



NAYARA ENERGY

CORPORATE SOCIAL RESPONSIBILITY POLICY

A. Document Control

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Approved By:	Board of Directors

B. Revision History

Version	Date of issue	Reason for change
1	7/11/2014	
2	20/12/2017	Amended the CSR Policy post change in management
3	25/05/2018	Change of name of the company from Essar Oil Limited to Nayara Energy Limited

Section 1: Background

Nayara Energy Limited is an independent oil company with strong presence across the hydrocarbon value chain from refining to retail. The Company has 20 MMTPA refinery situated at Vadinar, District Devbhumi Dwarka in Gujarat, India. The refinery is supported by captive port, storage facilities and a thermal power plant.

At Nayara Energy, Corporate Social Responsibility (CSR) has been an integral part of its business strategy. Nayara Energy appreciates the social and economic diversity in the Country and has consciously embedded the community engagement dimension in its business planning, risk and reputation management processes. The CSR initiatives of Nayara Energy have played a pivotal role in improving the quality of life of the communities living in the vicinity of operations of the Company.

Section 2: Vision, Mission and Objectives

Nayara Energy's vision is to be among the most respected organizations in India by doing what is right and rightful for the communities and nation at large.

Nayara Energy aspires to build a symbiotic relationship with its stakeholders and intends to make them equal partners in the process of nation building. We firmly believe that our role is to lay the path that is collaborative, progressive, inclusive and sustainable through our CSR programs. We also believe that technology and innovations can hasten the process of change and endeavor to support new and innovative models of development.

The objective of the CSR policy is to guide the planning, implementation and oversight mechanism of the CSR programs of Nayara Energy.

Section 3: CSR Strategy

The CSR strategy of Nayara Energy shall be to

- Focus on immediate community and stakeholders around the refinery, terminals, depots and retail outlets.
- Develop thought leadership in social development and promote forums that widen the sphere of impact and knowledge.
- Promote use of technology, innovative ideas and new tools that support community development and nation building.
- Foster partnerships with national/ international institutions, NGOs, companies, civil society organizations and government organizations to further the cause of communities
- Support national agenda on development

Section 4: CSR Committee

CSR Safety and Sustainability Committee (hereinafter referred to as "CSR Committee") formed in accordance with the Companies Act, 2013 shall be responsible for guiding the planning process, oversee implementation and review programs undertaken under the policy. The CSR Committee shall recommend the annual plan and budget to the Board and shall submit periodic progress report to the Board of Directors. The Committee may also propose and recommend new programs beyond the approved annual CSR plan.

Section 5: CSR Budget

Pursuant to the provisions of Companies Act, 2013 and Rules made thereunder, Nayara Energy shall spend up to 2% of its average net profits computed in a manner laid down under the provisions of the Companies Act, 2013 and made during three immediate preceding financial years. Nayara Energy shall endeavor to spend the entire CSR budget within the applicable year.

5.1 Annual Budget and Expenditure

Before the commencement of each financial year, an Annual Business Plan (ABP) for the CSR programs, both new and ongoing, along with the budget for the same shall be recommended by the CSR Committee to the Board for approval.

Surplus if any arising out of CSR projects or programmes or activities shall not form part of business profits of the Company and shall be utilized for undertaking CSR activities.

Section 6: CSR Programs and Their Implementation

The CSR initiatives will be implemented either directly by the Company or through:

- a. A company established under Section 8 of the Companies Act, 2013 or a registered trust or a registered society, established by the Company either singly or along with any other company
- b. A company established under Section 8 of the Companies Act, 2013 or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or State Legislature.

The Section 8 Company or the registered trust or the registered society may engage/collaborate with Government, Knowledge/ academic/ community institutions, private enterprises, consulting organizations, CSR program management companies, NGOs & Community based organizations.

In case the Board of Directors decides to implement the CSR activities through Section 8 company or a registered trust or a registered society other than those mentioned above, such company, trust, society shall have an established track record of three years in undertaking similar programs or projects and the company has specified the projects or programs, the modalities of utilization of funds of such projects and programs and monitoring and reporting mechanism. Nayara Energy shall build an internal team of program managers and specialists, to monitor the implementation effectively.

Gender equality shall be an over-arching theme in each of the CSR programs. Similarly a skill based employee engagement program shall also be woven into the CSR programs. Illustrative list of programs that the Company proposes to take up is given below

6.1 Sustainable Rural Development- *Developing sustainable habitats*

Programs may include common infrastructure development including roads, gaushalas, sanitation units, community halls, anganwadis, health centers and any other program, as may be required by the community.

6.2 Education: *Developing intelligent and conscientious communities*

Programs may include developing school infrastructure, teacher training, computer aided learning, complimenting mid-day meal program, remedial classes, life skill education, program for children with different abilities, higher education programs, spoken English, promoting sports and supporting sports facilities, providing / supporting vocational training programmes and any other program, as may be required by the community.

6.3 Healthcare and Wellbeing: *Developing healthy individuals and families*

Programs may include establishing and managing community/ primary health centers, health extension centers, hospital, preventive healthcare programs, outreach/ awareness programs, building cadre of healthcare professionals, road safety programs and any other program, as may be required by the community

6.4 Environmental Sustainability: *Sustaining biodiversity through responsible communities*

Programs may include solid waste management, water conservation through rain water harvesting, surface water conservation, promoting judicious water usage, promoting technology to conserve water, water bodies conservation, promoting renewable energy and energy efficiency practices, protection of flora and fauna, agroforestry, conservation of natural resources and maintaining of quality of soil, air and water and any other program, as may be required by the community.

6.5 Skilling and Livelihoods: *Promoting inclusive and sustainable economic growth*

Programs may include skill and entrepreneurship development programs focused on youth and women, re-skilling existing workforce, support to existing skill institutions, creating new institutions, agriculture and livestock development programs, promoting community based enterprises, startups and any other program, as may be required by the community.

6.6 Other programmes

The CSR Committee may recommend any other programs prescribed under Schedule VII to the Companies Act, 2013 and not listed above.

6.7 Activities that will not be included in CSR Programmes

The following activities will not qualify as CSR activities and hence such activities be avoided at time of identifying the CSR activities / projects:

1. The activities for the benefits of employees or their families
2. One-off events such as marathons/ awards/ charitable contributions/ advertisement/ sponsorships etc.
3. Expenses incurred by the company for the fulfilment of any other act/ status
4. Contribution to political party
5. Activities undertaken by the company in pursuance of its normal course of business
6. The projects/ activities undertaken outside India.

Section 7: Monitoring

The CSR Committee shall be responsible for monitoring the CSR policy from time to time. The CSR Committee will approve and recommend to the Board, the projects, programmes or activities to be undertaken, the expenditure to be incurred on the projects / programmes, the modalities for execution and the implementation schedule.

The Management Committee of Executives shall do performance review of CSR activities on a monthly basis. The CSR Committee shall periodically monitor implementation of the CSR Policy and the projects, programmes and activities being undertaken as per CSR ABP. The CSR Committee shall put in place such controls and processes as it may deem fit for the purpose of implementing and monitoring the projects, programmes and activities as it may deem fit. External annual review shall be done by an independent agency to be appointed by the CSR Committee.

The performance review (whether internal or external) shall also focus on the following aspects, which are, over & above the regular project performance monitoring parameters:

- 1) timely reports on expenditures
- 2) project progress report and deviations
- 3) the results of the use of funds
- 4) the details of commission paid, if any, along with its recipients.

Section 8: Disclosure

The Company shall make appropriate disclosures as required under the applicable provisions of Companies Act, 2013.

Section 9: Anti-Corruption Policy Requirements

The Company shall ensure that the following Anti-Corruption Policy requirements are complied with at all points of time:

- a. If Company engages any third parties, like NGOs or any agencies as a part of its CSR obligations, the Company shall ensure that appropriate Third Party Due Diligence is carried out to assess its

credentials of agency and its ultimate beneficiaries related to bribery / corruption stand point, prior to engage such a party. If Company finds that the third party or its ultimate beneficiaries involved in any bribery / corrupt practices, then Company shall reject such a third parties even if they are competitive in other parameters.

The Contract / Agreement entered between the Company and Third Party shall have the mandatory Anti-Corruption clauses including the clause containing the details of Hotline Whistle-blower policy / Hotline Whistle-blower Complaints Channels.

- b. If it involves, any Public Officials or Government Officials, in its CSR activities then the Company shall take adequate measures to ensure that there is no business advantage attached to such kind of CSR activities and obtain necessary approval from CEO.

Section 10: Amendments

The Board on the recommendations of the CSR Committee reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.