

API HOLDINGS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

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Version Number	1
Effective Date	28 th October 2021
Approved By	Board vide meeting dated 28 th October 2021

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY (“Policy” / “CSR Policy”)

1. Preamble

This CSR Policy has been formulated in consonance with Section 135 of the Companies Act, 2013 (hereinafter referred as “**Act**”), read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time (hereinafter referred as “**CSR Rules**”). This Policy shall apply to all CSR projects / programmes undertaken by the Company in India as per Schedule VII of the Act, for the time being in force.

API Holdings Limited (“**Company**”), as a good corporate citizen, has adopted CSR as strategic tool for sustainable growth and has decided to contribute to the development of the communities as a whole. It is our conviction that the engagement with social issues must be deep, meaningful and formed on the bedrock of long-term commitment; for that is the only way by which real change can happen on the ground.

This Policy sets out the Company’s commitment and approach towards Corporate Social Responsibility (“CSR”) based on our philosophy of always acting in the interest of others be it our clients, employees, or the society that the Company operate in.

2. Objectives

This Policy intends to:

- Strive for economic development that positively impacts the society at large with minimal resource footprint.
- Embrace responsibility for the Company’s actions and encourage a positive impact through its activities on environment, communities, stakeholders and the society.

3. Definitions

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

4. Focus Areas

The focus areas for the CSR activities of the Company shall be as specified in Section 135 of the Act and CSR Rules read with Schedule VII of the Act. The list of such activities are specified in Annexure I of this Policy.

5. Guiding Principles for Selection, Implementation and Monitoring of Activities

(a) Selection

- It is Company's conscious strategy to design and implement social investments/CSR programs, by enriching value chains that encompass the disadvantaged sections of society, especially those residing in rural India, through economic empowerment, based on grass-root capacity building.
- This Policy will apply to all CSR initiatives and activities taken up around the various work centers and locations of the Company, for the benefit of different segments of the society, with focus on the marginalized, poor, needy, deprived, under-privileged and differently abled persons.
- The Company would carry out its CSR activities with the objective of overall National and Community Development.
- The Company would consider the well-recognized national and international corporate social responsibility goals and as may be recommended by the CSR Committee of the Board and as approved by the Board from time to time.
- Preference would be given to the activities, which are scalable and sustainable on a long-term basis. Focus would also be placed on lives, living and livelihood.

(b) Modalities of Execution and Implementation

- i. **CSR Committee:** CSR Committee as constituted by the Board will inter alia:
 - Formulate and recommend to the Board a CSR Policy for the Company.
 - Recommend to the Board the amount of expenditure to be incurred on CSR activities that may be undertaken by the Company in accordance with the CSR Policy as well as the Act and the CSR Rules.
 - Formulate and recommend to the Board an Annual Action Plan in pursuance of the CSR Policy of the Company.
 - Monitor the implementation of the CSR Policy of the Company from time to time.
 - Review the CSR projects / initiatives from time to time.
 - Formulate and recommend to the Board the environmental, social and governance ("ESG") strategy of the Company;
 - Formulate and recommend to the Board goals relating to ESG strategy of the Company, evaluate Company's performance and analyse any deviations in this regard;
 - Assist in overseeing internal and external communications regarding ESG matters of the Company;
 - Identify, evaluate and recommend to the Board the sustainable development goals ("SDGs") of the Company and monitor the efforts taken by the Company towards achieving these;

- Define and lay down the metrics to track the overall performance of the Company against the CSR, ESG and SDG goals

ii. **Board:** Board will inter alia do the following:

- Upon the recommendation of the CSR Committee, approve the CSR Policy of the Company and make necessary disclosures as per the Act.
- Ensure that the CSR activities are undertaken by the Company as per Annual Action Plan and as required under the provisions of Section 135 of the Act read with the Rules made thereunder, taking into account the approved timelines, year-wise allocation etc.
- Ensure that the amount allocated for CSR activities is spent during the financial year.
- Approve the Annual Report on CSR with the prescribed disclosures and reports and place the same on the Company's website as required under law.
- Generally comply with the provisions of the Act on CSR.

iii. **CSR Team**

CSR Team will have the following responsibilities:

- The CSR activities shall be implemented by the CSR Team appointed by the CSR Committee of the Company.
- The CSR Team will be responsible for activities undertaken under the CSR Policy and shall report at periodic intervals to the CSR Committee.
- Implementation will be done as per the requirement of the project or programme. As per the specific requirements of the activity, the schedule of a project may be over a multi-year duration as well.
- The CSR Team may also work with any NGO or institution to design and implement innovative projects independently or through partnership between institutions/trust.
- The process for implementation of CSR programs will involve the identification of programs, area of CSR activities, project-based approach, time period, cost of the project etc.
- All proposals under CSR activity would be first referred to the CSR Team. After evaluation, CSR Team may put forward the proposals of CSR along with their comments to the CSR Committee.

iv. **CSR Vehicle**

The Company shall implement its CSR programmes/projects by itself or through the following implementing partners as specified under Rule 4 of the CSR Rules, as amended from time to time and registered with the Central Government.

- a Section 8 Company/registered Public Trust or a registered Society under Section 12A and 80 G of the Income Tax Act, 1961, established by the Company, either singly or along with other company registered with the Central Government. Where such entity is not established by the company, its track record of atleast 3 years in undertaking similar programs or projects would be considered while granting any contribution;
- a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government which is registered with the Central Government;
- any entity established under an Act of Parliament or a State legislature which is registered;
- The Company may also collaborate with other companies for undertaking projects or programs 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 the prescribed CSR Rules.
- The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR Policy as well as for capacity building of their own personnel for CSR.

The Company shall conduct due diligence prior to selection of an entity as its implementation agency, to inter alia verify the credentials and ensure that the proposed implementation agency is eligible and capable to be appointed as such. Further, the Company will specify the project or programme to be undertaken through these entities, the modalities of utilization of funds on such projects or programs and the monitoring and reporting mechanism.

6. Monitoring and Assessment

- a. Release of funds for CSR Project/Programme: The amounts sanctioned for a CSR project or programme, will be released in full or in tranches or installments as per progress, as may be determined by the CSR Committee and as may be verified by the Chief Financial Officer (“CFO”) of the Company.
- b. Review by Board/CSR Committee: On a periodical basis, the Board of Directors and the CSR Committee will review the implementation of CSR projects/programmes.
- c. Utilization Certificate: Funds released/to be released to the implementing agency would be generally based on satisfactory utilisation certificate duly certified by an authorized officer/ Chief Executive Officer/ CFO of the implementing agency and satisfactory performance report submitted by the said person, as may be decided by the CSR Committee.
- d. External Agency assessment: As applicable, the impact assessment/evaluation of major projects may be carried out by an external agency to critically assess the

fulfillment of project objectives, subject to the applicable CSR Rules.

- e. Audit: The amount spent on CSR by the Company will be subject to audit as may be determined by the CSR Committee and as per applicable laws.
- f. The Chief Financial Officer or the person responsible for financial management shall certify that the CSR funds disbursed have been utilised for the purposes and in the manner as approved by the Board/CSR Committee.

7. Guiding Principles for Formulation of Annual Action Plan

The CSR Committee shall formulate and recommend to the Board every year an Annual Action Plan (“**AAP**”) in pursuance of this Policy, which shall include the following:

- g. list of CSR projects or programmes approved to be undertaken by the Company in the areas or subjects mentioned in Schedule VII of the Act;
- h. the manner of execution of such projects or programmes i.e. either directly or through any of the implementing partners specified in the applicable Rules and clause 5(b)(iv) of this Policy;
- i. modalities of utilisation of funds and implementation schedules for the projects or programmes;
- j. monitoring and reporting mechanism for the projects or programmes; and
- k. details of need and impact assessment as may be considered necessary for the projects to be undertaken by the Company and as per applicable laws.

AAP will be subject to review and revision at any time during the financial year as per the recommendation by the CSR Committee to the Board, based on reasonable justification for the same.

8. Budgeting and CSR Spend

- a. For achieving CSR objective, the Company shall spend at least 2% of the average net profit of the Company made during the period of three preceding financial years and in case the Company has not completed the period of 3 years since its incorporation, the Company shall spend 2% of the average net profit made during such preceding financial years since incorporation.
- b. The Company shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- c. The Company shall spend up to 5% of the total CSR expenditure in one financial year or 50 Lakh rupees, whichever is lesser, on undertaking impact assessment if applicable for any projects, as required by the law.
- d. 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 and 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.

- e. The unspent CSR amount for any financial year shall be dealt with in accordance with the provisions of Section 135 of the Act read with the CSR Rules.
- f. In case the Company spends an amount in excess of the requirement under Section 135 of the Act, such excess amount may be set off against the future CSR spend up to immediate succeeding three financial years subject to the conditions prescribed under the CSR Rules.
- g. The CSR amount spent for creation or acquisition of a capital asset to be held by the entities as specified under Rule 4 of the CSR Rules, as amended from time to time.

9. Disclosures:

In respect of the reporting, the Board will be responsible to ensure that:

- a. The report of the Board includes the annual report on CSR Activities of the Company and sets out the requisite information in terms of the Act and the CSR Rules;
- b. The contents of the latest and updated version of the CSR Policy is included in the report of the Board or a link has been provided where the same is available on the website of the Company;
- c. The contents of the CSR Policy along with composition of the CSR committee, and projects approved by the Board are also made available on the website of the Company.
- d. In case of failure to ensure the minimum CSR Expenditure, detailed reasons for the same to be adequately disclosed in the Board's Report.

10. General

The CSR Policy referred to above is to be read in conjunction with the Act and the CSR Rules, as amended from time to time.

This Policy is subject to review from time to time.

Approved by the Board of Directors at their meeting held on October 28, 2021.

ANNEXURE I

The list of the activities to be carried out by the Company for their Corporate Social Responsibility commitment:—

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh 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 art and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- vii. training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- viii. contribution 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 govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ix. (a) Contribution to 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; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development

Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

- x. rural development projects
- xi. slum area development.

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.

- xii. disaster management, including relief, rehabilitation and reconstruction activities.
- xiii. Any other activity falling within the scope of Schedule VII of the Companies Act, 2013 as amended from time to time which would enable the Company to achieve its CSR objectives.