

CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

CONSTITUTION OF CSR COMMITTEE:

In accordance with the provisions of Section 135 of Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee of Carl Bechem Lubricants India Pvt. Ltd (“the Company”) was constituted by the Board of Directors of the Company at their Board meeting held on August 14, 2014.

MEMBERS OF CSR COMMITTEE:

The CSR Committee was formed in pursuance of the Board Meeting held on 14, August 2014

Mr. Anirban Bhattacharya, Managing Director & CEO, Mr. N. Krishnamoorthy, Director & Mr. Christoph Knut Hundertmark, Director be nominated as the Members of the Committee and they be authorised to frame the rules for undertaking CSR activities and to decide on the amount to be spent on each activity and to do all such things, deeds and acts as may be required for the purpose of giving effect to this resolution.

The members of the CSR committee Mr. Anirban Bhattacharya, Managing Director & CEO, N. Krishnamoorthy, Director & Mr. Christoph Knut Hundertmark, Director have nominated following additional personnel for the CSR committee as advisors;

P. Shashidhar
Ajay Arora,
Mahesh Maiya. P
Adarsh. K.T
Rashmi. D
Bharath Kumar. N
Vijay Girish. S.

With the inclusion of above advisors, the composition of the CSR Committee is as under;

1. Anirban Bhattacharya	-	Member
2. Krishnamoorthy.N	-	Member
3. Mr. Christoph Knut Hundertmark	-	Member
4. Shashidhar. P	-	Advisor
5. Ajay Arora	-	Advisor
6. Mahesh Maiya. P	-	Advisor
7. Adarsh K.T	-	Advisor
8. Rashmi. D	-	Advisor
9. Bharath Kumar. N	-	Advisor
10. Vijay Girish. S	-	Advisor.

Any change in the composition of the CSR committee will be based on approval of the Board of Directors of the Company.

CSR COMMITTEE :

CSR Committee shall:

- (i) Formulate and recommend to the Board, an Annual Action Plan, which shall include the following, namely:-
 - (a) the list of CSR projects or programmes that are to be undertaken as per Schedule VII of the Act;
 - (b) the manner of execution of such projects or programmes;
 - (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;
- (ii) Formulate and recommend the CSR Policy or any amendments thereon to the Board of Directors of the Company. Any amendments to be made to the CSR Policy shall be taken up by the Board only with the recommendation of CSR Committee;
- (iii) Recommend the amount of expenditure to be incurred by the Company in each financial year in relation to the CSR Activities to the Board of the Directors of the Company. Such expenditure shall be calculated in accordance with the provisions of the Act after consultation with the finance department of the Company;
- (iv) Undertake all necessary steps to implement the CSR Activities in accordance with the implementation schedule, as approved by the Board;
- (v) Monitor the CSR Activities in such manner as prescribed in this Policy;
- (vi) Update the board of directors from time to time on the progress of the CSR Activities along with a report on the amount allocated for such activity, amount utilised, amount unspent, if any, additional funds required, if any and expenditure incurred; and
- (vii) Ensure that the CSR amount shall not be utilised on activities that benefit only the employees and their families.

- (viii) CSR committee to have SOP for better monitoring.
- (ix) In the event Company unable to spend, CSR committee to report to the Board in writing with reasons.

The Board of Directors or the CSR Committee, as the case may be, shall exercise its jurisdiction over the CSR activities carried or proposed to be carried within India.

BOARD OF DIRECTORS :

The Board of Directors shall

- a) Review recommendations made by the CSR Committee;
- b) Approve CSR Policy for the Company;
- c) Ensure disclosing contents of the policy in Company's report/website.
- d) Ensure that Company spends at least 2% of its average profits during the three immediately preceding financial years.
- e) Ensure that activities included in the CSR policy are undertaken by the Company.
- f) Ensure that Company shall give preference to the local area and areas around its work centres/Terminals for spending the amount earmarked for CSR activities;
- g) If the Company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount.
- h) Include an annual report on CSR in the Board's Report containing particulars specified in Annexure and this annexure will be displayed on the website of the Company.

The Managing Director & CEO will be overall responsible for the effective implementation of CSR activities under the guidance of CSR Committee in accordance with the approved Policy, apprising the Board at least once a year.

CSR MEETINGS :

Any two members of the CSR Committee personally present or via video conferencing, shall form a quorum for the meeting of the CSR Committee.

The meetings of the CSR Committee shall be held at such periodicity as the CSR committee may decide. Meetings can be convened at such time, at such place and on such day, as the members of the CSR Committee may deem fit. The minutes recording the proceedings of the CSR Committee meetings shall be placed before the next board meeting of the Company for approval. Provisions relating to conducting board meetings via video conferencing shall apply mutatis mutandis to the CSR Committee meetings.

Any one of the CSR Committee members shall be authorised to issue notice to convene the meetings of the CSR Committee.

In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

Matters transacted at the meetings of the CSR Committee or by way of resolutions by circulation shall be decided by majority vote of the CSR Committee members.

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee and tabled at the subsequent Board and Committee meeting.

OBJECTIVE CSR :

1. To lay down the guidelines for the company to evolve its relationship with society by way of social and economic contribution and by giving back to the society for the resources it used to flourish by adoption of appropriate business processes and strategies.
2. To fulfil the directive of the Act enjoining prescribed companies to develop and implement a CSR policy specifying the activities to be undertaken by the Company.
3. To prepare list of activities, programmers and projects to be undertaken during the implementation year, specifying modalities of execution and implementation schedules for the same
4. To focus on CSR activities strictly in compliance with applicable laws from time to time in force, including the Act and the rules thereunder. Towards this purpose, the Policy has been designed to achieve the Company's social goals, while satisfying the required statutory obligations.

CSR ACTIVITIES :

In accordance with the primary CSR philosophy of the Company and the specified activities under the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, and any amendment(s) thereof, the CSR activities to be undertaken by the Company under this Policy can be any of the following activities:

- (i) eradicating hunger, poverty and malnutrition, promoting 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) promoting education, including special education and employment-enhancing vocational skills, especially among children, women, elderly and the differently abled, and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward/disadvantaged 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 setup 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;
- (vii) training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward /disadvantaged classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects; and
- (xi) Slum area development.
- (xii) disaster management, including relief, rehabilitation and reconstruction activities

The CSR activities undertaken by the Company shall be in the form of Programme OR Project it is to be approved by the CSR committee followed by the Board approval.

EXCLUSIONS TO CSR ACTIVITIES :

The following activities shall not qualify as CSR activities:

- (i) Projects, programs or activities undertaken during the normal course of Company's business;
- (ii) Projects or programs or activities undertaken that benefit only the Company's employees, or its customers or vendors, or their families;
- (iii) One-off events such as marathons / awards / advertisement / sponsorships of TV programmes etc.;
- (iv) activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- (i) 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; and
- (ii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;

SELF GOVERNANCE :

The Company, its Board of Directors, employees, officers, CSR Committee members, its invitees, shall not:

- (a) directly or indirectly engage in lobbying of CSR activities;
- (ii) accept any kind of favours and gifts, in any form, from any prospective or potential CSR Partners or beneficiaries as a result of consideration of the proposal to grant funds to such CSR Partners or beneficiaries under this Policy.

KEY FOCUS AREAS OF THE COMPANY FOR CSR :

The Key Focus Areas of the company for CSR activities are;

- **Promoting Education**
 - ✓ Support meritorious underprivileged students in the form of scholarships to pursue their education.
 - ✓ Provide access to better exposure for government school children in order to excel in their studies.

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- ✓ Support to build new or renovation of government schools.
- ✓ **Hunger Eradication**
- ✓ Extend support to eradicate hunger through mid-day meals.
- ✓ **Rural / Community Development Projects**
- ✓ Support the basic requirements of the rural areas such as Drinking Water, Street Lights, CCTV Installation, providing support for minor areas of improvement in infrastructure etc.
- **Health Care**
 - ✓ Offer medical Insurance support to chosen to cover COVID-19 medical expenses.
 - ✓ Support initiatives towards fighting COVID-19 crisis.
- **Disaster management – includes relief, rehabilitation and reconstruction activities**
 - ✓ Offer support to NGO's / State or Central Govt. in supporting Disaster management (including relief, rehabilitation and reconstruction activities.)

Major objective of the company is to spend on the Key Focus Areas identified. However, the CSR committee is free to decide on focussing areas other than the Key Focus Areas from time to time, but the new areas of focus shall be within the definition of the CSR activities as defined in the Act from time to time.

MONITORING MECHANISM :

The administration of the CSR Policy and the execution of identified CSR projects, programs and activities shall be carried out under the overall superintendence of a CSR Sub Committee (if appointed).

The members of CSR Sub Committee shall be any employee of the Company. Any of the Directors also have a right to replace any members of the sub-committee.

Moreover, any member who has left the employment with the Company would automatically cease to be a member of CSR Sub-Committee.

Implementation of CSR Policy will be monitored and reviewed periodically through a two tier structure comprising of Sub-committee and CSR committee.

The CSR Committee will receive a periodic report/presentation on progress of CSR projects / activities and the amount spent on such activities from the Sub-committee.

A presentation/report will be made to the CSR Committee on a periodical basis including details of the projects / activities planned for the next year and its respective budgets.

The Board of Directors of the Company shall review the implementation of CSR on a periodic basis.

DEFINITIONS :

“*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

“*CSR Committee*” means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.

“*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

“*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

“Act” means the Companies Act, 2013

“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 CSR project or programme.

IMPLEMENTATION OF CSR ACTIVITIES :

The Company may appoint a sub-committee and make any of its employees the member of the same to oversee and implement the various CSR projects and spends.

The Company may also carry out the CSR activities in accordance with the terms of this Policy, through 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

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- 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
- 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.
- any entity established under an Act of Parliament or a State legislature; or

If the Company chooses to carry out the CSR Activities through a registered public trust or registered society or a Section 8 company incorporated under the Act, which is established by a third party (“CSR Partner”), guidelines mentioned in Clause 4 below are required to be followed in choosing such CSR Partner.

Any designated company official can be delegated to co-ordinate with the CSR Partners and/or the beneficiaries to inspect the activities undertaken and ensure information in timely manner.

GUIDELINES FOR CHOOSING A CSR PARTNERS :

CSR Partner shall be either a registered public trust or a registered society under the applicable laws or a company incorporated under Section 8 of the Act with an established track record of 3 years in undertaking activities in the focus areas in which the Company intends to carryout CSR Activities.

The board of directors or the trustees or the management committee members or governing body members of the CSR Partner, as the case may be, or the members of the CSR Partner or the CSR Partner itself, shall not in any way be, directly or indirectly, connected with any political parties and the CSR Partner should not be, directly or indirectly, promoted by political parties.

CSR Partner shall not engage in religious or political activities, for the private benefit of the CSR Partner. CSR partner shall not discriminate on the basis of race, colour, religion, sex, age, national origin, citizenship status, disability, sexual orientation, veteran status, political affiliation or any other protected status.

The board of directors or the trustees or the management committee members or governing body members of the CSR Partner, as the case may be, or the members of the CSR Partner should not be adjudicated as an insolvent or convicted by a Court of any offence involving moral turpitude.

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CSR Partner should not be or should not have been a party at any time to bankruptcy or insolvency or winding up proceedings or to proceedings involving a composition of creditors, or should not make or should not have at any time made an assignment for the benefit of creditors. Custodian, receiver or any other person with like power should not have been appointed to take charge of or liquidate all or a part of the its business, property or assets or no order should have been made or a resolution should have been passed for the winding-up or liquidation or any corporate proceedings for its liquidation, winding-up or dissolution shall have been commenced.

CSR Partner should have complied with the applicable laws and no notice for non-compliance under any applicable laws should have been received from any authorities.

CSR Partner should have audited its accounts for each of the financial years from the date of its existence and the financial statements should reflect true and fair view of its affairs.

The Company shall satisfy itself of the legal, financial and regulatory aspects of the CSR Partner to ensure ability to carry out CSR Activities on behalf of the Company.

The CSR Committee shall discuss the CSR Policy and the objectives of the Company in this regard with the proposed CSR Partners.

The Company shall procure a detailed project report from the shortlisted CSR Partners regarding the course of action that they intend to undertake, if chosen to implement a particular CSR Activity on behalf of the Company.

CSR Partner shall register itself with the Central Government by filing the required Form with the Registrar of Companies.

The Company shall, before executing the projects with CSR Partners, ensure that the specifications for the project or programs to be undertaken through the CSR Partners, the utilization of funds on such projects and programs and the monitoring and reporting mechanism are made clear.

CSR FUND :

The Contribution towards CSR Activities shall be in accordance with the CSR Guidelines.

The Company may open a separate bank account and deposit into such amount every financial year.

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Payments shall be made directly to the CSR Partners and/or the beneficiaries, as the case may be, from the aforementioned bank account.

The CSR Committee may decide the signatories to the bank account opened by the Company for this purpose and make recommendations to the Board of Directors. The decision of the Board of Directors of the Company on the signatories to the bank account shall be final.

In the event Company is unable to spend the amount earmarked for the CSR Activities in a financial year, the CSR Committee shall submit a report in writing to the board of directors of the Company specifying the reasons for not spending the amount, which in turn shall be reported by the board of directors of the Company in their report to the shareholders of the Company for that particular financial year.

A capital contribution in a CSR Partner will be made only if:

- (i) The CSR Partner is created exclusively for undertaking CSR activities; or
- (ii) The corpus is created exclusively for a purpose directly related to the activities listed in Section 2 above.

In case the Company is not able to spend the entire CSR amount during the financial year. The unspent amount shall be treated as below:

- Unspent amount relating to ongoing CSR project: The amount shall be transferred by the Company within 30 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" ("Unspent CSR Account"). The amount so transferred shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of 3 financial years from the date of such transfer.
- Unspent amount NOT relating to any ongoing project: The unspent amount shall be transferred by the Company to a Fund specified in Schedule VII, within a period of 6 months of the expiry of the financial year i.e., before Sep 30, of each year for FY ending March 31.

Note: Until a specific fund is notified by the Central Government in the Schedule VII 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."

CSR EXPENDITURE :

The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

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 be spent in pursuance of this 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.

Excess CSR spend may be set off by the Company towards future CSR obligation up to immediate succeeding 3 financial years, with the approval of the Board through a resolution

The CSR amount may be spent by the Company for creation or acquisition a capital asset as per the Act and Rules framed thereunder.

Chief Financial Officer of the company to certify the CSR disbursements & Spend.

POLICY REVIEW AND FUTURE AMENDMENT :

The CSR Committee shall review the CSR Policy from time to time and make suitable changes as may be required by the Act and submit the same for the approval of the Board of Directors of the Company.

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