



Castrol India Limited

Corporate Social Responsibility (CSR) Policy

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(V-4: Effective 1 April 2021)

Title and Applicability

Castrol India Limited (“CIL” or the “Company” or “Castrol India”) is a publicly listed Company in India.

This document articulates CIL’s Corporate Social Responsibility (CSR) Policy (the “Policy”). This Policy applies to all CSR activities of CIL in India and conforms to the requirements of Section 135 of the Companies Act 2013 (as amended from time to time), rules notified thereunder and any other applicable statutory provision(s). The Policy is underpinned and guided at all times by the Code of Conduct (CoC) of the Company.

CSR objectives / philosophy

At CIL, we believe that we have a responsibility to bring enduring positive value to communities we work with. In line with our core theme to keep India moving, we have and will continue to build enduring and engaging relationships with key stakeholders in the mobility sector.

Truck drivers and mechanics are two key partners who play a significant role in keeping the wheels of this sector moving. Truck drivers carry the majority of freight traffic in the country while mechanics service one of the largest automotive markets in the world. However, their skills, livelihood opportunities and socio-economic conditions need more focus.

At CIL, we are committed to making a positive impact in the lives of truck drivers and mechanics by preparing them to face today’s reality and leverage tomorrow’s opportunity.

Vision

Transforming the lives of truck drivers and mechanics towards a sustainable livelihood and building pride in their professions.

Mission:

To prepare truck drivers and mechanics in India for today’s reality and tomorrow’s opportunity by:

- i. Enabling sustainable livelihoods and making them future-ready through upskilling
- ii. Providing opportunities for socio-economic growth through financial literacy and entrepreneurship development
- iii. Building pride in their professions through multiple programmatic interventions and platforms

CSR programmes

- Programme for holistic development of truck drivers - Castrol Sarathi Mitra
- Programme for mechanics with an aim to strengthen skills development in automotive and industrial sectors, with a focus on technology – Castrol Eklavya

Additionally, the Company continues to engage with communities around areas of operations and presence through various community development programmes focused on education and upskilling programmes for youth and women.

The Company, from time to time, supports humanitarian aid activities in India, by providing relief and rehabilitation to people impacted by natural disasters.

Programme for holistic development of truck drivers - Castrol Sarathi Mitra

Truck drivers lead a tough and demanding life. They spend days and nights on the road, away from their families, driving for long hours, on difficult terrains and challenging road and driving conditions. They also have a responsibility to deliver cargo on time; safely. All of this can be taxing, not only on their physical health, but also on their emotional well-being. Most truck drivers lack appropriate formal training, and many times cleaners transition to truck driving. CIL believes that holistic interventions could help bridge the gap for skilled, knowledgeable, and safe truck drivers.

Additionally, skills such as entrepreneurship, business management, customer service and financial literacy will enable the truck drivers to earn a sustainable livelihood and live a life with pride.

The programme aims at holistically improving lives of truck drivers through interventions that enable a sustainable livelihood and opportunities for socio-economic growth.

Programme for mechanics with an aim to strengthen skills development in automotive and industrial sectors, with a focus on technology – Castrol Eklavya

Independent mechanics, from the unorganised sector, also lead a challenging life to earn a living. Many of them are school drop-outs who start their careers as apprentices with no formal technical training. With the rapidly changing automotive technologies, continued technical upskilling would go a long way in making them future-ready.

Additionally, skills such as entrepreneurship, business management, customer service and financial literacy will enable them to earn a sustainable livelihood and live a life with pride.

Keeping in line with the government's mission of "Skill India", this program provides a comprehensive, structured approach to imparting knowledge-based skills to mechanics.

Planning

The Company's CSR programmes are guided by this Policy. CIL undertakes CSR activities as stated in Annexure 1. The CSR committee may, if required, recommend to the Board of Directors as part of the CSR Policy, activities outside of the above-mentioned areas.

Selection of NGO

The company follows a process of due diligence of NGOs to ensure compliance with regulatory requirements including the registration with central government by filing of the CSR-1. The NGOs are further evaluated on parameters like expertise in implementation, track record of performance, financial health, transparency, local community outreach, ethics, and compliance. Counter party due diligence (CDD) of the selected NGOs is conducted and NGOs which have risk rating 'Low' and below are considered for evaluation. CSR sub-committee approves the selection of NGOs based on recommendation from CSR team and independent evaluation of the NGOs.

Implementation

All activities are undertaken in project mode with defined objectives and deliverables, clarity on target beneficiaries, implementation plans with schedule of timelines agreed prior to the commencement of activities.

Monitoring and Reporting Framework

In compliance with the Act and to ensure funds spent on CSR programmes are creating the desired impact on the ground, a comprehensive monitoring and reporting framework is in place. The key objectives of monitoring throughout the implementation period is to establish that the projects are making satisfactory and timely progress towards the objectives agreed, the financial management and reporting are satisfactory and to flag any course correction required.

The monitoring and reporting mechanism include as applicable and appropriate, necessary processes including baseline, midline and end-of-project assessments to allow for a structured approach and mid-course correction, if any, as required. A robust monitoring and evaluation system, and key performance indicators (quantitative and qualitative) are developed for each project as per its specific requirements. As appropriate, third party evaluations are built in to assess impact on beneficiaries and progress towards achievement of the objectives of the CSR Policy. Documentation and reporting are undertaken for all projects to aid availability of updated information and to capture learnings and best practices.

Governance

The CIL CSR Governance structure is headed by the CSR Committee of the Board of Directors of the Company. This Committee reports to the Board of Directors of CIL. The CSR Committee consists of five directors of which, two are independent directors. The CSR Committee will provides oversight and guidance on CSR performance and monitor compliance with the CSR policy, commitments and the statutory regulations. CSR committee will also determine the overall scope of, provide input on, and recommend adoption of the CSR report to the Board of Directors of the Company and review effectiveness of the CSR Policy and activities included in the Policy.

The CSR committee shall formulate and recommend to the Board an annual action plan detailing the list of CSR programmes, manner of execution, modalities of utilisation of funds, implementation schedule, monitoring and reporting mechanism and details of needs and impact assessment.

The annual CSR spend will be certified by an independent financial auditor and provided to CFO for certification. The Board will monitor performance against the annual action plan to ensure that the funds so disbursed have been utilised for the purposes and in the manner as approved by it. The Board will monitor the impact of the CSR programmes and provide input and course corrections if required.

Impact assessment

Impact assessment study is conducted by an independent impact assessment agency for CSR projects having outlays of one crore rupees or more. The framework for impact assessment study is based on the following:

Objectives:

- Assess efficiency of processes during implementing the programs
- Assess effectiveness in terms of improvements in lives of end beneficiaries
- Improve by providing actionable suggestions

Methodology:

- A quasi-experimental design that compares outcomes between two groups of targets – those who have been part of the programme (treatment group) and those who are not (control group)

Tools: A mix of quantitative and qualitative tools

- Quantitative tools include technical test and structured survey
- Qualitative tools include interviews with NGO partners and trainers and observation of programmes being implemented

Key performance indicators:

- Efficiency of processes in executing the training, which is a significant determinant of its success:
 - Pre-training: mobilization, trainee retention and infrastructure
 - Training: trainer quality, support to trainers, curriculum, pedagogy, and assessment
 - Post-training: certification, helpline, and follow-up
- Effectiveness of the training in terms of social outcomes for the trainees
 - Improvements in technical skills, life skills and safety performance
 - Increases in incomes and business
 - Better customer management
 - Enhanced well-being and sense of pride in profession

Budget

The Board of Directors of the Company endeavours to spend, in each financial year, 2% of the average net profit made during the three immediately preceding financial years. The CSR Committee recommends the annual budgeted expenditure to the Board for its consideration and approval.

Annexure 1

CIL CSR programmes

The CSR programmes undertaken by the Company are as follows:

Sr.no	CSR Programmes	Description	Schedule VII to the Companies Act, 2013
1	Castrol Eklavya	A programme for mechanics with an aim to strengthen skills development in automotive and industrial sectors, with a focus on technology	ii
2	Castrol Sarathi Mitra	Holistic development programme for truck drivers	ii
3	Other Initiatives	<ul style="list-style-type: none">• Community development initiatives around areas of operations and presence• Relief and rehabilitation support to people impacted by natural disasters in India	i, ii, -