenditure within the stipulated limit of Administrative Overhead. The impact assessment report needs to be placed before the Board and shall also be annexed with the Annual Report on CSR.

16. MOU Parameters:

AYCL, being an entity under the Ministry of Heavy Industry, it is bound to the Memorandum of Understanding (MoU) which is signed each year with the Ministry. The MoU consists of the performance in terms of the number of projects undertaken, speed at which these projects are finished and the meetings held with the stakeholders.

17. Miscellaneous:

- (i) Notwithstanding anything contained in this Policy, no action pertaining to CSR activities shall be taken in contravention / deviation to the provisions of Section 135 of the Companies Act, 2013 and of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and applicable Government Guidelines, as amended from time to time.
- (ii) The Board of Directors, on its own and/or on the recommendation of CSR committee, can amend any of the provisions of this policy and as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.
- (iii) Any deviation required in the eligibility criteria of NGOs mentioned at 12 will be put up to the Board for approval.
- (iv) In addition to the Schedule VII, any contribution made to the Central/State Fund, which is set up to meet unforeseen circumstances like natural calamities may be considered as part of the CSR expenditure.

[This Policy has been framed in compliance to the provisions of Section 135 of the Companies Act, 2013 (“the Act”) pertaining to CSR vide the Companies (Amendment) Act, 2019 and the same have been notified w.e.f. 22.01.2021. Further, the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 have also been notified by MCA on 22.01.2021 itself and further DPE Guidelines (2014)].

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