

NLC TAMIL NADU POWER LIMITED
Corporate Social Responsibility Policy

1.0. Prelude:

NLC Tamil Nadu Power Limited (NTPL), hereinafter referred as "Company" has been carrying out Corporate Social Responsibility (CSR) activities for betterment of communities in the local areas and areas surrounding it where it operates. The company imbibes Corporate Social Responsibility (CSR) as one of its core values as reflected in the company's Vision & Mission statements.

Company's Vision - To emerge as socially responsible leading Power Company.

Company's Mission - To play an active role in society and be sensitive.

This policy is made by the company, imbued with its deep commitment to the society.

2.0 CSR Committee:

Company shall constitute CSR committee of the Board consisting of three or more Directors, out of which at least one Director shall be an Independent Director or as may be notified from Government time to time.

3.0 CSR Fund:

3.1 The Board will ensure that company spends in every financial year, at least two percent (or the percentage as may be fixed by Government from time to time) of the average net profit of the company made during the three immediately preceding financial years for activities under Corporate Social Responsibility policy.

Provided that-

if the company has not made any profit during the three immediately preceding years, then, the Board will ensure that the Company Spends at least the amount as may be agreed upon as per the Memorandum of Understanding (MoU) with the holding company, in respect of CSR.

3.2 The amount stipulated in Para 3.1 above is to be spent every year in a manner specified in Section 135 of the Companies Act 2013 and CSR Rules framed there under and further in accordance with the DPE Guidelines.

3.3 The CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR committee.

3.4 Subject to provisions of sub-section (5) of section 135 of the Companies Act, 2013 the expenditure incurred on CSR projects or programs or activities undertaken in India shall only be considered for the purpose of CSR Rules.

3.5 Sustainable development policies shall touch upon social issues such as empowerment of the weaker sections, holistic development of backward regions, improvement of the working conditions of labour, etc. Activities undertaken by companies to address basic issues pertaining to health, nutrition, sanitation and education needs of the impoverished communities, for the promotion of skill development,

capacity building and inclusive growth of society, are all sustainability activities.

4.0 Scope of CSR activities and Ratio of CSR spend:

4.1 Company shall give preference to the local areas in selecting the location of CSR activities. The company shall earmark atleast 75% of the CSR fund for carrying out Social Responsibility activities, in the local areas.

Local Areas: Areas within the State of the project.

4.2 Company may undertake CSR activities of the project anywhere in the country with the remaining 25% CSR fund.

4.3 This proportion may vary depending on the directions as may be issued by the Department of Public Enterprises or the Government from time to time.

5.0 CSR activities:

5.1 The main focus of CSR activities will be on sustainable development, inclusive growth and to address the basic needs of the deprived in surrounding communities. The philosophy and spirit of CSR shall be consistent with the CSR provisions of the Companies Act 2013, Schedule VII of the Act and CSR Rules there under, the Guidelines and the policy directions issued by the Government from time to time. The version of the Schedule VII of the Act as amended up to 24-10-2014 is placed as **Appendix-A**.

5.2 While selecting CSR activities / projects, it shall be ensured that the activities chosen are relatable to Schedule VII of the Companies Act 2013.

5.3 While selecting CSR programs / activities, priority shall be given to the issues which are of foremost concern in the national development agenda, aiming at inclusive growth and sustainable development, like safe drinking water for all, provisions of toilets especially for girls, health and sanitation, education, skill development etc. The main focus will be to address the basic needs of the deprived, under-privileged and weaker sections of society, which comprise of SC, ST, OBC, Minorities, Old aged, Women / Girl children, physically challenged, etc.

5.4 The budget allocated for CSR and Sustainability activities / projects planned for each financial year is expected to be spent within that year. The surplus arising out of the CSR projects or programmes or activities shall not form part of the business profit of Company

6.0 CSR Base Line Survey / Need Assessment:

6.1 Company may get a base line / need assessment survey done prior to the selection of any CSR activity, depending upon the need and significance of such CSR Activity.

6.2 Normally the baseline / need assessment survey would be done in consultation with the stakeholders, utilising the spare in-house expertise, resources and capacity.

7.0 CSR Activities Implementation:

- 7.1** CSR activities will be undertaken by the Company as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
- 7.2** The Board may decide to undertake its CSR activities approved by the CSR Committee, through a registered Trust or a registered Society or a Company established under Section 8 of the Companies Act, 2013, either singly or along with its holding or subsidiary or associate company or along with any other company or holding or subsidiary or associate company of such other company or otherwise: Provided that-
- if such trust, society or company is not established by the company either singly or along with its holding or subsidiary or associate company or along with any other company or holding or subsidiary or associate company of such other company shall have an established track record of three years in undertaking similar programs or projects; the company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- 7.3** Company may also collaborate with other companies for undertaking projects or programs or CSR 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 the Companies (CSR Policy) Rules, 2014.
- 7.4** The CSR committee shall approve the CSR projects and programs which the company plans to undertake in a year, specifying modalities of execution of such projects or programs and implementation of schedules for the same. However, the Chief Executive Officer (CEO) may accord approval to carry out the CSR Activities which are emergent in nature, with the concurrence of the CMD of the holding Company and the details of such activities shall be put up to the CSR Committee for information. The CSR programs and activities approved by the CSR Committee or the CEO as the case may be, will be executed through Designated Nodal Officer(s).
- 7.5** The CSR committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.
- 7.6** The CSR committee shall monitor process of such projects or programs from time to time.
- 7.7** Company will organize regular dialogue and consultation with key stakeholders namely the State / District Administration / Local Bodies and other Agencies concerned to ascertain their views and suggestions regarding the CSR activities and sustainability initiatives undertaken by the company. However, the ultimate decision in the selection and implementation of the CSR activities would be that of the Board of the company.
- 7.8** To ensure the participation of internal stakeholders, an enterprise-wide

institutional arrangement will be made, so that the philosophy and spirit of CSR and Sustainability is imbibed by the employees & those involved in the execution or implementation of the programs & activities. Towards this, Organizational and Collaborative Capacity Building programs & activities such as Awareness Training, Seminars and Workshops on CSR and Sustainability may be arranged for / conducted by the company, through Institutions with established track records of at least three financial years.

7.9 This would be pursued on a regular basis or by providing corpus fund for perpetuating such Capacity Building programs & activities, utilizing an amount from the allocated CSR fund within the limits stipulated in the Act, Rules and Guidelines. As per provisions of the Companies (CSR Policy) Rules, 2014, such expenditure including expenditure on administrative overheads shall not exceed 5% of total CSR expenditure of the company in one financial year.

8.0 CSR Impact Assessment:

8.1 Company shall get an impact assessment study done by external agencies of the CSR activities / projects undertaken, provided the threshold value of such activity is more than Rs. 8 Crores(Rupees Eight Crores Only).

9.0 Ownership of Assets created in CSR Activities:

9.1 The assets and infrastructure developed / created through CSR fund at locations not being the premises under the control and management of the company will be entrusted to the concerned authorities / stakeholders.

10.0 CSR Reporting

10.1 A brief outline of company's CSR Policy including overview of the projects or programs proposed to be undertaken / under completion / completed during the financial year shall be included in the Director's Report, as per the format prescribed under the CSR Rules.

11.0 Display of CSR Activities on website:

11.1 The approved CSR Policy of the company shall be displayed on the company's website, as per the particulars specified in the Annexure to the Companies (CSR Policy) Rules, 2014.

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APPENDIX-A
The Companies Act
2013

The version of the Schedule VII of the Act as amended up to 24-10-2014

- ❖ Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swatch Bharat Kosh set up by the Central Government for promotion of sanitation and making available safe drinking water;
- ❖ Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- ❖ 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;
- ❖ Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, 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 the rejuvenation of river Ganga;
- ❖ 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 arts and handicrafts;
- ❖ Measures for the benefit of armed forces veterans, war widows and their dependents;
- ❖ Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
- ❖ Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for social-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women;
- ❖ Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- ❖ Rural development project
- ❖ Slum area development – 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.