

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Introduction:

Petronet Limited Ltd., as responsible Corporate has been undertaking Socio-Economic Development Projects/Programs and also supplementing the efforts of the local institutions/NGOs/local Government/implementing agencies in the field of Education, Healthcare, Community Development, Entrepreneurship etc. to meet priority needs of the marginalized and underserved communities with the aim to help them become self-reliant. These efforts are being undertaken preferably in the local area and areas around our work centers/ project sites.

With the promulgation of new Companies Act 2013 and its mandatory provision under Section 135, this document is the revised CSR Policy of the Company with immediate effect.

2. Vision:

To actively engage in social, economic, environment and cultural development of the communities through its CSR initiatives primarily around work centres, especially meeting the priority needs of socially/economically backward, marginalized & vulnerable communities, and making them self-reliant.

3. Social Philosophy:

Petronet is committed to its Corporate Social Responsibility through CSR initiatives utilizing its resources and expertise to provide social, economic, environmental benefits etc. to the communities.

3.1 The CSR Projects/Programs related activities to be undertaken by the Company means and include but is not limited to:

- a) CSR Project or Programs relating to activities specified in Schedule VII of the Companies Act 2013, and amendments thereof. At present the list of activities specified in Schedule VII are as follows:
 - (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharath 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 arts and handicrafts;
 - (vi) Measures for the benefit of armed forces veterans, war widows and their dependents;
 - (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 any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
 - (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
 - (x) Rural development projects.
 - (xi) Slum area development
- b) CSR Projects/Programs relatable to Schedule VII of the Companies Act 2013. The items enlisted in amended Schedule VII are broad based and are intended to cover a wide range of activities.
- c) Any other projects/programs as per amendment made in Schedule VII from time to time.

4. Organizational Structure, Roles and Responsibilities:

In order to meet the CSR objective, Organizational Structure, Roles & Responsibilities would be as under:-

4.1 CSR Committee

The role of CSR Committee constituted by Board will be as under:

- a) Formulate and recommend to Board, a CSR Policy which shall indicate the activities to be undertaken
- b) Recommend the amount of expenditure every year to be incurred on CSR.
- c) Monitor CSR policy of the Company from time to time;

- d) Institute a transparent monitoring mechanism for implementation of CSR Projects/Programs/activities undertaken by the Company;
- e) Allocation of funds between the Work Centres;
- f) Selection of implementation Agency for major projects.
- g) Appointment of independent agency (internal/external) for undertaking impact assessment studies for major projects;

4.2 Board of Directors

The Board of Directors shall

- a) Review recommendations made by the CSR Committee;
- b) Approve CSR Policy for the Company;
- c) Ensure disclosing contents of the policy in Company's report/website.
- d) Ensure that Company spends at least 2% of its average profits during the three immediately preceding financial years.
- e) Ensure that activities included in the CSR policy are undertaken by the Company.
- f) Ensure that Company shall give preference to the local area and areas around its work centres/Terminals for spending the amount earmarked for CSR activities;
- g) If the Company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount.
- h) Include an annual report on CSR in the Board's Report containing particulars specified in **Annexure 1** and this annexure will be displayed on the website of the Company.

4.3 MD & CEO will be overall responsible for the effective implementation of CSR activities under the guidance of CSR Committee in accordance with the approved Policy, apprising the Board at least once a year.

4.4 Corporate Level:

Head (CSR) will carry out the following activities:

- a. Formulation of CSR plans and strategies
- b. Annual CSR budget allocation for Work Centres – Terminals/Corporate Office
- c. Periodic monitoring of CSR activities taken up by Work Centres & reporting to CSR Committee/Executive Committee/MD & CEO.
- d. Display CSR Policy on the Company's website.
- e. Documentation and maintenance of data including bringing out reports, news-letters, bulletins etc.
- f. Identification and implementation of approved schemes/CSR activities at Corporate Office
- g. Review of the Impact Assessment Report submitted by independent agency for the bigger projects / programs.
- h. Obtaining completion certificates for all projects;

4.5 Operational/Plant Level:

At the level of Work Centres, Plant Head/Local Head (CSR) will be responsible for CSR activities and carry out the following roles and responsibilities:

- a. Identification of appropriate CSR schemes

- b. Examination and consolidation of proposals and submission to Head (CSR)Corporate Office; which are beyond project powers
- c. Once projects are approved by Corporate Office, involving local district administration representatives/NGO/Implementation partner in implementation, monitoring and evaluation of projects in order to ensure transparency and visibility;
- d. Periodic monitoring and evaluation of CSR activities.
- e. Maintenance of records and data for local activities;
- f. Quarterly reporting to Corporate Office;
- g. Documentation including bringing out Reports, News-letters, internet/website, Bulletins etc. on print and electronic media for sharing with different stake-holders in the area;
- h. A Committee for over viewing the CSR projects at work centers may include officers from Technical and Finance also besides HR/CSR.
- i. Obtaining completion certificates for all projects;

4.6 Formation of CSR Working Committee

CSR Working Committee will be formed at Corporate Office comprising of Head CSR, one representative each from Technical and Finance Departments. The Committee shall evaluate and recommend proposals for approval of the Management which are over Rs. 20 Lacs.

5. Budget Provision/Allocation of Funds:

5.1 Normal area of implementation of CSR Projects will be as under:

- a) Corporate Office
- b) Work Centres – LNG Terminals
- c) Upcoming LNG Terminal
- d) Other than work centre

5.2 The funds will be allocated every year equivalent to 2% of the average net profits (PBT) of the 3 proceeding financial years towards CSR.

5.3 The allocation of funds between Corporate Office / Dahej Terminal / Kochi Terminal and upcoming LNG Terminals will be decided by CSR Committee every year.

6. The Company shall develop capabilities of its employees to contribute in CSR activities as well as those of its implementing agencies through Institutions with established track record of at least 3 financial years, so that they develop passion and also motivation to voluntary contribute time-value in the CSR programs/projects. However, such expenditure shall not exceed 5% of total CSR expenditure of the Company in one financial year.

6.1 Any amount directly or indirectly contributed to any political party under Section 182 of the Companies shall not be considered as CSR activity.

6.2 The salary paid by the Company to its CSR officers (regular employee) as well as to the volunteers of the Company (in proportion to the Company's time / hours spent specifically on CSR) can be factored into CSR project costs as part of the CSR expenditure.

- 6.3 Expenses incurred by the Company for fulfillment of any Act/Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.
- 6.4 Expenses incurred by the Company as one-off events such as marathons / awards / charitable contribution / advertisement / sponsorship of TV program's etc. would not be qualified as part of CSR expenditure.

7. MODALITIES FOR UNDERTAKING CSR ACTIVITIES

7.1 Operationalising the institutional mechanism

In order to gain the greatest leverage and a strategic advantage through the investment of intellectual and financial resources, the options for implementation mechanism would be as under:

- a) The CSR activities may be undertaken by the Company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
- b) The CSR activities may be undertaken by the Company, through a registered trust, society, NGO or Company registered under Sec 8 of the Act or otherwise:

Provided that:

- (i) Such trust, society, NGO or Company under Sec 8 shall have an established track record of three years in undertaking similar programs or projects;
 - (ii) Subject to provisions of sub-section (5) of section 135 of the Companies Act, the CSR projects or programs or activity undertaken in India only shall amount to CSR expenditure
 - (iii) The CSR projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities.
- c) A 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
 - d) In case the implementing agency is accepting foreign contribution, the permission letter issued by the Ministry of Home Affairs may be obtained for processing the case.

7.2 The other specifications and modalities regarding utilization of funds, monitoring and reporting requirements are as under:

7.2.1 The Company would consider the following factors while deciding between execution of Projects/Programs/activities in house or through Implementation Partners:

- Availability and access to implementation partner
- Customisation
- Cost of implementation
- Control
- Building Expertise

7.2.2 Due diligence of the implementation partner

The Company would undertake due diligence process to determine the risks as well as the benefits of working with a potential implementation partner and ensure that implementation partners have the reputation, competence and integrity to deliver effective programs on the ground.

A detailed due-diligence is essential for large and long partnerships but may be brief for a relatively small partnership opportunity.

7.2.2.1 The due diligence process consists of the following five primary areas for investigation is given as under:

- competence of the implementation partner
- identity
- management
- transparency and
- financial capability

7.2.2.2 In case of large CSR Projects exceeding Rs.1 crore, the detailed due diligence process undertaken will also include the followings for evaluation of NGO /Implementation Partners:

- Organisation structure
- Operations, Systems and Processes
- Human Resource
- Financial Capability
- Risk Management

Establishing a due diligence criteria to evaluate the implementation partner would also include its incorporation, permits and licenses, systems, processes, public image, management, team deployment, track record, financial soundness, competence level, presence in the desired geography, compatibility with Company CSR policy and any conflict of interest.

8. Project Development for Large Projects

8.1 Purpose

The Company would implement project(s) through its in-house teams or in partnership with other agencies or a combination of both. The projects would be developed clearly with definite beginning, ends, distinct baselines, defined activities 'monitor-able' targets and budgets. In the case of multi-year projects, it is important to include a provision to undertake quarterly reviews which can form the basis to revise the project.

8.2 Process

Process owners: **CSR Department,** CSR committee or the delegated Officer or Committee.

Output(s): A project proposal would include the following activities:

- a) Determining the delegation of power for the project approval.
- b) Establishing an evaluation framework for the appraisal of the project concepts and implementing agencies that ensure complete alignment with the CSR policy.
- c) Establishing tests for the theory of change; whether the concept will be able to deliver the intended results.
- d) Establishing tests for the value for money, economy, effectiveness and efficiency.
- e) Reviewing risks and mitigation measures.
- f) Identifying resource availability and any specific organisational requirements and constraints.
- g) Laying down organisational supervision and oversight requirements.

This is to ensure that each project is in line with the CSR Policy, the monitoring indicators are clearly defined and relevant and there is an adequate budget available. Projects that go on for longer durations or demand a larger amount of resources must be scrutinized more carefully than the others.

9. Project Approval

9.1 Every project, whether developed by the in-house team or an external agency, must be formally examined and approved.

The process of approval of the project would be based on the CSR policy objectives, principles and guidelines.

10. Finalising the arrangement with the implementing agency

While working with an external agency, it is very important to enter into a formal arrangement which is referred to here as a Memorandum of Understanding or MOU (which can range from a formal, legally enforceable contract on the one hand to a simple exchange of written document on the other). MOU template may be developed based on the context -Specifying the outputs and outcomes, the approach and methodology, the KPIs like objectives, beneficiaries, methodology, resources, work plan and evaluation plan.etc; key parameters to

be monitored and reported, the mode of communication, contract management team, scope of change procedures, dispute or conflict resolution mechanisms, inspection and audit requirements, contract closeout requirements, time-lines, milestones and deliverables, budgets, process of invoicing and release of payments, etc. It defines the roles, responsibilities, deliverables, commitments and consequences in case of any breach.

This is essentially a formal acknowledgement that all the partners have voluntarily consented to work together to achieve an agreed outcome that requires each one to play their respective roles.

11. Project Schedule

The scheduling of disbursements of funds is important for the project and hence needs to be detailed in the MOU.

The scheduling of disbursements should be linked with the activities planned for the each period; this can be a monthly, quarter, six months or a year depending upon the administrative convenience and budget sizes. Thus, the project budget needs to be broken up accordingly and the funds required for the subsequent period should be made available in advance.

Actual disbursements have to then be linked to the progress on the ground. The MoU should also specify the conditions that the implementing agency should fulfill and the documentation it should provide in support of a disbursement request. Typically, these include the status of:

- a) activities originally planned in the period
- b) changes and the reasons thereof
- c) planned and required funds for the period
- d) utilized funds and bank balances
- e) net funds required

12. Project monitoring and reporting

12.1 The routine progress monitoring may be done for the following three important purposes:

- a) It highlights any slippages and helps to determine a corrective action that must be taken if need be.
- b) It provides an excellent opportunity for learning: what worked and what did not. This can then be immediately applied to other projects.
- c) This is an essential part of the directors' report as per the CSR clause of the Companies Act, 2013

12.2 To ensure objectivity, it is critical that the monitoring is done by someone other than the people directly engaged in the project implementation. In cases where the implementation is done by a partner, this role can be played by the Company's CSR department or outsourced.

The overall review should be done by a monitoring committee at plant level and also at corporate level.

12.3 The monitoring process for projects/programs would include:

- a) Determining the monitoring schedule for each project based on the approved project proposal (a minimum of 2 visits should be made with one at the completion of activity)
- b) Obtaining all relevant progress reports from the project, studying them and making a note of the gaps;
- c) Obtaining Work Completion Certificate and duly verified by inspecting officer.
- d) Holding discussions with the implementation team on reasons for slippages (if any) and agreeing on a corrective action. This may be done through a field visit or remotely, based on what has been agreed in the MoU.
- e) Holding discussions with the implementation team regarding what lessons are emerging and how they can be applied within the project as well as outside.
- f) Obtaining Utilization Certificate duly certified by a Chartered Accountant. 25% of the amount to the beneficiary organization will be released after the receipt of the utilization certificate. This will be applicable for support above Rs. 20 lakhs.

13. Impact measurement

The impact measurement studies, which are often quite specialized and needs to be undertaken by an independent team with specific skills depending upon project design, have different objectives from project monitoring and typically have to be undertaken for all major projects after providing sufficient time for them to manifest.

13.1 The Impact measurement activities would include:

- a) Site visits by the team, involvement of the agency involved during the baseline and needs assessment studies.
- b) Undertaking the impact measurement exercise and preparing the report.
- c) Identifying the lessons for future interventions.
- g) The proposal/projects under CSR beyond Rs. 10 lakhs are to be documented as per the format placed at **Annexure 2** at the time of identification and during the implementation.

14. Report consolidation and communication

The Reporting and communication closes the loop between intent and achievement and is hence a crucial element of the CSR process. In the context of the Companies Act, 2013 this is also a mandatory requirement as it provides crucial inputs to preparing the Directors' Report.

Project-level reporting forms the base and hence getting it right is critical. Project reports have to be consolidated in programs related reports, aligned with the CSR policy stated by the Company as a requirement under the Companies Act, 2013. The report has to conform to the requirements of CSR rules under the Companies Act, 2013 in terms of form and content. This report will also form a key input into the Company's SEBI Business Responsibility Report and sustainability report. The CSR committee may choose to go beyond the requirements of the Companies Act, 2013 and issue a stand-alone CSR report.

The report consolidation activities would include:

- a) Identifying the recipient of the report: the Board of Directors, government agencies, beneficiaries, etc.
- b) Selecting the appropriate reporting framework that is aligned with the requirements of the Companies Act, 2013.
- c) Consolidating project reports into program reports and an overall CSR report.

15. Corporate Image:

All efforts would be made to ensure appropriate visibility of Petronet's contribution to the Community and the Nation. Periodic reports, news-letters and bulletins should be published by each Work Centre - Terminals, in co-ordination with Corporate Communications.

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FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD REPORT BY QUALIFYING COMPANIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The composition of the CSR Committee.
3. Average Net Profit of the Company for last 3 financial years
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)
5. Details of CSR spent during the financial year.

a) Total amount to be spent for the financial year

b) Amount unspent, if any.

c) Manner in which the amount spent during the financial year is details below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the State and district where projects or program was undertaken	Amount outlay (budget) projects or program s wise	Amount spent on the project or program Sub- heads:- 1. Direct expenditure on projects or programs 2. Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1							
2							
3							
4							
5							

*Give details of implementing agency.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives Policy of the Company.

Sd/-
(Chief Executive Officer or
Managing Director or Director)

Sd/-
(Chairman CSR Committee)

Sd/-
(Person specified under clause
(d) of sub-section (1) of section
380 of the Act)
(wherever applicable)

Format for Measurement of Impact under CSR

	Head	Number of Words	Content
1.	Project Objectives	50-100 words	Summary of project
2.	Data, Facts to support the cause	30-75 words	Relevant and reliable data concerning the project proposed should be spelt out clearly to justify selection of the project for investment.
3.	Salient Features of the proposal	75-150 words	Details about the scheme, project period, support period, and nitty-gritty of execution
4.	Cost of project	30-100 words	All head of cost including operational and management should be mentioned clearly along with phases of requirement.
5.	Likely impact/expected benefits	40-100 words	Tangible, Non-tangible, long-term, short-term and nature of impact.
6.	Indicator of success	30-75 words	Mention all those indicators which will indicate success of the project.
7.	System of Impact assessment	30-50 words	Mention the system along with the periodicity about to the evaluation to be made.
8.	Scope of work of operating partner	30-75 words	Details of responsibility to be carried out.
9.	Threats to the project	20-40 words	Enumerate the risk involved in achieving the outcome
10.	Branding of the Company	20-40 words	Details of visibility, appearance and branding the Company will get out of this investment
11.	Reporting and communication	50-150 words	Details about the nature, format of report and period to be explained.
12.	Profile of the operating partner	100-200 words	Name of the board, individual, past experience, expertise, period of existence, audited reports, special achievements etc.
13.	Name and the contact details of project in-charge		Name of responsible person, phone, mobile , email id , postal address, FAX no., etc.