

Annexure III

Corporate Social Responsibility (CSR) Policy

1. Concept

Corporate Social Responsibility is strongly connected with the principles of Sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of JX NIPPON TWO LUBRICANTS INDIA PVT LTD. (JXTL) to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

2. Effective Date

This policy will come into force with effect from 1st September, 2016

3. CSR Committee

- i. The Board of Directors of the Company shall constitute a Corporate Social Responsibility Committee (CSR Committee) of the Board consisting of three or more directors, out of which at least one shall be an Independent Director.
- ii. The Committee, referred above, shall
 - a. Formulate and recommend to the Board the CSR Policy and any amendments thereof;
 - b. Recommend the amount of expenditure to be incurred on the activities, as per CSR Policy;
 - c. Be responsible for implementation and monitoring of CSR projects or programmes or activities of the Company.
- iii. The CSR Committee shall meet as and when deemed necessary.
- iv. Quorum of meeting of CSR Committee shall be one third of the total strength or two directors, whichever is higher.
- v. The CSR Committee may invite Executives, Advisors, representatives of Social Organizations, Auditors of the Company and such other person (s) as it may consider necessary to attend the meeting.

4. Activities and implementation

- i. The scope of this policy will extend to activities as stated under Schedule VII of the Companies Act, 2013, as presently in force. The scope of the policy to also include all additional and allied matters, as

will be notified by Ministry of Corporate Affairs or such other body, as appointed / notified by Central or State Government, from time to time for this purpose.

- ii. The Board of Directors of the Company may on recommendation of the CSR Committee, determine / approve the projects or programmes or activities (*identified project or programme or activity*) to be undertaken by the Company under CSR initiatives, from time to time. However, the Board shall ensure that the projects or programmes or activities undertaken are related and within the broad purview of the activities as stated under Schedule VII or any other relevant provision of the Companies Act, 2013.
- iii. The minimum eligibility criteria for any project or programme or activity and / or other incidental or ancillary matters, including but not limited to quantum of proposed expenditure, shall be finalized by the Board of Directors or any delegatee thereof, on recommendation of the CSR Committee.
- iv. The modalities of execution of CSR projects or programmes or activities and implementation thereof shall be determined by the Board of Directors or its Committee (excluding any Board Committee formed for some other specific purpose, however including but not limited to Committee of Directors) from time to time, upon recommendation of the CSR Committee.
- v. The CSR Committee shall frame rules or issue directives with regard to monitoring of the CSR projects or programmes or activities.
- vi. The CSR Committee may by resolution delegate or entrust any of the function, acts, deeds or things, etc. as may be required to be performed or complied by it, whether under Companies Act, 2013 or rules made thereunder or otherwise to any person, whether in employment of the Company or otherwise, and any such function, acts, deeds or things, etc. performed by such person pursuant to such resolution shall have effect, as if the same has been performed by the Committee itself.
- vii. The Board of Directors of the Company may on the recommendation of the CSR Committee, decide to undertake CSR projects or programmes or activities through a registered trust or a registered society or a Company or an associate Company established by Jx Nippon Two Lubricants India Pvt Ltd (JXTL) or otherwise (*Implementing Agency*). Provided that, in such case the provisions relating to Companies (Corporate Social Responsibility) Rules, 2014, are required to be complied with.
- viii. The Board of Directors may on recommendation of the CSR Committee decide to collaborate with other Companies for undertaking CSR projects or programmes or activities.
- ix. While undertaking CSR projects or programmes or activities preference shall be given to the local area or area of operation of the Company.

Such area of operation for any identified project or programme or activity shall be finalized by the Board of Directors or any committee thereof, upon recommendation if the CSR Committee.

5. Quantum of Investment

- i. The Company Shall spend, in every Financial year, at least 2% of the average net profit of the company made during the immediately 3 preceding Financial years. Net profit in such case will have the meaning as stated under rule 2(f) of the companies (Corporate social Responsibility) Rules 2014.
- ii. CSR Expenditure shall include all expenditure including corpus for projects or programmes relating to CSR Activities approved by the board on recommendation of CSR committee. However, the same will not include expenditure on any item not in conformity or in line with the activities stated under schedule VII of the companies Act, 2013.
- iii. CSR projects or programmes or activates undertaken in india only shall be considered as CSR Expenditure.
- iv. Projects or programmes or activities that benefit only the employees of the company and their families shall not be considered as CSR activities.
- v. Contribution of any amount directly or indirectly to any political party shall not be regarded as a CSR activity.
- vi. Any Expenditure incurred for building CSR capacity whether own or that of eligible implementing agency, shall not exceed five percent of total CSR expenditure, in one particular financial year.
- vii. Surplus arising out of CSR projects or Programmes or activity shall not form part of the business profit of the company.
- viii. if the company fails to spend , the amount stated herein above , then reason for not spending shall be stated in the directors Report .

Allied Matters

- i. with regard to CSR activities , boards report to state such particulars as stated under companies (Corporate Social Responsibility) Rules, 2014.
- ii. The company shall display such particulars relating to CSR Policy and activities undertaken thereunder as stated under companies (Corporate Social Responsibility) Rules, 2014.