

# **Corporate Social Responsibility Policy**

**Apollo Tyres Ltd.**

## Corporate Social Responsibility Policy

### 1. Preamble

The definition and scope of corporate responsibility is quite vast. Terms like corporate responsibility, corporate social responsibility, sustainable development, corporate philanthropy, corporate citizenship, corporate consciousness, responsible business etc are used interchangeably. Now, the investors and shareholders are no longer the only stakeholders in the business. Business draws on resources both natural and social from the society and planet and provides products and services to the society. It forms an integral part of the society and is responsible and accountable to a wide range of stakeholders i.e. customers, employees, supply chain, nature, environment, regulatory bodies etc.

With the emergence of corporations and conglomerates, the pressure on business on corporate governance, ethics, values and disclosures have increased. Along with regulatory frameworks a number of voluntary frameworks and guidelines require businesses to disclose the manner in which the business is being conducted for example Global Reporting Initiative (GRI), ISO 26000, Carbon Disclosure Project (CDP), and Sustainability Indexes etc. In India, the Companies Act, 2013 mandates Corporate Social Responsibility (CSR) activities to be undertaken by companies meeting the criteria specified in the Act.

### 2. Regulatory Reference

- A) Section 135 of the Companies Act, 2013 (“the Act”);
- B) Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Rules, 2021 (“the Rules”).

### 3. Definitions

- (a) “Corporate Social Responsibility (CSR)” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the activities specified in clauses (i) to (vi) of the Rules.
- (b) “Administrative Overheads”- means the expenses incurred by the Company for ‘general management and administration’ of the 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.
- (c) “International Organisation” means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;

(d) “Ongoing Project” means a multi-year project undertaken by a 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.

#### **4. Policy**

- (a) This policy shall be known as Corporate Social Responsibility Policy of the Company which is referred in this document as “the Policy” or “CSR Policy”.
- (b) The CSR Policy and Project approved by the Board shall be displayed on the website of the Company;

#### **5. Approach and Strategy**

Apollo Tyres Ltd (ATL) as an organization is committed to incorporating policies, systems and approaches to achieve its positive impact growth objectives. Deeply inherent in our vision statement are the principles of sustainability. The CSR approach stems from our vision statement focusing on “continuously enhancing stakeholder value”, which includes the larger society and environment in which the Company operates. The CSR philosophy of the Company rests on the principle of sustainability and self reliance. It also embeds a dimension of philanthropy. At the core of Apollo’s responsibility belief is stakeholder engagement. Consequently all CSR projects implemented are aligned with the stakeholder needs and the issues the organization has identified to support on philanthropy front.

#### **6. CSR Committee**

The Board of Directors has constituted the “Corporate Social Responsibility Committee” as per requirement of Section 135 of Companies Act, 2013 and rules related thereto.

The Company Secretary acts as the secretary of the Committee.

The Composition of the CSR Committee shall be displayed on the website of the Company.

#### **7. Implementation**

The CSR Committee shall submit periodical reports to the Board of Directors. The CSR projects are identified and approved by the CSR Committee.

The CSR initiatives which are linked to the immediate social and environmental context in which the Company operates are routed through Apollo Tyres Foundation (ATF) which is registered under Indian Trust Act 1882 or through any other Trust or entity as may be permissible under Companies Act, 2013 or rules related thereto. The projects relate to environment or social issues within the identified communities or and selected stakeholders for ATL focus area.

The philanthropic activities are routed principally through another foundation set up for charitable acts i.e. Taru Foundation. The activities here may relate to education, health and

empowerment of vulnerable or marginalized segment like women, differently able, girl child or old people.

During implementation through ATF or Taru Foundation, every entity who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from April 1, 2021.

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.

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.

## **8. Scope of CSR Activities**

(A) The CSR Activities shall include the following:

- i. To carry out philanthropic activities for the welfare of society.
- ii. To support the infrastructure for welfare of differently abled persons like handicapped, deaf, dumb and blind and old persons etc.
- iii. To support the medical infrastructure and health initiative camps covering lifestyle diseases, ENT, maternity issues, woman reproductive health issues for under-privileged or any other class or category of persons, as the trust may deem fit, for welfare of the society.
- iv. To work in the area of eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set up by Central Government for the promotion of sanitation and making available safe drinking water.
- v. To work in the area of promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- vi. To work in the area of 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.
- vii. To work in the area of 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.
- viii. To work in the area of 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.
- ix. To work in the area of 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.
- x. To work in the area of training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.
  - xi. To contribution to the Prime Minister's National Relief Fund or Prime Minister's Central 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.
  - xii. To make 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.
  - xiii. To make contributions to public funded Universities; Indian Institute of Technology (IIT); 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).
  - xiv. To work in the area of rural development projects.
  - xv. To work in the area of slum area development.
  - xvi. To work in the area of disaster management, including relief, rehabilitation and reconstruction activities.
  - xvii. To undertake any other activities in furtherance of the aforesaid objectives, as the CSRCommittee may deem fit.

(B) The CSR Activities shall not include the following:-

- i. Activities undertaken in pursuance of normal course of business of the Company;
- ii. Any activity undertaken by the Company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- iii. Activities that benefit only the employees of the Company as defined in clause (k) of Section 2 of the Code on Wages, 2019;
- iv. Contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
- v. Activities supported by the Companies on sponsorship basis for deriving marketing benefits for its products or services;
- vi. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

## 9. Annual Action Plan

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects or programmes as specified;
- (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:

The Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

#### **10. Contribution for CSR Activities**

- (a) The Board of the Company shall ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years, in pursuance of the Policy;
- (b) If the Company fails to spend such amount the Board shall, in its report specify the reasons for not spending the amount and unless the unspent amount relates to any ongoing project, transfer such unspent amount to a fund specified in Schedule VII, within a period of 6 months of the expiry of the financial year;
- (c) Any amount remaining unspent, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a Company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the Company within a period of 30 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 3 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 30 days from the date of completion of the 3<sup>rd</sup> financial year;
- (d) If the Company spends an amount in excess of the requirements provided under Section 135(5), such Company may set off such excess amount against the requirement to spend under Section 135 (5) up to immediate 3 financial years subject to (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any as specified in the Rules and (ii) the Board of the Company shall pass a resolution to that effect;
- (e) The surplus arising out of the CSR projects or programs or 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 6 months of the expiry of the financial year.
- (f) The contribution in CSR Activities shall only be made in India;  
Explanation: if any contribution in CSR Activities is made outside India, the same shall not be considered in calculation of two percent limit as specified in clause (a) above;

- (g) The Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked CSR activities; or prefer its stakeholders for designing the projects
- (h) The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the Company for the financial year.

### **11. Projects & Program**

Please refer to Annexure for CSR project & program.

### **12. Governance**

ATL provides ATF & Taru Foundation the funds to undertake the identified activities. ATF undertakes due diligence and identifies research and project implementation partners. Project implementation partner submits a proposal with a project plan with actions, deliverables, impact measure indicators and financials.

### **13. Monitoring**

The project is commissioned and a monthly and quarterly monitoring and review system is established. The projects are evaluated and monitored on regular basis on outcome and impact metrics. Further unannounced audits are also undertaken to ensure the delivery of projects. For philanthropic activities a system of regular monitoring and review is in place. All ATL projects are as per the Act requirements.

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.

### **14. Certification**

The Board of the Company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

### **15. Reporting**

The Company reports its CSR performance along with its annual performance as a combined report. It publishes a sustainability report along with specific documents on community performance. The information is available on public domain and on Company website.

### **16. CSR Budget and Utilization**

CSR Committee will recommend the annual budgeted expenditure for each project to its consideration and approval and shall be utilized on approved projects in accordance with CSR policy.

## 17. Impact Assessment

- a) If the Company is having average CSR obligation of Rs. 10 crores or more in pursuance of subsection (5) of section 135 of the Act, in the 3 immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of Rs 1 crores or more, and which have been completed not less than 1 year before undertaking the impact study.
- b) The Company to undertake impact assessment through an independent agency, of project having outlays of Rs 1 Crore or more. The list of independent agency for impact assessment shall be approved by the CSR Committee.
- c) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- d) The expenditure of impact assessment is booked towards Corporate Social Responsibility for that financial year as per the Act. The expenditure doesn't exceed 5% of the total CSR expenditure for that financial year or Rs. 50 lakhs, whichever is less.

## 18. Amendments to the Policy

The Board of Directors may amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision /amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there are any statutory changes necessitating the amendment in the policy.

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**Annexure**

**Projects & Program**

**Initiatives**

ATL’s community development initiatives focus on improving the livelihood and general well being of the people near our manufacturing operations. The nature of community projects differs in each location. Our community initiatives follow a clear and well – defined strategy to ensure that the key needs of these communities are met. The linkage with national and Sustainable development goals also has a bearing on the projects identified. The basic principle revolves on three I principle i.e. influence, involve and impact. The broad areas for Apollo intervention are classified under environment and social.

**Environment** – HabitAt Apollo is Company’s umbrella environment programme under which different initiatives aimed at resource conservation and advocacy of eco-friendly consumption are undertaken. Linked to Sustainable Development Goals, the programme in particular focuses on biodiversity conservation, waste management, water shed management and climate change mitigation.

**Social** – Under social development the focus is on enriching the communities where we operate in, by providing health care facilities and livelihood opportunities. Inclusive growth drives the CSR agenda. The social interventions focus on public health issues, sustainable livelihood & income generation, women empowerment and community mobilization. Companies philanthropic activities are also covered under this.

All our projects are listed on the Website [http://www.apollotyres.com/en-in/responsibility\\_overview](http://www.apollotyres.com/en-in/responsibility_overview)

**VERSION**

<b>Version</b>	<b>Approved By</b>	<b>Approval Date</b>
1	Board of Directors	November 10, 2014
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