



ANDHRA PAPER LIMITED

CSR POLICY

1. List of CSR Projects:

1.1 The CSR activities of the Company, in accordance with Schedule VII of the Companies Act, 2013 ("The Act"), shall relate to:

- a) Eradicate hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe-drinking water.
- b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- c) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- d) 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;
- e) 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;
- f) 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;
- g) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- h) 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 Government for socio-economic development and relief

and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

- i) 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;
- j) 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);
- k) Rural development projects;
- l) Slum area development; and
- m) disaster management, including relief, rehabilitation and reconstruction activities

1.2. The Company shall undertake the CSR activities in areas or subjects as specified in Schedule VII of the Act, as amended from time to time.

1.3. CSR activities should be undertaken in project/programme mode. One off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.

1.4. The CSR Committee shall ensure that CSR activities do not include the activities undertaken in pursuance of normal course of business of the Company. Only activities which are not exclusively for the benefit of the employees of the Company or their family members shall be considered as CSR activities. Similarly, expenses incurred for the fulfillment of any Act/Statute of Regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure.

2. CSR Allocation:

2.1 For achieving its CSR objects through implementation of meaningful and substantial CSR programmes, the Company will allocate in every financial year 2% of the average net profits of the Company made during the 3 immediately preceding financial years.

2.2 The Company shall give preference to the local area or areas around it where it operates for spending the amount ear-marked for CSR activities.

2.3 From the annual CSR budget allocation, a provision will be made towards the following CSR sub-heads on an yearly basis:

2.3.1 Education

Preferably 40% of the annual CSR Budget will be ear-marked each financial year for – infrastructure support to Government Schools, Andhra Paper Scholarships, teacher’s training etc.

2.3.2 Health & Wellness

Preferably 50% of annual CSR budget will be ear-marked for activities relating to Health & Wellness –providing facilities in Government Hospitals, water, sanitation, etc.

2.3.3 Community Engagement

Preferably 10% of the annual CSR budget will be spent on various engagement activities as per the requests received from community and volunteering activities.

2.3.4. The above prescribed CSR sub-head percentages (%) are only indicative and the CSR Committee/Board has the discretion to alter the percentage of spent under different sub-heads, in any financial year

3. Annual Action Plan:

3.1 For every financial year, the CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of the CSR policy, which shall include the following, namely:-

- (a) the list of CSR projects or programmes to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects or programmes;
- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company

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

4. CSR Implementation:

- 4.1 The Company shall ensure that the CSR activities are undertaken by the company itself or through Agencies/Partners, subject to the conditions specified under the Act and/or Rules, as amended.
- 4.2 The 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
- 4.3 The Board of the Company shall satisfy itself that the CSR funds have been utilized for the purposes and in the manner as approved by the Board and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

5. CSR Expenditure

- 5.1. The administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

Explanation: Administrative overheads” means the expenses incurred by the Company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

- 5.2. Any surplus arising out of the CSR activities shall not form part of the business profit of the 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.
- 5.3. Where a company spends an amount in excess of requirement provided under section 135 of the Act, such excess amount may be set off against the requirement to spend under the said Section, 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.
 - (b) The Company shall pass a resolution to that effect.

- 5.4. The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by –
- (a) the Company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number.
 - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - (c) a public authority:
- 5.5. Unless the CSR unspent amount relates to any ongoing project, the Company shall transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Explanation: Ongoing Project” means a multi-year project undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year 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;

- 5.6. Any CSR unspent amount relating to any ongoing project, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, 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 scheduled bank to be called the Unspent Corporate Social Responsibility 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.

6. Monitoring and Reporting:

- 6.1 The progress of CSR projects will be reported to CSR Committee from time to time.
- 6.2 In case of ongoing project, the Board of the Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- 6.3 Impact assessment of CSR projects, to be undertaken if deemed necessary by the Board or if required pursuant to the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“Rules”).

6.4 The website of the Company shall disclose the composition of the CSR Committee, CSR Policy and approved CSR Projects.

6.5 The Annual Report on CSR activities shall also be included in the Board's Report as per the format prescribed under the CSR Rules.

7. Overriding effect

Notwithstanding anything contained in this Policy, the Act and Rules, as amended, shall prevail over the policy at all the times.