

CORPORATE SOCIAL RESPONSIBILITY POLICY

(Revised & approved on: May 29, 2021)
(In supersession of the existing CSR Policy)

PREAMBLE:

The Corporate Social Responsibility (“CSR”) Policy of Advanced Enzyme Technologies Limited (“**Company**” / “**AETL**”) was approved & adopted by the Board of Directors of the Company in its meeting held on December 26, 2014 pursuant to the provisions of Section 135 of the Companies Act, 2013 read with rules made thereto including Schedule VII to the said Act (including amendment(s) or re-enactment thereof). Based on the recommendations of the CSR Committee of the Board of Directors of the Company (“**CSR Committee**”), this revised Policy is approved & adopted by the Board of Directors of the Company in its meeting held on May 29, 2021 and shall supersede the existing CSR policy effective from April 01, 2021.

1. INTRODUCTION

The Company is one of the leading manufacturer of enzymes in India registered under the Companies Act, 1956 having its registered office at Sun Magnetica, A Wing, 5th Floor, LIC Service Road, Thane (W), Maharashtra – 400604, India. AETL believes in holistic approach towards business meaning a responsible behaviour towards all its stakeholders including the society it operates in. The Company believes that the said approach would remain incomplete if it does not include a well-defined approach to participate in Corporate Social Responsibility activities.

AETL is the largest Indian enzyme company engaged in the Research & Development, manufacturing and marketing of enzyme products, probiotics and operating in primary business verticals namely Healthcare & Nutrition and Bio-Processing. AETL offers these products to globally and has presence across around 45 countries worldwide and supply these value-added enzyme products to diverse end-user industries like healthcare, human nutrition, animal nutrition and industrial processing segment such as food processing, brewing, grain processing, textile and leather processing, paper and pulp processing, bio-fuels etc.

As part of its CSR activities, AETL intends to focus on certain projects which shall include initiatives, *inter alia*, in the fields of education, skill development / vocational training, health care, sanitation, safe & clean drinking water, environment sustainability, women empowerment, betterment of differently abled and rural development which will enable creation of a sustainable livelihood in society and better human capital.

This Policy is aimed at providing a framework within which the Company will endeavour to implement CSR activities in the society by addressing social and

environmental concerns of the marginalized sections of the society. This Policy is made in accordance with the Companies Act, 2013 [including any amendment(s) or re-enactment thereof] (“**Act**”) along with Companies (Corporate Social Responsibility) Rules, 2014 [including any amendment(s) or re-enactment thereof] (“**Rules**”) and forms part of AETL’s key business processes and is as per the recommendations of the CSR Committee.

2. CSR VISION OF AETL

The CSR vision of AETL is to “care for lives that matters beyond making money”.

“to create, facilitate and provide support for persuasion, continuity and improvement in the field of education, health including safe & clean drinking water, sanitation and living conditions of the underprivileged sections of society including betterment of differently abled thereby creating a quality human capital for the country.”

3. DEFINITIONS

3.1. “Act” means the Companies Act, 2013 and the rules made thereunder (as may be amended from time to time);

3.2. “Corporate Social Responsibility (CSR)” means the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act in accordance with the provisions contained in the Rules, but shall not include the following, namely:-

a. activities undertaken in pursuance of normal course of business of the company:

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

(i) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

(ii) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board’s Report;

b. 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;

- c. contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
- d. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- e. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- f. activities carried out for fulfilment of any other statutory obligations under any law in force in India;

3.3. "CSR Policy" means a statement containing the approach and direction given by the Board, taking into account the recommendations of CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the Annual Action Plan;

3.4. "Net Profit" shall be calculated in accordance with the provisions of Section 198 of the Act and shall not include such sums as prescribed in the corresponding Rules framed thereunder.

3.5. "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;

4. **CONSTITUTION AND ROLE OF THE CSR COMMITTEE & BOARD**

In accordance with the Act, the existing Corporate Social Responsibility Committee ("CSR Committee") comprises 4 (Four) members (including the Independent Directors and an Executive Director). The membership of the CSR Committee shall be subject to review & change by the Board on a periodical basis.

i. Role of CSR Committee

The CSR Committee shall, *inter alia*, perform the following role:

- Formulate and recommend to the Board, a CSR Policy (including any modification thereto) which shall indicate the framework within which the proposed CSR activities would be undertaken;
- Formulate and recommend to the Board, the Annual Action Plan, which shall include the following:
 - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

- the manner of execution of such projects or programmes as specified in Rule 4(1) of the Rules;
- the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- monitoring and reporting mechanism for the projects or programmes; and
- details of need and impact assessment, if any, for the projects undertaken by the Company:

Provided that 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.

- Monitor the implementation of the CSR Policy from time to time and take such other action as it may deem fit in pursuance of the CSR Vision of AETL; and
- Any other role, as may be specified in the Act/Rules from time to time and as may be required by the Board.

The Company shall endeavour to spend, in every financial year, at least 2% (or such other amount as may be prescribed in the Act/Rules) of the average net profits of the Company made during the immediately preceding three financial years on CSR activities. For this purpose, 'net profit' shall be calculated in accordance with provisions of Section 198 of the Act read with the applicable provisions of the Rules.

ii. Role of Board

The Board shall be responsible to:

- Consider & approve the CSR policy as formulated by the CSR Committee
- Ensure that in each financial year, the Company spends at least 2% (or such other amount as may be prescribed in the provisions of the Act/Rules) of the average net profit as enumerated in the Act.
- Ensure that in each financial year, the funds committed by the Company for CSR activities are utilized effectively, and regularly monitor the implementation schedule, Annual Action Plan and such other monitoring measures as may be required from time to time.
- Disclose in the Annual Report, all the statutory disclosures in the prescribed format, if any, as may be required under the Act and other voluntary disclosures as may be deemed fit by the Board.
- Any other role, as may be specified in the Act and Rules from time to time.

5. CSR PROJECTS, PROGRAMMES AND ACTIVITIES

In accordance with the CSR philosophy of AETL, following projects or activities thereto can be identified by the CSR Committee which can be undertaken either directly and/or through registered Trust/Society/Section 8 company/other NGOs as may be permissible under the applicable provisions of the Act read with any notifications/circulars as may be issued by the Ministry of Corporate Affairs (MCA) from time to time:

- a) Advanced Shiksha Yogdan
- b) Advanced Shiksha/Vidhya Abhiyan
- c) Advanced Basti / Gaon
- d) Advanced Badlav
- e) Advanced Protection of National Culture
- f) Any other activities as enumerated under Schedule VII to the Act, may be deemed fit by the CSR Committee

a) **Advanced Shiksha Yogdan (Education Sponsorship)**

Advanced Shiksha

Under this initiative, education of child shall be given paramount importance. AETL can undertake responsibility of meritorious and needy children and work towards fulfilling their dreams to pursue education and/or underprivileged children inter alia by Sponsoring tuition fees, hostel fees, educational fees, meals, mentoring and guiding them in their career paths. Support can also be provided indirectly by way of financial support to schools/hostels/institutions/other educational centres/facilities (collectively herein referred to as the "School"), for construction and/or repair of School building/class rooms/ hostels/ auditoriums/training centres/laboratories, toilets, drinking water / food facility etc. AETL may partner with NGOs, Trusts, Societies, education institutions, colleges / schools, Women and/or Child Welfare committee to refer such children.

Advanced Heroes (sponsorship for education and/or vocational training/skills/livelihood projects/activities)

Under this initiative, AETL can take care of the education of differently abled / underprivileged / needy students, children and/or adults. AETL can help either directly and/or sponsoring / contributing through any local government / semi government bodies / trusts / NGOs / institutions / orphanage / other centres inter alia by:

- (i) Creating awareness about career options and providing access to disability-appropriate training;

- (ii) Sponsoring tuition fees, hostel fees and in some cases even coaching fees & others;
- (iii) Mentoring and guiding them in their career paths
- (iv) Providing vocation training / development of skills
- (v) Setting up centres, hostels, institutions, auditoriums, computer or other required laboratories etc.
- (vi) Providing infrastructural support, books, benches, equipment etc.
- (vii) Health care Construction or repair of school building/class room/ hostel/ toilets, drinking water facility
- (viii) Any other related activity

b) Advanced Vidhya Abhiyan

Under the Advanced Vidhya Abhiyan, the objective under this initiative would be to focus on one or more of the following activities / matters to schools/colleges/educational institutions/centres/labs/etc.:

- (i) Provide good quality infrastructural support such as attending to repair and painting of building/rooms/centres, electrical equipment, computer or other laboratory, sanitation infrastructure, e-learning etc.;
- (ii) Providing books as per curriculum of the School or motivational books whether or not part of curriculum or note books or writing materials for students of the School
- (iii) Provide teaching aids, benches, class room material, additional teachers, if required;
- (iv) Teacher Training programmes to help teachers imparting education in such schools to upgrade their abilities and delivery;
- (v) Counselling for single parents, children or any member of the family as may be required;
- (vi) Provide and make available safe and clean drinking water for the students;
- (vii) Medical check-up and follow-up of general health of students;
- (viii) Make available hygienic sanitation separately for boys and girls;
- (ix) Other weekend or fun activities including vocational training & may at times, involve AETL staff.
- (x) Providing nutritional food and/ or drinks to students.
- (xi) Setting up and/or running of educational institutions, schools, hostels & centres.
- (xii) Any other related activity.

c) Advanced Basti / Gaon / Svaasthya (CSR activities in a slum / village / under developed areas or part thereof / underprivileged / Health care activities)

Under the Advanced Basti / Gaon initiative, the Company can work towards development of a slum / village / under developed areas/ under privileged and/or towards Health-care activities. To begin with, the Company may look into the number of slums within the urban Mumbai or Thane metropolitan area or the areas nearby any of the plants of the Company.

Under this initiative, AETL can undertake any one or more of the following activities with due permission from concerned authorities in the following areas, either directly and / or through local government / bodies / NGOs / Trust(s) / AOP /any other institutions etc.:

- (i) Provide safe / clean drinking water (water tankers, water filters) or such other facilities as may help to provide safe drinking water.
- (ii) Sanitation upkeep (including to provide toilets and/or its cleaning and maintenance contract)
- (iii) Set up Health care centres/vision centres or units/hospitals, or organize Free health/vision check-ups or other related activities
- (iv) Malnutrition inter alia by providing/sponsoring for food to be provided at Health care/medical centres/units/hospitals/educational/training centres, schools, homes/hostels etc.
- (v) Environment (Cleanliness drive within the lanes of the basti / gaon)
- (vi) Setting up medical or health-care units or hospitals/centres including construction or repair of such building/centres/providing infrastructure support/equipment/ other contribution required for activities of such medical and/or health-care units/hospitals/centres
- (vii) Vocational Training / skill development training or setting up of such centres and/or sponsoring such activities
- (viii) Setting up educational / training centres, schools, colleges, homes / hostels / auditoriums for women, children, orphans, senior citizens and/or any underprivileged / differently abled adults / children.

d) Advanced Badlav (awareness campaign for change)

AETL believes that for creating long-lasting and sustainable social impact, it is important to bring a change in the thought process of the society by creating public awareness of various issues that are prevalent in society and the need for change by creating public opinion.

This awareness initiative will aim to create a change in the way the society approaches certain pertinent social issues which will help reduce the crime and create a better place for people to live. Some of the issues that AETL believes need to be addressed on priority are:

- (i) Environment (save water, plant trees, global warming)
- (ii) Shram Dhan
- (iii) Felicitation of those who care, share and serve to the Society
- (iv) Anti-Rape
- (v) Dowry deaths
- (vi) Drug and Alcohol abuse
- (vii) Female foeticide
- (viii) Gender equality, literacy programs, vocation trainings.

e) Advanced Protection of National Culture (Protection and/or promotion of national heritage, art and culture)

AETL believes that 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, is very important for sustained growth and development of the Society and Nation. The cultural heritage of India is considered to be most pious and is always inclusive “vasudev kutumbakam”.

f) Any other activities / project as may be deemed fit by the CSR Committee

Notwithstanding anything contained in the afore-stated focal areas, the CSR Committee may decide to contribute to any other activities / projects as it may deem fit, as enumerated in Schedule VII to Companies Act, 2013 and in compliance with the provisions of the Act read with the Rules (as may be amended from time to time) including any Circulars/clarifications issued by the Ministry of Corporate Affairs in regards to the Corporate Social Responsibility.

6. IMPLEMENTATION:

- a) AETL will identify suitable programmes for implementation in line with the CSR Policy of the Company read with the applicable provisions of the Act and notifications/circulars as may be issued by the MCA from time to time.
- b) The Board shall ensure that the CSR activities are undertaken by the Company itself or through (as may be required under the Act from time to time)–

- a. a company established under Section 8 of the Act, or a registered public trust or a registered society, registered under Section 12A and 80G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or
 - b. a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government;
 - c. any entity established under an Act of Parliament or a State legislature; or
 - d. a company established under Section 8 of the Act, or a registered public trust or a registered society, registered under Section 12A and 80G of the Income Tax Act, 1961 (as amended), and having an established track record of at least three years in undertaking similar activities.
- c) The Board 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 the Rules.
- d) The time period / duration of each project / programme / activity shall depend on its nature, extent, of coverage and intended impact of such activity;
- e) The Board 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, as may be permissible under the Act.
- f) The investment in CSR shall be project based and for every project time period, periodic milestones shall be finalised by the CSR committee from time to time in consultation with the related implementation team;
- g) The CSR spend would include building capacities of the Company's personnel as well as their implementing agencies and travel & logistics for the purpose of project implementation.
- h) The Board shall satisfy itself that the funds disbursed for CSR Projects/activities 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.
- i) In case of Ongoing Project, the Board 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.

7. SURPLUS OF CSR PROJECTS

Pursuant to the applicable provisions of the Act read with the Rules (as amended), surplus, if any, arising out of the CSR activities shall not form part of the business profit of AETL 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 of the Act, within a period of six months of the expiry of the financial year

8. MONITORING & REPORTING FRAMEWORK

MONITORING

- The CSR Committee shall consider & institute a transparent monitoring mechanism for implementation of the CSR projects / programmes / activities undertaken. For the said purpose, the CSR Committee can set-up an Internal Monitoring Group. The Internal Monitoring Group shall, as and when the CSR Committee requires, make a periodical presentation to submit its report to the CSR Committee.

The CSR Committee through the Internal Monitoring Group / team (if any) shall:

- Ensure that the CSR projects are implemented in terms of the CSR policy of the Company.
- The reporting format, framework & system is aligned as per the provisions of the Act
- Closely monitor the implementation schedules of each of the projects; and where there has been delay in the implementation schedules, the reasons for delay to be looked into and addressed to the extent possible.
- Ensure all fund disbursement in respect of CSR programmes is directed only towards the projects / programmes set out in the CSR Policy and funds are released against verified utilizations through approved projects / activities.

The CSR Committee member(s) either directly or through team member as mentioned above may undertake periodic or surprise field visits, interact with the beneficiaries of the projects and undertake independent evaluation. Also, the CSR spends may be subjected to periodical Audit, as and when and in a manner that the Committee & Board deems fit.

9. REPORTING

At the end of each financial year CSR Committee shall also provide a consolidated 12 (twelve) months activity and expenditure report in the format prescribed in the Act, which will be included in the Annual Report of the Company.

10. AMENDMENT/ MODIFICATION

In the event of any amendment to the Act and/or the Rules thereto, or issuance of any Circulars, notifications, clarifications thereto, such amendment/Circulars/notifications, clarification shall be deemed to be adopted and incorporated in the CSR Policy and this Policy deemed to be amended to that extent. In case of any conflict between the provisions of the Policy and the Act/Rules, the latter shall prevail. In addition, this Policy may be amended or modified by the CSR Committee & Board as may be deemed necessary, subject to the provisions of applicable laws & regulations.
