Pipeline Infrastructure Limited

<u>Corporate Social Responsibility Policy</u>

I. INTRODUCTION

Pipeline Infrastructure Limited ("Company/PIL") owns and operates a cross-country, natural gas pipeline with a pipeline length of approximately 1,483 km including spur lines (together with compressor stations and operation centres), that stretches from Kakinada, Andhra Pradesh, in the east of India, to Bharuch, Gujarat, in the west of India, traversing adjacent to major cities in the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat.

Wherever present, we are committed to operate with the utmost respect for the common interest of present and future generations. We act as responsible member of our communities by contributing to the development of people, their health, rights and well-being by generating economic growth and supporting social, educational and cultural advancement. These ambitions define our commitments for the future and our contribution to a sustainable society.

II. VISION & MISSION

PIL strongly believes that an organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, we acknowledge that it is our core corporate responsibility to practice our corporate values through commitment to grow in a socially and environmentally responsible way, while meeting the interests of our stakeholders and with intent to make a positive difference to society. PIL constantly strives to ensure strong corporate culture which emphasizes on integrating Corporate Social Responsibility ("CSR") values with business objective.

PIL is committed towards sustainable development, pursuing a strategy that drives reliable, efficient and competitive pipeline operations, value creation, respect for community and local cultures, environmental protection and the conservation of natural resources and energy with focus on highest standard of safety and ethics & compliance.

In PIL, our approach to CSR activities is holistic and integrated with the core business strategy for addressing social, environmental impacts of business and to address the well-being of key stakeholders in the locality of its operations. We entail having business policies that are ethical, equitable, environmentally conscious, gender sensitive, and sensitive towards the differently abled.

III. CSR POLICY

i. Objective

The Board on the recommendation of the CSR Committee of the Board has approved and adopted a Corporate Social Responsibility Policy ("Policy").

The purpose of this Policy is to articulate what CSR means to the Company, kind of projects to be undertaken, identifying broad areas of intervention, approach to be adopted to achieve the CSR goals and monitoring and reporting mechanism. This Policy is aligned with the Company's objectives, principles and values, for delineating its responsibility as a socially and environmentally responsible corporate citizen. This document is also an attempt to showcase the linkage of our social objectives with business strategy.

ii. Applicability

This Policy has been developed in consonance with applicable provisions of Section 135 of the Companies Act, 2013 (referred to as the "Act" in this Policy) on CSR and in accordance with the applicable provisions of Companies (Corporate Social Responsibility) Rules, 2014 (hereby referred to as the "Rules" in this Policy) notified by the Ministry of Corporate Affairs, Government of India in 2014 and as amended from time to time. The Policy shall apply to all CSR projects/programmes undertaken by the Company in India as per Schedule VII of the Act. This Policy is aligned with other PIL policies including Code of Conduct and Anti-bribery and Corruption Policy.

iii. CSR Focus Areas

In line with the Company's vision, values and mission, the Board of Directors endeavour to support all the following listed activities as per Schedule VII of the Act and focus on some of these identified areas from time to time:

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation (including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation) and making available safe drinking water;
(ii) Promotion of education, including special education and employment enhancing vocation skills especially amongst children, women, elderly and differently abled and livelihood enhancement projects;
(iii) Promotion of 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 and Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

(vii) Training to promote rural sports and nationally recognized sports, paralympic sports and Olympic sports;

(viii) (a) 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;

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); 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);

(ix) Disaster management, including relief, rehabilitation and reconstruction activities.

(x) To undertake or to contribute for rural development projects;

(xi) To undertake or to contribute for slum area development projects (the term ‘slum area’ shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force);

(xii) Contribution to the Prime Minister’s National Relief Fund or Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund setup 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;

(xiii) Subscription to zero coupon zero principal instruments on Social Stock Exchange (the term "zero coupon zero principal instrument" means an instrument declared as a security that is issued by a Not for Profit Organization registered with the Social Stock Exchange segment of a recognised Stock Exchange in accordance with the regulations made by the Securities and Exchange Board of India).

The Company will focus its efforts on undertaking specific project/ programs/ activities on at least one of the aforesaid areas in each year as may be identified by the Company to commence its CSR initiatives.

Apart from the above focus areas, the Company endeavours to have a positive impact of its actions on the communities in which we operate by taking up initiatives such as -

Community Engagement - engage with community groups that might be affected by our actions to ensure that their interests, safety and well-being are appropriately integrated into our decision making.

Philanthropy – Empower our employees to participate in – and use our resources to give back to the communities in which we operate.

Environment stewardship – Strive to minimize the environmental impact of our operations and improve our efficient use of resources over time.

iv. CSR Corpus/Fund

The Company is conscious of its CSR responsibilities towards the society and endeavours, if possible, to go beyond the minimum regulatory requirements. The CSR Committee, in consultation with the management, shall determine and recommend to the Board an annual CSR corpus at the start of the financial year which shall be in accordance with the applicable provisions of Section 135 of the Act read with the said Rules.

Any unutilized mandatory CSR budget as per the Act will be put back into CSR activities of the succeeding year.

Any income arising from the CSR projects undertaken by the Company and surplus generated therefrom shall be tracked and channelized into the CSR corpus. These funds shall be further used in development of the CSR projects and shall not be added to the normal business profits.

v. Implementation Approach

The Company shall strive to implement the aforesaid CSR activities on its own to the extent possible. At the same time, the Board recognizes the need to work in partnership with other agencies specified under the Rules. This would include:

a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G 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; or
c) any entity established under an Act of Parliament or a State legislature; or
d) Collaborating with organizations having an established track record of at least 3 years in carrying out a similar activity, which are registered public trusts or Section 8 companies under the Act or registered societies, registered under section 12A and 80G of the Income Tax Act, 1961, that specialize in the aforesaid activities.

Explanation - For the purpose of clause (c), the term "entity" shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

The Company may collaborate or pooling resources with other companies to undertake aforesaid CSR activities.

The Company will select its collaborators after appropriate due diligence and will follow all applicable guidelines under its Anti-Bribery and Corruption ("ABC") program before bringing them onboard.

For CSR activities undertaken through other Executing Agency, the Company shall specify the projects or programmes to be undertaken through these agencies, the modalities of utilization of funds on such projects or programmes. The Executing Agency will be subjected to compliance of all applicable PIL policies and ABC audits, as may be required.

The Company may use the services of internal teams, expert agencies, consultancy firms etc., wherever required for carrying out base line surveys, guidance on project design and implementation, due diligence of implementation partners, impact assessment surveys, etc, during the implementation of its various CSR activities or programmes.

The Company may also 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.

vi. Monitoring

The CSR Head shall monitor the implementation and progress of CSR projects/programmes on a periodic basis to ensure effective execution and completion, which is parallelly discussed with Managing Director.

The Head – CSR will submit its report on a quarterly basis to the CSR committee constituted by the Board which has all overall responsibility to monitor the CSR Policy of the company.

This report would indicate:

- Achievement since last progress report in terms of coverage compared to the target and reasons for variance.
- Achievement of the year-to-date in terms of coverage compared to the target, plans to overcome shortfalls if any and support required from the CSR Committee/Board to overcome the shortfalls.
- Actual year-to-date spends compared to the budget and reasons for variance.
- Identification of ABC and reputation risk, mitigation and monitoring in respect of all third-party entities engaged by the Company for its CSR activities.

The Board shall seek a short progress report from the CSR Committee on a quarterly basis.

Further, as annual certification from Chief Financial Officer shall be provided to the CSR Committee and the Board, certifying that that the funds disbursed have been utilised for the purposes and in the manner as approved by the CSR Committee.

IV. DOCUMENTATION AND REPORTING

The CSR Head, in consultation with MD shall prepare the annual CSR report for approval of the CSR Committee and the Board, which may include:

- A brief outline of the Company's CSR Policy, including focus areas and a reference to the web-link to the CSR Policy;
- Composition of the CSR Committee;
- Details of average net profits of the Company and prescribed CSR expenditure, as may be applicable;
- Details of CSR spent during the financial year and reasons for not spending the entire amount, as may be applicable.

V. INFORMATION DISSEMINATION

Contents of this Policy shall be disclosed in the report of the Board of Directors. This Policy shall also be placed on the website of the Company.

VI. POLICY GUIDELINES

- All CSR Projects must be aligned as prescribed in Schedule VII of the Act and the Company's ABC Policy.
- Preference shall be given to the local areas where it operates, for spending the amount earmarked for the Corporate Social Responsibility Activities.
- CSR projects or programmes or activities must be undertaken by the Company in India alone.
- CSR activities must not include the activities undertaken in pursuance of normal course of business of the Company.
- Projects or programmes or activities that benefit only the employees of the Company (as defined in clause (k) of section 2 of the Code on Wages, 2019) and their families shall not be considered as CSR.
- CSR activities should be in project programme mode. One-off events such as marathons/awards/ charitable contribution/ advertisements / sponsorship of TV programmes etc. will not qualify as part of CSR expenditure.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR and shall be against the Company's Code of Conduct and ABC Policy.
- Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

VII. REVISION/AMENDMENT

Any or all provisions of this Policy shall be subject to revision/amendment by the Board based on the recommendations of the CSR Committee or else in accordance with the guidelines on the subject as may be issued from time to time.

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