

Corporate Social Responsibility Policy for Aker Powergas Private Limited (hereinafter referred as “Aker Solutions”)

1.1 Aker Solutions recognizes the company’s responsibility to conduct its business in a responsible manner and take an active approach to corporate social responsibility (CSR).

1.2 Objectives

In 2013, statutory compliances in the area of corporate social responsibility were introduced in India through the provisions of the Companies Act, 2013 (Appendix A). Starting April 1, 2014, these provisions were made applicable to all corporate entities functioning in India.

Accordingly, this document is prepared to enable Aker Powergas Pvt. Ltd., based in India, (hereinafter referred to as “Aker Solutions”), to incur expenditure on corporate social responsibility (CSR) activity as mandated by the Companies Act, 2013. It aims to create a framework for the review of potential CSR activities, assessment of their value and selection of CSR activities.

1.3 Governance of CSR activity

In India, Aker Solutions’ CSR activities shall be operationalized and integrated by the board of directors of the Indian subsidiary. They shall establish a CSR committee comprising of at least three directors of the board along with members of the local management team. The CSR committee is responsible for anchoring this policy with the board of directors and ensuring that the objectives are implemented for the company. The CSR committee shall ensure the following compliances:

1. That the proper due diligence of the implementing partner has been completed by the Business Integrity and Compliance (BIC) team before initiating a proposed CSR project.
2. That the CSR project has been approved by Aker Solutions’ CEO by way of the Transaction Approval Form (TAF) and all other Aker Solutions corporate governance guidelines are being followed.

1.4 Focus areas and objectives for CSR activities in India

In India, Aker Solutions will endeavor to achieve the objectives of CSR through the following channels:

- Support large-scale causes, such as disaster relief, through contributions to non-political non-religious funds like the Prime Minister’s National Relief Fund or any other fund as prescribed in Clause (viii) of Schedule VII of the Companies Act, 2013.
- Partner with non-government and civil society organizations to support skill enhancement through vocational training, healthcare, sanitation, availability of safe drinking water or education, including digital education, to socio-economically disadvantaged communities.
- Champion engineering education in India by creating infrastructure that reinforces and strengthens existing systems and processes.
- Involve and engage in facilitating cross-sharing of experiences and resources in the core areas of competencies that Aker Solutions possesses.
- Contribute to saving fossil fuels and reducing carbon emissions by encouraging usage of non-conventional sources of energy.

- Work together to face the climate change challenge and to create a cleaner, safer and more sustainable future.
- To advance gender equality by creating opportunities to empower women and girl children through comprehensive programs, livelihood skill development and enterprise training initiatives.

1.5 Identification of CSR activities and implementation mechanism

The CSR activities of the company will be implemented through a series of projects or programs which will have defined starts and ends, expected outputs and outcomes as well as budgets. The chosen projects shall be aligned with this policy and shall be continuously monitored and evaluated on an annual basis. The selected projects shall be for a duration of 12 to 36 months depending on the volume of the project. Projects with terms of more than one year shall be considered as ongoing projects for all applicable years.

The CSR committee will implement the activities by:

- Nurturing the capability and capacity among employees by organizing independent working groups with responsibility for CSR within the company.
- Partnering with independently registered non-profit organizations that have a record of at least three years in similar or related activities. A due diligence of the implementing partner by BIC is required before any partnerships are confirmed.

The CSR committee may consider contributing to the corpus of existing projects of organizations which qualify under Schedule VII of the Act.

The implementing partner should be registered under the Foreign Contribution Regulation Act 2010 (FCRA) and should hold a valid unique CSR registration Number from the Central Government.

The activity, program or project should have an outcome which is measurable and benefits society, the economy, environment or community at large in proportion to the amount of cash, time and items invested.

The projects or programs should:

- Not be in the normal course of business of the unit
- Not benefit any employee or their family members
- Not have religious or political objectives or be associated with political or religious groups
- Be an activity specified in Schedule VII of the Companies Act, 2013 (Appendix A)
- Be aligned with this policy
- Be relevant to the local context and stakeholders

Geographically, the projects or programs shall located be in India, preferably in the areas where Aker Solutions operates.

1.6 Organizing and finalizing for internal execution

When projects are executed internally, an official memo will be prepared on the outcome to be achieved for each program or project separately. A manager will be appointed for each project and the memo will define their roles, responsibilities, deliverables and commitments. A declaration from the project in-charge should include a project plan, intended outcome of the project with measurable objectives, including a time schedule. The memo should contain a financial plan and cashflow. The amounts will be earmarked and transferred to the project fund and disbursements will be made from the fund.

1.7 Finalization of arrangements with implementing agencies

A formal acknowledgement of the arrangement with the implementing agency or a memorandum of understanding (MoU) is essential, and needs to be executed for each project or program separately. The MoU will define the roles, responsibilities, deliverables, commitments and consequences in case of any breach. It should include a project plan and intended outcome of the project with measurable objectives, including a time schedule for the expected outcome to be achieved. The MoU will also contain a financial plan and a payment schedule.

1.8 Finance planning, control and management

The CSR committee shall recommend to the board of directors an annual action plan for CSR projects to be undertaken during the budget year and a view of the following year. The committee shall review the CSR projects and results achieved on an annual basis and select CSR activities for the coming year. Project progress and utilization of CSR funds should be reported annually to the board of directors. The amount will be limited to 2 percent of the operational EBIT plus finance income. The expenses will be collated for each project independently and monitored accordingly.

The company may train its own employees or incur cost for general administration of CSR activities, but such cost will be limited to 5 percent of the total CSR expenditure for the said financial year.

Periodical reporting of the spend and final reporting and communication will enable closing of the loop between intent and achievement.

If the company spends in excess of 2 percent of the operational EBIT plus finance income, then the excess spends shall be set off against the 2 percent spend requirement for the subsequent three financial years.

Detailed operational procedures will be formalized as required.

1.9 Treatment of CSR funds

CSR funds which have been approved as per the process set out above will be placed separately in a CSR fund account. Disbursement to the implementing agency will be from the said CSR fund account. The earmarked funds during each financial year shall be recognized as liability for CSR expenditure in the financial statements of the entity.

In case any funds allocated for an ongoing project have not been spent during the financial year, the same shall be transferred to an unspent Corporate Social Responsibility bank account opened with a scheduled bank, within 30 days from end of the said financial year. If the same has not been spent within the subsequent three financial years, the unspent amount shall be transferred to a specified fund under Schedule VII of the Companies Act, 2013, within 30 days from the completion of the third financial year.

In case CSR funds are not allocated to any project before end of the financial year for which the CSR funds are allotted, the same shall be transferred to the fund specified in Schedule VII of the Companies Act, 2013 within a period of six months from the date of expiry of the Financial Year.

1.10 Monitoring mechanism and conceptual framework

All agreements related to this policy should be regularly monitored. Implementing agencies carrying out CSR activities on behalf of Aker Solutions should submit monthly/quarterly progress reports to the CSR Committee.

Such reports should include information about:

- Activities
- Financial status
- Measurement and sustainable impact of the CSR activities

The CSR committee is responsible for ensuring that an internal / external third-party integrity due diligence is carried out at an interval of not less than a year to ensure impact evaluation of the project.

Appendix - A

Section 135 of The Companies Act, 2013 & The Companies (Corporate Social Responsibility Policy) Rules, 2014

Section 135. Corporate Social Responsibility

(1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during ³ [the immediately preceding financial year] shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

⁴ [Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more directors.]

(2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

(3) The Corporate Social Responsibility Committee shall,—

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company ⁵[in areas or subject, specified in Schedule VII];
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) monitor the Corporate Social Responsibility Policy of the company from time to time.

(4) The Board of every company referred to in sub-section (1) shall,—

- (a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
- (b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years ⁷ [or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years], in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount ⁸[and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year].

[Provided also that if the company spends an amount in excess of the requirements provided under this sub-section, such company may set off such excess amount against the requirement to spend under this sub-section for such number of succeeding financial years and in such manner, as may be prescribed.]

⁶ [Explanation.—For the purposes of this section "net profit" shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of section 198.]

(6) Any amount remaining unspent under sub-section (5), 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 thirty 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 three 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 thirty days from the date of completion of the third financial year.

(7) If a company is in default in complying with the provisions of sub-section (5) or sub-section (6), the company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupees, whichever is less, and every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less.]

(8) The Central Government may give such general or special directions to a company or class of companies as it considers necessary to ensure compliance of provisions of this section and such company or class of companies shall comply with such directions.]

(9) Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.]

The Companies (Corporate Social Responsibility Policy) Rules, 2014

Published vide Notification No. G.S.R. 129(E), dated 27th February, 2014

Last Updated 23rd January, 2021 [act2721]

Government of India
Ministry of Corporate Affairs

G.S.R. 129(E). - In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, namely: -

1. Short title and commencement. - (1) These rules may be called the Companies (Corporate Social Responsibility Policy) Rules, 2014.

(2) They shall come into force on the 1st day of April, 2014.

2. Definitions. - (1) In these rules, unless the context otherwise requires,-

(a) "Act" means the Companies Act, 2013 (18 of 2013);

(b) "Administrative overheads" means the expenses incurred by the company for 'general management and administration' of 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) "Annexure" means the Annexure appended to these rules;

(d) "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 following, namely:-

(i) 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 –

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

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

(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) contribution of any amount directly or indirectly to any political party under section 182 of the Act;

(iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

(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;

(e) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

- (f) "CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
- (g) "International Organization" means an organization notified by the Central Government as an international organization 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;
- (h) "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -
- (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:
- Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;
- (i) "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;
- (j) "Public Authority" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);
- (k) "section" means a section of the Act.
- (2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.]

3. Corporate Social Responsibility. - (1) Every company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2 of the Act having its branch office or project office in India, which fulfills the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of section 135 of the Act and these rules:

Provided that net worth, turnover or net profit of a foreign company of the Act shall be computed in accordance with balance sheet and profit and loss account of such company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Act.

(2) Every company which ceases to be a company covered under sub-section (1) of section 135 of the Act for three consecutive financial years shall not be required to -

- (a) constitute a CSR Committee; and
- (b) comply with the provisions contained in [sub-section (2) to (6)] of the said section, till such time it meets the criteria specified in sub-section (1) of section 135.

4. CSR Implementation. - (1) The Board shall ensure that the CSR activities are undertaken by the company itself or through -

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 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) 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, and having an established track record of at least three years in undertaking similar activities.

(2) (a) Every entity, covered under sub-rule (1), 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 the 01st day of April 2021:

Provided that the provisions of this sub-rule shall not affect the CSR projects or programmes approved prior to the 01st day of April 2021.

- (b) Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.
- (c) On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.

(3) A company may engage international organizations 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.

(4) A 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.

(5) The Board of a 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.

(6) In case of ongoing project, the Board of a 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.]

5. CSR Committees. - (1) The companies mentioned in the rule 3 shall constitute CSR Committee as under.-

- (i) [a company] covered under subsection (1) of section 135 which is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, shall have its CSR Committee without such director;
- (ii) a private company having only two directors on its Board shall constitute its CSR Committee with two such directors;
- (iii) with respect to a foreign company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub-section (1) of section 380 of the Act and another person shall be nominated by the foreign company.

[(2) 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 in sub-rule (1) of rule 4;
- (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: 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.]

[6. ***]

[7. CSR Expenditure. - (1) The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

(2) Any surplus arising out of the CSR 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 six months of the expiry of the financial year.

(3) Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that -

- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
- (ii) the Board of the company shall pass a resolution to that effect.

(4) The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by -

- (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) a public authority:

Provided that any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.]

8. CSR Reporting. - (1) The Board's Report of a company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable.

(2) In case of a foreign company, the balance sheet filed under clause (b) of sub-section (1) of section 381 of the Act, shall contain an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable.

(3) (a) Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

(b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

(c) A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.]

9. Display of CSR activities on its website. - The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

10. Transfer of unspent CSR amount. - Until a fund is specified in Schedule VII for the purposes of subsection (5) and(6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.]

Ministry of Corporate Affairs

Notification

New Delhi, the 20th September, 2022

G.S.R. 715(E).— In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Corporate Social Responsibility Policy) Rules, 2014, namely:-

1. Short title and commencement. - (1) These rules may be called the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as the said rules), in rule 3, - (i) in sub-rule (1), after the proviso, the following proviso shall be inserted, namely: - "Provided further that a company having any amount in its Unspent Corporate Social Responsibility Account as per sub-section (6) of section 135 shall constitute a CSR Committee and comply with the provisions contained in sub-sections (2) to (6) of the said section."; (ii) sub-rule (2) shall be omitted.

3. In the said rules, in rule 4, for sub-rule (1), the following sub-rule shall be substituted, namely: -

'(1) The Board shall ensure that the CSR activities are undertaken by the company itself or through, –

(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) 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, and having an established track record of at least three years in undertaking similar 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.'

4. In the said rules, in rule 8, in sub-rule (3), in clause (c),-

(i) for the words "five percent", the words "two per cent." shall be substituted;

(ii) for the words "whichever is less", the words "whichever is higher" shall be substituted.