

CPCL's CSR Policy

CPCL's Corporate Social Responsibility (CSR) Vision:

"CPCL shall strive for Educated, Healthy, Economically Developed and Environmentally Protected community around the Refineries."

In line with the above vision, CPCL aims:

- To positively impact economic and social conditions of the communities in which it operates.
- To make efforts towards self-sustainability of CSR projects.
- To take initiatives on environmental sustainability
- To foster a culture of CSR amongst employees, business associates and stakeholders.
- To provide leadership and industry benchmarks in CSR initiatives.
- To earn society's goodwill and build a reputation as a responsible corporate citizen.

The following shall be the thrust areas under CSR:

- Education
- Health
- Skill Training
- Empowerment of Women, Differently-abled and Socially & Economically Backward people
- Environment Sustainable Development
- Drinking Water & Sanitation

CPCL's CSR Policy will be operative within the overall ambit of CSR Provisions contained in the Companies Act 2013, Companies (CSR Policy) Rules 2014, Schedule – VII to the Companies Act 2013, and any other statutory provisions/ guidelines prescribed by the Government of India and amendments thereof from time to time.

CSR Committee of the Board: CPCL shall constitute a CSR Committee of the Board consisting of at least three directors, out of which at least one director shall be an Independent Director.

Budget: CPCL will earmark 2% of the average of the net profit earned during three immediately preceding financial years as CSR Allocation for the year, which will be non-lapsable.

Apart from the above, the Board of Directors of CPCL may authorise to carry out CSR activities on a voluntary basis, even though CPCL may not be required to carry out the CSR activities mandatorily in any year. Upto 5% of the CSR Budget may be earmarked for non-project activities. The surplus arising out of CSR projects or programs or activities shall not form part of the business profits.

CSR Activities: CSR activities will include projects or programs or initiatives relating to those specified in Schedule VII to the Companies Act 2013, excluding activities undertaken in pursuance of normal course of business, Components of CSR activities would include modalities of execution, implementation schedule, modalities of utilization of fund, and monitoring mechanism.

Reporting Mechanism: CSR Policy and its contents shall be displayed on the company's web site, as per the format specified in Companies (CSR Policy) Rules 2014. The Directors' Report shall include an annual report on CSR in the same format.



CPCL's CSR Guidelines

Chapter	Contents
1	Board Committee, Applicable and Target Segment
2	Approach to Project Implementation
3	CSR Allocation and Budget
4	Roles and Responsibilities

Chapter – 1: Board Committee, Applicability and Target Segment

CPCL shall constitute a CSR Committee of the Board consisting of at least three Directors, out of which at least one director shall be an Independent Director. CSR activities will include projects or programs or initiatives relating to those specified in Schedule VII to the Companies Act excluding activities undertaken in pursuance of normal course of business.

The following broad parameters / factors, to the extent feasible, will be considered for undertaking CSR activities.

- 1.1 Preference will be given to areas located near the refineries and the assets of CPCL 'CSR activities will be undertaken as per Schedule VII of Companies Act 2013 / Company (CSR Policy) Rules 2014 (CSR Rules), preferably for the benefit of different segments of the society, specially the weaker sections, poor, deprived & underprivileged, scheduled caste and scheduled tribe communities, OBC, minorities, women, children, aged, persons with disabilities (PWDs) etc. The entries in Schedule VII should be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule.'
- 1.2 CSR activities undertaken in India only shall amount to CSR expenditure
- 1.3 Expenses incurred for fulfillment of any Act / Status of regulation (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure.

Chapter – 2: Approach to Project Implementation

- 2.1. CSR activities should be undertaken in project / program mode. One-off events such as marathons / awards / advertisement / sponsorship of TV programs, etc. would not qualify as CSR expenditure.
- 2.2. Need Assessment and Impact Assessment studies may be carried out for all large value project with expenditure above Rs 15.00 lakhs
 - 2.2.1. **Need Assessment:** It may be carried out by in-house committees or external agencies in the target areas before the project is kick-started.
 - 2.2.2. **Impact Assessment:** Impact Assessment may be carried out preferably by an external agency, after completion of minimum one year from the date of commissioning of the project (s).
 - 2.2.3. **Documentation:** The following documentation may be carried out, cost of which will be construed as CSR expenditure.
 - 2.2.3.1. Detailed Need Assessment Report
 - 2.2.3.2. Detailed Impact Assessment Report
 - 2.2.3.3. Photographs, AVs etc.,
- 2.3. CSR activities will have the following components:
 - 2.3.1. **Modalities of execution:** Whether project is executed through in-house expertise, CPCL's contractors, external agency, etc. should be specified.
 - 2.3.1.1. **Project execution through in-house expertise / CPCL contractors:** In situations, where the activity is aligned with / related to CPCL business operations and / or where, CPCL has the expertise to undertake / implement the project, CSR activities may be implemented by CPCL / CPCL Contractors / Vendors.
 - 2.3.1.2. **Project execution through external agency:** CSR activities may be implemented through a registered trust or a registered society or a company established by CPCL or its holding or subsidiary or associate company under section 8 of the Companies Act or otherwise, provided that.....
 - If such trust, society or company is not established by CPCL or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;
 - CPCL has specified the project or programs to be undertaken through these entities, the modalities of utilization of fund on such projects and programs and the monitoring and reporting mechanism.
 - 2.3.1.3. 'Registered Trust' would include Trusts registered under Income Tax Act 1956, for those States where registration of Trust is not mandatory.

- 2.3.2. Implementation schedule: Timelines of implementation should be specified.
- 2.3.3. Modalities of utilization of funds: Project-wise fund allocation and modalities of utilization of funds, e.g. milestone-based payments, etc. should be specified.
- 2.3.4. Monitoring mechanism: CSR project monitoring will preferably be done by in-house multi-disciplinary committees (which should include a representative from Finance department) at Division level and Unit level (Details of Committee and Roles and Responsibilities given in **Chapter – 4**) and progress report / proper records of monitoring will be maintained.
- 2.3.5. Reporting mechanism: CSR Policy and its contents shall be displayed on the company's website, as per format specified in the CSR Rules. The list of CSR activities undertaken along with expenditure will be put up to the CSR Committee and Board. The Directors' Report shall include an annual report on CSR as per format specified in the CSR Rules.
- 2.3.6. For each CSR Project / activity, expenditure for various sub-segments of beneficiary groups to be found out by apportioning the total expenditure in the ratio of population of various targeted sub-segments.
- 2.4. **Stakeholder Engagement:** Wherever feasible, efforts will be made for dialogue and consultation with key stakeholder.
- 2.5. **Advertisements:** Expenditure towards advertisements, floating tenders, expression of interest and other project related overheads in connection with CSR activities would be accounted for a CSR expenditure.

Chapter – 3: CSR Allocation and Budget

- 3.1. CPCL will earmark 2% of the average of its net profits made during three immediately preceding financial years as 'Annual CSR Allocation'. Apart from the above, the Board of Directors of CPCL may authorise to carry out CSR activities on a voluntary basis, even though CPCL may not be required to carry out CSR activities mandatorily in any year. Upto 5% of the CSR Budget may be earmarked for non-project activities. Net profit will be calculated as per the Companies Act / Rules, or amendments thereof.
- 3.2. 'Net profit', as mentioned above, shall not include the following namely:
- 3.2.1. any profit arising from any overseas branch(es) of the company, whether operated as a separate company or otherwise; and
- 3.2.2. any dividend received from other companies in India, which are covered under and comply with the provisions of Section 135 of the Companies Act.
- 3.3. The annual 'CSR Budget' will include the amount as mentioned above at clause 3.1 plus the unspent amount carried forward from the previous year.
- 3.4. CSR expenditure shall include contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, as per Schedule VII of the Companies Act / CSR Rules.
- 3.5. Contribution to Corpus of a Trust / society / Section 8 companies etc. will qualify as CSR expenditure as long as
- (a) the Trust / society / Section 8 companies etc. is created exclusively for undertaking CSR activities or
- (b) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.
- 3.6. Salaries to regular CSR staff as well as to volunteers (in proportion to company's time / hours spent specifically on CSR) may also be factored into CSR project cost as part of CSR expenditure.
- 3.7. Programs / Projects / Activities that benefit only the employees of CPCL and their families shall not be considered as CSR activities. The total expenditure for other projects, that would benefit employees as well as non-employees, would be apportioned in the ratio of number of non-employees beneficiaries to total number of beneficiaries for ascertain the CSR expenditure.

Chapter – 4: Roles and Responsibilities

In order to properly conceive, effectively implementation and monitor CSR activities, Committees / CSR set-ups will function at Manali & Cauvery Basin Refineries as per the quantum of works / projects. Specific roles and responsibilities of key Organization Entities, Committees and officials are given below:

Organizational Entity	Principal role and responsibilities
Board of Directors (BoD)	<p>Board of Directors (BoD) is the senior-most governance body that provides direction and reviews progress of overall CSR Plan and implementation program. Board will be approached as and when required or as suggested by CSR Committee. The role of Board on matters relating to CSR, inter alia, is as under:</p> <ul style="list-style-type: none"> • After taking into account the recommendations made by the CSR Committee, approve the CSR Policy and disclose contents of such Policy in its report and also place it on the website in such manner as may be prescribed by Government of India from time to time. • Ensure that the activities as included in CSR Policy are undertaken. • Disclose the composition of the CSR Committee in its report. • Disclosure in Annual Report of CSR activities.
CSR Committee	<p>The role of CSR Committee is as under:</p> <ul style="list-style-type: none"> • To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken as specified in Schedule VII of Companies Act; • To recommend the amount of expenditure to be incurred on the activities referred above • To monitor the CSR Policy from time to time • To institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the company • To review CPCL's existing CSR policy from time to time as per guidelines issued by Government. • To guide and suggest improvement in CSR activities / systems
CSR Project Identification Committee	<p>Head of HR department will be Convener & Nodal Officer of Committee and other members are drawn from cross section of Finance, CSR, Cauvery Basin Refinery, etc at GM /DGM level.</p> <ul style="list-style-type: none"> • Identification of CSR projects based on the need assessment and also in accordance with the activities

Organizational Entity	Principal role and responsibilities
	<p>specified in Schedule VII, Section 135 of Companies Act 2013.</p> <ul style="list-style-type: none"> • Recommend the annual budget to CSR Committee of the Board. • Keep track of the Central and State Government's Schemes • Keep track of CSR related developments in the Ministry & Industry • Approval of NGOs for execution of CSR projects and • Approval of agencies for carrying out impact assessment of CSR projects implementation by CPCL.
CSR Officials at Units	<p>The responsibilities of CSR officials posted at Units will be as follows:</p> <ul style="list-style-type: none"> • Plan CSR activities for the year • Obtaining the approval of competent authority • Identification of CSR activities • Conduct need assessment / baseline study at the identified villages / area • Implement & monitor CSR projects • Conduct Impact Assessment study • Documentation of CSR activities • Develop processes to involve stakeholders • Act as a CSR communication focal point for the Department / Unit for information and create awareness drive across the Department / Unit • Reporting and publishing outcomes through CSR Report • MIS for Top Management • Any other responsibility related to CSR

Note: The Competent Authority may decide on the execution of CSR activities within the overall stipulations of Companies Act,2013 and applicable Govt. Guidelines on need basis.
