

# **Panama Petrochem Limited**

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## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **Corporate Social Responsibility (CSR ) Philosophy**

Social and environmental responsibility has always been at the forefront of Panama Petrochem Limited operating philosophy and as a result the Company consistently contributes to socially responsible activities. As a responsible corporate citizen , we try to contribute for social and environmental causes on a regular basis. We believe that to succeed, an organization must maintain high standards of corporate behavior towards its employees, consumers and societies in which it operates. We are of the opinion that CSR underlines the objective of bringing about a difference and adding value in our stakeholders' lives.

Panama's CSR policy, which encompasses the company's philosophy for delineating 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.

### **Objectives of the Policy**

- 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.
- Ensure efficient use of energy and environment friendly technologies.
- Develop meaningful and effective strategies for engaging with all stakeholders.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.

### **Corporate Social Responsibility Committee (CSR committee)**

Keeping in line with Section 135 of Companies Act, 2013, ( hereinafter referred to as' the Act') and Companies (Corporate Social Responsibility Policy) Rules, 2014, Board of Directors of the Company constituted corporate Social responsibility Committee (hereinafter referred as the 'CSR Committee'), headed by an independent director to inter alia carry out following functions :

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under.

# Panama Petrochem Limited

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- To recommend the amount of expenditure to be incurred on the CSR activities.
- To monitor the implementation of the framework of the CSR Policy.

## **CSR Activities**

The Policy recognises that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014:

- i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;
- ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centres & such CSR Activities other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water;
- v. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows & their dependents;
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports & 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 & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- ix. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;

# Panama Petrochem Limited

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- x. Rural development projects

CSR activities shall be undertaken as projects, programmes of activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

## **Annual spends/Allocation of Funds**

The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.

However if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.

## **Planning and Implementation**

1. For the purpose of focusing its CSR efforts in a continued and effective, Education and Literacy Enhancement is identified as a main thrust area, besides other activities permitted under the Regulations.
2. A list of CSR projects/programmes which the Company plans to undertake during the implementation year will be laid down before the Committee at the beginning of each year, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.
3. If the Company decides to set up a Trust or Section 8 Company, or Society or Foundation or any other form of entity operating within India to facilitate implementation of its CSR activities in accordance with its stated CSR Policy, the following shall apply:
  - a. The Company would need to specify the projects/programmes to be undertaken by such an organization, for utilizing funds provided by it;
  - b. The Company shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only;
4. The Company may also conduct/implement its CSR programmes through Trusts, Societies, or Section 8 companies operating in India, which are not set up by the Company itself, such spends may be included as part of its prescribed CSR spend only if such organizations have an established track record of at least three years in carrying on activities in related areas.

# Panama Petrochem Limited



## **Transparent Monitoring Mechanism**

The CSR Committee, shall prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company.

The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.

## **Review and Reporting**

The CSR Committee will review the philanthropic activities of the Company and will provide progress update to the Board of Directors every six months/such other intervals as deemed fit.

The Company will report, in the prescribed format, the details of CSR initiatives and activities of the Company in the Directors' Report and on the website of the Company, as required under the Regulations. Such reporting will be done, pertaining to financial year(s) commencing on or after the 1st day of April 2014.

## **Monitoring**

1. Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution by CSR expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.
2. Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.
3. The CSR Committee and persons / entities authorised by it, will conduct due diligence checks on the current projects/partners on a quarterly basis and report anomalies, if any, immediately.

## **Amendments to the Policy**

The Board of Directors on its own and/or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.

