

CSR POLICY

A. Background:

With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs. 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act.

B. CSR Policy

I. CSR Objectives

1. HPCL will lay its focus on CSR activities specially on local communities in and around areas of Company's operations viz. Refineries, Terminals, Depots, LPG Plants, Pipelines, Aviation Stations, Lube Blending Plants, Project locations and other offices etc. HPCL is committed to allocate at least 60% of the CSR Budget for these local communities.
2. HPCL will implement CSR activities to empower weaker, less privileged and marginalized sections of the society to create Social Capital.

II. ORGANIZATIONAL STRUCTURE

a. CSR Committee

Corporation will have a Board Level Sub-Committee herein after referred to as CSR Committee consisting of three or more Directors out of which at least one shall be an independent director.

The role/responsibilities of the **CSR Committee** include:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013.
2. Recommend the amount of budgeted expenditure to be incurred on the activities referred to in clause (1) above.

3. Monitor the Corporate Social Responsibility Policy of the company from time to time
4. Institute a transparent monitoring mechanism for implementation of the CSR projects/programs/activities
5. Monitor implementation of CSR activities on quarterly basis.
6. Approve programs / projects / activities with monetary value of Rs.70 Lakhs and above in each case.
7. Approve projects/programs/activities of any value which are outside HPCL's focus areas.

b. CSR Council:

Members of the Council:

Chairman- Director HR,

Members: ED-HRD, ED-Retail, ED-LPG, ED-O&D, ED-P&P, ED-HSE,

ED-MR and Head CSR

The role/responsibilities of the CSR **Council** include:

1. Suggest CSR activities to CSR Department which align with Corporate Vision
2. Review quarterly the CSR activities and expenditure vs Budgets, for midcourse corrections, if any.

c. CSR Management Committee

Members of CSR Management Committee –

- Director – HR (Chairman)
- Head – HRD (Not below s/g H)
- Functional SBU Head for Mktg. & respective Refinery Heads for MR/VR
- Head – CSR
- Head – Corporate Finance (not below Salary Grade H)
- Chief Manager/DGM/GM CSR (Secretary)

The role/responsibilities of the CSR **Management Committee** include:

1. Review the proposals for CSR projects/programs/activities received from various locations.
2. Approve proposals of value between Rs. 40 lakhs and Rs. 70 lakhs against approved allocated budget.

d. CSR Working Committee

Members of CSR Committee –

- Head-CSR (Chairman)
- Head – HR Mktg.
- Member from HR Department of MR/VR as the case may be (Not below Salary Grade E)
- Chief/Senior Manager Corp Finance
- Chief Manager/DGM/GM CSR (Secretary)

The role/responsibilities of the **CSR Working Committee** include:

1. Review the proposals for CSR projects/programs/activities received from various locations.
2. Approve proposals of value less than Rs. 40 lakhs against approved allocated budget.

III. CSR Focus area Projects / Programs /Activities:

- a. Corporation's CSR focus areas are inspired by national developmental policies and international commitments of nation for development of children, women and weaker sections. HPCL's CSR focus areas are based on inspiration from legislations on Child Rights, Child Development and Education, National Health Policy and National Health Missions, Health Care in India- Vision 2020, National Skill Development Mission, and policies on community/rural development.

All projects/programs/ activities will be in the areas of:

1. Child Care
2. Education
3. Health Care
4. Skill Development
5. Sports
6. Environment & Community Development

- b. Detailed break up of projects/programs activities under each of these will be approved in line with the Limits of Authority Manual.
- c. Any projects/programs activities in areas other than the above will be taken with the approval of CSR Committee.
- d. These projects/programs/activities shall be undertaken at any of the following:
 - 1. The Local development plan of HPCL which is in proximity to HPCL operation areas/locations
 - 2. In BRGF (Backward Region Grant Fund) districts as identified by Planning Commission.
 - 3. Where there is a strategic connect for HPCL.

Not less than 60% of the budget will be spent for the community in and around HPCL locations.

- e. CSR projects / programs / activities will be implemented through implementing partners/specialized agencies. The minimum eligibility criteria of an implementing partner are as follows:
 - 1. It must be a registered society, trust, company or any specialized agency having minimum three years of experience post registration in handling activities of similar nature.
 - 2. Experience of working with any Government Body or Public Sector Enterprise will be preferred.

However, the selection authority can request any other qualification on a mandatory basis from the applicants while selecting the implementing partners.

IV. FINANCIAL RESOURCES

a. Annual CSR Budget

In alignment with The Companies Act, 2013 the Corporation shall earmark as CSR Budget, at least 2% of the average of net profits of the company made during the three immediately preceding financial years.

b. Budgetary Allocations

1. Not less than 60% of the Budget will be allocated for activities in a Project mode.
2. Not more than 5% of the budget will be allocated for capacity building and communications.
3. Balance budget will be for one time and Other Social Activities.

On an overall basis, at least 25% of the budget should be with a special focus on SC/ST/Welfare Plan for Weaker Section.

Any surplus arising out of the CSR projects/programs / activities will not form part of the business profit of the Company.

V. Monitoring

a. Monitoring process will be a two tier mechanism thru:

1. CSR Committee on quarterly basis.
2. CSR Council on quarterly basis.

b. In addition to the above, at the end of the year, Third Party Impact Assessment of major projects will be carried out.