



INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

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INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

I. Background

With effect from April 1, 2014, every company, which either has a net worth of Rs 500 crore or more or a turnover of Rs.1,000 crore or more or net profit of Rs 5 crore or more during the immediately preceding financial year, needs to spend in every financial year at least 2% of its average net profit made during the three immediately preceding financial years on Corporate Social Responsibility (CSR) activities. The CSR activities to be undertaken by a company are specified in Schedule VII of the Companies Act, 2013.

The Corporate Social Responsibility Policy ("CSR Policy") of Indian Strategic Petroleum Reserves Limited ("the Company") will be operative within the overall ambit of provisions of section 135 of the Companies Act, 2013 ("the Act") and Companies (Corporate Social Responsibility Policy) Rules, 2014 ("the CSR Rules") and Schedule VII of the Companies Act, 2013 and clarifications/amendments thereof from time-to-time.

II. Corporate Social Responsibility Policy

A. CSR Objectives

1. To directly and indirectly take up programmes that benefit the communities in and around its work centers and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace.
2. ISPRL will implement CSR activities to empower weaker, less privileged and marginalized sections of society to create social capital.
3. To generate, through CSR initiatives, a community goodwill for ISPRL and help reinforce a positive and socially responsible image of ISPRL as a corporate entity.

B. Organizational Structure

(i) CSR Committee

A Company will have a CSR Committee of the Board consisting of three or more Directors out of which at least one shall be an Independent Director.

Provided that where a company is not required to appoint an independent director under sub- section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more Directors.

ISPRL is not required to appoint an independent director pursuant to Section 149 (4) of the Act, therefore, its CSR committee will be constituted without such director.

The roles/responsibilities of the CSR Committee include:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company in its thrust areas specified in line with Schedule VII of the Companies Act, 2013;
2. To recommend the amount of expenditure to be incurred on the activities referred to in clause (1) above;
3. To monitor the Corporate Social Responsibility Policy as approved by the Board from time to time.
4. To formulate and recommend to the Board, an annual action plan in pursuance of CSR Policy covering the following aspects:
 - (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - (ii) the manner of execution of such projects or programs as specified in rule 4(1) of the CSR Rules;
 - (iii) the modalities of utilization of funds and implementation schedules for the projects or programs;
 - (iv) monitoring and reporting mechanism for the projects or programs; and
 - (v) details of need and impact assessment, if any, for the projects undertaken by the company;

Recommend the changes to the Board, if any, needed in the annual action plan with reasonable justification to that effect;

5. Approve programs/projects/activities within the budget approved by the Board.
6. The Committee may hire external experts for CSR programs/projects/activities.

(ii) Board of Directors

The Board of Directors shall:

- a) Approve CSR Policy for the Company after taking into account the recommendations made by the CSR Committee.
- b) Ensure disclosure of the contents of the policy in its report/website.
- c) Ensure that Company spends at least 2% of its average profits during the three immediately preceding financial years in pursuance of its CSR policy.
- d) Ensure that activities as are included in the CSR policy are undertaken by the Company.
- e) Ensure that Company shall give preference to the local area and areas around its operations for spending the amount earmarked for CSR activities.
- f) Satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- g) Ensure that administrative overheads shall not exceed 5 percent of the total CSR expenditure of the Company for the financial year.
- h) If the Company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount.

(iii) CSR Management Committee

The Company shall constitute a CSR Management Committee. The roles/responsibilities of the CSR Management Committee include:

1. Review and examine the proposals for CSR projects /programs/activities received from various agencies/sites and recommend the eligible activities to the CSR Committee for approval;
2. Monitor the implementation of CSR activities/programs.

The Members of the CSR Management Committee are:

- a. Deputy CEO, ISPRL
- b. CFO, ISPRL
- c. CHRO, ISPRL

The Committee may decide to invite the Head of the respective location for the meeting w.r.t. that location.

C. CSR Activities

- a. CSR Thrust Areas: The core thrust areas Company's CSR activities are aligned with activities listed in Schedule VII of the Companies Act, 2013 and are as follows: -
 - 1. Health and Sanitation,
 - 2. Education,
 - 3. Skill Development,
 - 4. Promoting Gender Equality,
 - 5. Environmental Sustainability,
 - 6. Training to promote rural sports, nationally recognized sports, and
 - 7. Rural Development
- b. The CSR activities will be undertaken by the Company, as per its stated CSR Policy, as projects or programs or activities, excluding activities undertaken in pursuance of its normal course of business.
- c. Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.
- d. CSR projects or programs, or activities undertaken in India only shall amount to CSR expenditure.
- e. The CSR projects or programs, or activities that benefit only the employees of the company and their families shall not be considered as CSR activities.

D. Financial Resources

a. Annual CSR Budget

In alignment with the Companies Act, 2013, ISPRL 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. Budget Allocation

- i. 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 spent in pursuance of 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.

- ii. Unspent CSR amount, if any, shall be transferred to a separate account in accordance with section 135(6) of the Companies Act, 2013 and rules thereunder.
- iii. 'Administrative Overheads' means expenses incurred for 'general management and administration' of Corporate Social Responsibility function but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme and shall not exceed 5% of the total CSR expenditure of the Company for the financial year.
- iv. Ongoing Project means a multi-year project undertaken by Company in fulfilment of CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

In case of such Ongoing project, the Board of Directors of Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

E. Execution

- I. The Board of the Company may decide to carry out CSR activities, as approved by CSR Committee, either by itself or through the following entities:**
 - (a) a 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 established by the company, either singly or along with any other company, or
 - (b) a 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
 - (c) any entity established under an Act of Parliament or a State legislature, or
 - (d) a 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.

- II. The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programmes.
- III. Implementation of the CSR projects or programs may also be undertaken by entering into Memorandum of Understanding (MoU) with implementing agencies.
- IV. Any entity, covered above, that intends to undertake any CSR activity, should also meet the minimum eligibility criteria as follows:
 - (i) Registration with the Central Government by filing the form CSR-1 electronically with the Registrar.
 - (ii) Minimum three years of experience post registration of entity and established track record in handling activities of similar nature.
 - (iii) 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.

F. CSR Expenditure

CSR expenditure shall include all expenditures including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities prescribed under this policy.

G. Capital Assets

Capital assets created/acquired through CSR funds shall be handed over to the entity as specified in rule 7(4) of the CSR Rules.

H. Corporate Image

All efforts would be made to ensure appropriate visibility of ISPRL's contribution to the Community and Nation.

I. Monitoring

- I. The Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- II. In addition to the above, Impact Assessment will be carried out for CSR projects having outlay of Rs. 1 Crore or more through an independent agency, subject to the condition that such projects have been completed not less than one year before undertaking the impact study. This is applicable in case the average CSR obligation of the Company is ten crore rupees or more as per Section 135(5) of the Companies Act, 2013 in the three immediately preceding financial years.
- III. The impact assessment report shall be placed before the Board of Directors and shall be annexed to the annual report on CSR.
- IV. The expenditure towards impact assessment for respective financial year shall not exceed two per cent of the total CSR expenditure or fifty lakh rupees, whichever is higher.

J. Documentation and Reporting

- I. The company shall include a report in its Annual Report on every CSR activity undertaken during the year in accordance with the Rule 8 of Companies (Corporate Social Responsibility) Policy Rules, 2014. The report has to be signed by CEO & MD, ISPRL and Chairman of CSR Committee.
- II. The Composition of the Committee and CSR Policy and projects approved by the Board would be uploaded on the Company's website.

K. Validity

CSR policy may be reviewed in event of major changes in the Act / CSR Rules, etc. or in every 2 years, whichever is earlier. Any changes/modifications in the policy shall be approved by the Board based on the recommendation of the CSR Committee of ISPRL.