

CORPORATE SOCIAL RESPONSIBILITY POLICY

(Revised & approved on: January 08, 2019)

(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 January 08, 2019 and shall supersede the existing CSR policy effective from January 08, 2019.

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, Near 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 and operating in two primary business verticals namely Healthcare & Nutrition and Bio-Processing. AETL offers these products to globally and has presence across 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. CONSTITUTION AND ROLE OF THE CSR COMMITTEE & BOARD

In accordance with the Act, the existing Corporate Social Responsibility Committee (“**CSR Committee**”) comprises 3 (Three) 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 frame work within which the proposed CSR activities would be undertaken;
- Select, review and recommend to the Board, CSR projects / activities which will be identified based on the proposed thematic areas / activities as provided under the Act and the Rules therein;
- Recommend the amount of expenditure to be incurred on the CSR projects / activities; and
- 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.

The Company shall endeavour to spend, in every financial year, at least 2% of the average net profits of the Company made during the immediately preceding three financial years on CSR activities. For this purpose, 'average net profit' shall be calculated in accordance with provisions of Section 198 of the Act, after deducting there from the dividends that may be received from Companies in India which are covered under and complying with the provisions of Companies Act 2013.

ii. Role of Board

The Board shall be responsible for:

- Consider & approve the CSR policy as formulated by the CSR Committee
- Ensure that in each financial year, the Company spends at least 2% 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 monitoring implementation
- 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.

4. 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:

- a) Advanced Shiksha Yogdan
- b) Advanced Shiksha 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)

(i) 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 by

Sponsoring tuition fees, hostel fees, educational fees, mentoring and guiding them in their career paths. Support can also be provided indirectly by way of financial support to schools in remote place or area whether affiliated by Government/Semi Government/Gram Panchayat/Zilla Parishad or NGO(s), for construction or repair of school building/class room/ hostel/ toilets, drinking water facility etc. AETL can partner with NGOs, Trusts, education institutions, colleges / schools, Women and Child Welfare committee to refer such children.

(ii) Advanced Heroes (differently abled education sponsorship for education & vocational training)

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

- Creating awareness about career options and providing access to disability-appropriate training;
- Sponsoring tuition fees, hostel fees and in some cases even coaching fees & others;
- Mentoring and guiding them in their career paths
- Providing vocation training & development of skills
- Setting up centres, hostels, institutions etc.
- Providing infrastructural support, books, benches, equipment etc.
- Health care
- Construction or repair of school building/class room/ hostel/ toilets, drinking water facility

b) Advanced Vidhya Abhiyan (through schools / colleges/ institutions / centres run by local government / bodies/NGO/Trust/AOP)

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.:

- Provide good quality infrastructural support such as attending to repair and painting of building, electrical equipment, computer or other laboratory, sanitation infrastructure, e-learning etc.;
- 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
- Provide teaching aids, benches, class room material, additional teachers, if required;
- Teacher Training programmes to help teachers imparting education in such schools to upgrade their abilities and delivery;
- Counselling for single parents, children or any member of the family as may be required;
- Provide and make available safe and clean drinking water for the students;
- Medical check-up and follow-up of general health of students;
- Make available hygienic sanitation separately for boys and girls;
- Other weekend or fun activities including vocational training & may at times, involve AETL staff.
- Providing nutritional food and/ or drinks to students.
- Setting up and/or running of educational institutions, schools, hostels & centres.

c) Advanced Basti / Gaon (adopting a slum / village)

Under the Advanced Basti / Gaon initiative, Advanced shall work towards development of a slum / village. To begin with, Advanced shall 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.:

- Provide safe / clean drinking water (water tankers, water filters) or such other facilities as may help to provide safe drinking water.
- Sanitation upkeep (provide portable toilets with cleaning and maintenance contract)
- Set up Health care centres, to be operated from within the Schools (Free health check-ups)
- Malnutrition

- Environment (Cleanliness drive within the lanes of the basti / gaon)
- Setting up medical units or hospitals
- Vocational Training / skill development training or setting up of such centres and/or sponsoring such activities
- Setting up educational centres, schools, colleges, homes / hostels for women, orphans, & senior citizens

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:

- Environment (save water, plant trees, global warming)
- Shram Dhan
- Felicitations of those who care, share and serve to the Society
- Anti-Rape
- Dowry deaths
- Drug and Alcohol abuse
- Female foeticide
- 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, and as enumerated in Schedule VII to Companies Act, 2013 (as may be amended from time to time).

5. IMPLEMENTATION:

- a) AEL will identify suitable programmes for implementation in line with the CSR Policy of the Company. The approved projects / activities will be implemented by either directly and/or through any Governmental bodies / Semi-Government or local bodies / Trusts / NGOs / Any other institutions or centres.
- b) The time period / duration of each project / programme / activity shall depend on its nature, extent, of coverage and intended impact of such activity;
- c) 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;
- d) 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.

6. SURPLUS OF CSR PROJECTS

In line with the guidelines provided by the Act, surplus, if any, arising out of the projects or programs or activities shall not form part of the business profit of AETL and such surplus shall be invested in appropriate bank deposits, liquid funds and other instruments offering adequate safety and reliability and any interest income earned on the foregoing shall be utilized for CSR purposes.

7. MONITORING & REPORTING FRAMEWORK

MONITORING

- The CSR Committee shall consider & institute a transparent monitoring mechanism for implementation of the CSR projects / programs / 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 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.

8. 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.

9. AMENDMENT/ MODIFICATION

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.
