Corporate Social Responsibility Policy

1 Scope:

Valvoline Cummins Private Limited (hereinafter referred to as "**VCPL**" or "**Company**") envisage to contribute in the uplifting of the quality of life of communities in and around its business operations in India through diverse sets of community development projects.

The key elements of this Corporate Social Responsibility ("**CSR**") policy of VCPL include:

(i) Vision and framework of CSR
(ii) Key focus area of community development and approach
(iii) Implementation strategy for CSR

2 Vision and Framework:

CSR for the Company is not philanthropy - it is a far-reaching, engaging and participative model. Corporate Social Responsibility relies on an endless loop of symbiotic associations between employees, organization and the community at large. We go beyond just adhering to statutory and legal compliances and creates social and environmental value for our key stakeholders.

The Company's CSR vision is "to engage, empower and facilitate the communities for the betterment of their quality of life".

CSR framework is rolling out dedicated community development projects by engaging capable implementing agencies, monitoring and measuring the outcomes and impact, encouraging and empowering employees to explore their passion towards communities, as well as fostering sustainable coalitions with community stakeholders.

3 CSR Policy

3.1 Upon approval by the VCPL Board, the CSR Committee shall undertake any of the following activities as prescribed in Schedule VII of the Companies Act, 2013, as amended from time to time:

(i) eradicating hunger, poverty and malnutrition, promoting health care including 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 vocation 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 centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward 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 set-up 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 art and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

(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 Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);

(x) rural development projects;

(xi) slum area development;

Explanation- For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force;

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

4 Focus Areas:

4.1 The major thrust areas primarily focused by the Company and mapped with the activities as prescribed in schedule VII of the Companies Act, 2013 ("**the Act**") are as follows:

(i) Healthcare
(ii) Environment
(iii) Education
(iv) Livelihood
(v) Natural Calamity/Disaster, epidemic response etc

4.2 **Healthcare**:

To address the issues around availability, accessibility and affordability of quality healthcare services and creating awareness and promoting health seeking behavior among communities including for e.g. truck drivers, mechanics and their families resulting in improving the quality of life through:

- Primary, secondary and occupational healthcare facilities
- Organising need-based health and satellite camps and providing consultation, counselling, medicines and basic lab tests
- Behavioural change communication for health seeking behaviour
- Working around communicable and non-communicable diseases
- Using technology for training, clinical decision support for medical professionals to improve the quality of health care

4.3 **Environment:**

The Company is committed to maintain high standards on the environmental front and continuously make efforts to improve environmental sustainability through initiatives including but not limited to:

- Plantation
- Conservation and /or restoration of natural resources
- Creating awareness in protecting the environment
- Protecting the environment through community engagement and facilitation
- Contribution for technology upgradation to facilitate conservation of the environment

4.4 **Education:**

Quality education is the foundation for a better future of the economically challenged communities. CSR projects will contribute through the following initiatives:

- Support for improving infrastructure for a better teaching and learning environment in primary and secondary schools
- Provide support to children in obtaining access to quality education through scholarships
- Contribute towards enabling access to digital modes of learning across remote areas
- Skills development and vocational trainings for people of legal employable age i.e. 18 years and above

4.5 **Livelihood:**

Better livelihood opportunities to address poverty, hunger and malnutrition. CSR will be focusing on livelihood among economically challenged communities through:

- Facilitating farm and non-farm-based livelihood projects
- Skills and vocation training of the needy
- Addressing livelihood allied issues

4.6 N**atural Calamity/Disaster, epidemic response etc:**

Natural disasters are inevitable. The CSR projects will be helping the impacted communities through:

- Providing material support to the affected people
- Engaging our employees to support the affected communities

4.7 **Other Initiatives:**

Any other need-based projects in accordance to schedule VII of the Companies Act, 2013 and any amendments from time to time will be taken with due approval from CSR Committee and the Board of Directors.

5. Total Outlay:

5.1 The Company will contribute on CSR activities as per the requirements stated in the Companies Act 2013 and rules framed thereunder from time to time.

6. Monitoring and Reporting Framework:

6.1 A comprehensive monitoring and reporting framework shall be put in place in order to ensure that funds spent on CSR projects are creating the desired impact. The monitoring and reporting mechanism shall be divided into three distinct areas:

(i) Setting up of pre-set monitoring and evaluation or assessment framework for governance of all activities
(ii) The framework to include quantitative and qualitative measurables, key performance indicators, milestones and reporting periodicity prior to CSR project commencement
(iii) Along with regular financial and progress reporting mechanisms, financial and timelines-based measurement

Key objectives of monitoring throughout the implementation period will be to check:

(i) the satisfactory and timely progress of project towards the agreed objectives
(ii) the financial management and reporting

The impact of such CSR social investments will be evaluated or assessed at regular intervals as may be decided by the CSR Committee or the Board in accordance with the requirements stated in the Companies Act 2013 and rules framed thereunder from time to time.

In addition, the CSR Committee may mandate the effective and timely monitoring and evaluation or assessment of varied CSR projects by directing its Operating Group (defined below) or an independent third-party agency to carry out situational analysis, need assessment surveys, project visits, or impact studies, etc. if and as required especially for the strategic and high value CSR projects

7. Governance Framework

7.1 Board of Directors

The Board of Directors of the Company ("**the Board**") will function and act in accordance with the provisions of Section 135 the Companies Act, 2013 ("**the Act**"), read with the Companies (Corporate Social Responsibility) Rules, 2014 ("**the Rules**") including any statutory modifications or re-enactment thereof.

7.2 CSR Committee:

Pursuant to Section 135 of the Act, the Board has constituted a CSR Committee. The Committee will function in accordance with the provisions of Section 135 of the Act read with the Rules including any statutory modifications or re-enactment thereof.

The CSR Committee will be constituted and will meet as per the requirements laid down under the Act and the Rules therein.

The CSR Committee will report to the Board and shall be responsible for:

(i) Formulation and recommendation to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Act as amended from time to time;
(ii) Recommendation to the Board the projects to be undertaken, modes of execution and implementation schedule from time to time;
(iii) Providing guidance on CSR performance and monitoring compliance with CSR Policy, commitments and applicable statutory regulations
(iv) Determining the overall scope of, providing input on and recommending adoption of the CSR report to the Board of Directors of the Company;
(v) Recommending the amount of expenditure to be incurred on the activities referred to in clause (i);
(vi) Monitor effectiveness of the CSR Policy from time to time;
(vii) Such other functions as may be specified by the Board

The Board of Directors of the Company shall review the CSR projects on a half yearly basis.

7.3 Operating Group:

The CSR Committee has set up an operating group of employees of the Company ("**Operating Group**") who shall be responsible for:

(i) Development of CSR strategy and reporting to the CSR Committee
(ii) Development of formal process of evaluating CSR projects
(iii) Quarterly review of the progress of CSR projects in terms of both outcome assessment and financial monitoring
(iv) Reviewing the projects from time to time and recommendation of new focus areas and projects as and when required to the CSR Committee

(v) To appoint execution team and provide necessary support and guidance from time to time

(vi) Such other functions as may be specified by the CSR Committee.

7.4 **Execution Team:**

The Operating Group will set up execution team of employees ("**Execution Team**") time to time who shall be responsible for:

(i) Implementation of CSR strategy and projects; and reports to the Operating Group

(ii) Such other functions as may be specified by the Operating Group.

7.5 Implementing Agency

7.5.1 The Board of the Company may decide to undertake its CSR activities approved by the CSR Committee, through itself or through an Implementing agency which shall comply with the eligibility criteria or requirements as stated in the applicable provisions of the Companies Act, 2013 and Rules framed thereunder as amended from time to time.

7.5.3 **Track Record:**

The Implementing Agency shall have an established track record of three years in undertaking similar projects; and the Company has specified the projects to be undertaken, the modalities of utilisation of funds of such projects and the monitoring and reporting mechanism.

7. 5.4 **Due Diligence:**

The Implementing Agency shall be required to undertake the Company's due diligence process prior to entering into an agreement with the Company. The CSR engagement with the implementing agency will be project based.

7.5.5 **Collaboration with other entities:**

The Company may also collaborate with other entities (registered Society / Public Charitable Trust / not for profit organization established under section 8 of the Act or with Government or Government approved agencies) to undertake CSR projects, provided the CSR Committee of the respective entity are able to report separately on such projects.

7.5.6 **CSR Activities and Spent:**

For CSR activities undertaken through other entities, the Company will specify the projects or projects to be undertaken through these agencies, the modalities of utilization of funds on such project or projects.

7. 5.7 **Budget Review:**

The CSR budget for each project will be reviewed and approved every year by the Board

on the recommendation of CSR Committee. Each project will be reviewed against the respective project milestones agreed.

7.5.8 **Treatment of Surplus**

Any surplus arises out of the CSR project or projects or activities shall be used only for CSR project or projects and activities and will be treated as per the requirements stated in the Companies Act 2013 and Rules framed thereunder from time to time and any surplus shall not form part of the business profit of the Company

8 CSR Policy Guidelines:

(i) All CSR Projects must be aligned as prescribed in Schedule VII of the Companies Act, 2013
(ii) CSR project or projects or activities must be undertaken in India alone.
(iii) CSR activities must not include the project or projects, or activities undertaken in pursuance of normal course of business of the Company
(iv) Project or projects or activities that benefit only the employees of the Company and their families shall not be considered as CSR.
(v) CSR activities should be in project/ projects mode. One-off events such as marathons/ awards/ charitable contribution/ advertisements / sponsorship of TV project etc. will not qualify as part of CSR expenditure.
(vi) Contribution of any amount directly or indirectly to any political party shall not be considered as CSR.

9 Formulation of Annual Action Plan

The Committee shall formulate and recommend an Annual Action Plan which shall include the following:

(i) the list of CSR project or projects that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
(ii) the manner of execution of such project or projects
(iii) the modalities of utilisation of funds and implementation schedules for the project or projects
(iv) monitoring and reporting mechanism for the project or projects; and
(v) details of need and impact assessment or evaluation, if any, for the projects undertaken by the company

The Company reserves its right to modify, cancel, add, or amend any of the contents of CSR Policy. However, this policy, in whole or in part, shall stand modified / amended from time-to-time, without any further act on the part of the Company, as and when there would be any statutory modification(s)/ amendment(s) / revision(s) to the applicable provisions thereto.

10 For enquiries related to CSR, please contact us at:

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Policy No: 2021-22/ Version-1
Board Approval: 24th May 2021