

PRAGATI POWER CORPORATION LIMITED

Corporate Social Responsibility Policy

कॉरपोरेट सोशल रेस्पॉन्सिबिलिटी पॉलिसी

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PRAGATI POWER CORPORATION LIMITED
(An Undertaking of Govt. of NCT of Delhi)

Corporate Social Responsibility Policy

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Corporate Social Responsibility Policy

1.0 CSR Statement and Objective

1.1 The aim of the Corporate Social Responsibility Policy (CSR Policy) is to ensure that the Company remains a responsible corporate entity contributing towards improving the quality of life of the society at large. IPGCL through its CSR initiatives, will be able to generate community goodwill for itself and help reinforce a positive & socially responsible image as a corporate entity.

2.0 CSR Activities

2.1 Thrust Areas

2.1.1 The one of the major thrust area shall be related to power sector and the endeavour shall be to identify suitable projects relating to:-

- i) Eradicating extreme hunger and poverty
- ii) Promotion of education
- iii) Promoting gender equality and empowering women
- iv) Reducing child mortality and improving maternal health
- v) Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases
- vi) Ensuring environmental sustainability
- vii) Employment enhancing vocational skills
- viii) Social business projects
- (ix) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
- (x) such other matters as may be prescribed under Companies Act, 2013

2.1.2 It is to ensure that while activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act 2013. The above mentioned activities must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. MCA vide its circular dated 18th June 2014 clarified that the items enlisted in the amended Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities as illustratively by it in its circular.

2.2 ILLUSTRATIVE CSR ACTIVITIES

CSR activities shall focus on social, economic and environmental impact rather than mere output and outcome. Activities mandated for Government shall also be avoided but IPGCL can supplement such efforts by filling the resource gap and giving help to cross the last mile in goal achievement. Some of the activities that can be undertaken in general under CSR under the above mentioned thrust area are outlined below:

2.2.1 Eradicating extreme hunger and poverty

Empowerment of the population through increased earning capabilities, which will be instrumental in eradication of extreme hunger and poverty. Activities for creation of livelihood / employment opportunities for the deprived and underprivileged sections of the society for income generation shall be supported.

2.2.2 Promotion of Education

- a) Interventions towards improvement in education, Strengthening the Educational infrastructure as per local requirement like building, electricity, furniture, computers etc. and support to the activities directed towards improvement of education through support to schools/ institutions, sponsoring poor students, scholarships, building infrastructure, etc.
- b) Undertake Community capacity building activities to strengthen the skills, competencies and abilities of people and communities in developing societies to overcome the causes of their exclusion and suffering.
- c) Support towards preservation, conservation and upgradation of our National heritage, art and culture, to promote games & sports, discover talent in these areas, etc.

2.2.3 Promoting gender equality and empowering women

- a) Initiatives to promote skill building and income generating schemes for local woman groups
- b) Setting of education and training institutes meant for woman for their capacity building

2.2.4 Reducing child mortality and improving maternal health

- a) Initiative for mother and child care programmes like immunization programs, pre and post natal care etc.
- b) Integrated nutrition and health project for reducing infant mortality and child nutrition

2.2.5 Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases

- a) Organizing health check up camps, with particular focus on women, children, disabled and old age persons.
- b) Organizing periodical immunization programs and health checkup camp in schools.
- c) Organizing health awareness programs /campaigns and publicity of health related issues through printed materials/ films etc.
- d) Provide interventions in the field of health care and hygiene based on local requirements.

2.2.6 Ensuring Environmental sustainability

- a) Activities which have a clear and tangible impact on ecological and environmental sustainability.
- b) Projects / activities in the areas of water management, waste management, energy management.
- c) Promotion of renewable energy, bio-diversity conservation, green buildings, greening of supply chain, promote / support innovation in products and services etc.
- d) To extend assistance to agencies engaged in promoting of conservation of ecological balance.
- e) To organize workshops/conferences/symposia on social and environmental issues such as on consumer rights, carbon emission, climate changes etc.
- f) Support Research & development and activities in renewable and clean energy
- g) Renewable, Energy efficient and environment friendly technologies
- h) Conservation of energy
- i) Energy audits for establishment of Govt./CPSUs/PSUs etc.

2.2.7 Employment enhancing vocational skills

Offering training opportunities in different technical and non technical courses with the aim to provide free vocational training to unemployed youth or persons from vulnerable and marginalized groups in the society.

2.2.8 Social business projects

Projects created and designed to address a social problem and the project is financially self sustaining.

2.2.9 Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

Contribution to rehabilitation program undertaken in the aftermath of natural calamities like earthquake, cyclone, flood, famine/ draught in any part of the country.

2.3 Activities given above are illustrative in nature towards attaining the objectivity of CSR. Therefore, the scope of activities illustrated above is not exhaustive and other suitable activities to achieve the aims of the policy may also be included towards attaining the above objectives. It is to be ensured that the activities undertaken must be in accordance with spirit of the activities prescribed under schedule VII of the Companies Act.

2.4 Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.

2.5 CSR Projects or programs and activities that benefit only the employees shall not be considered as CSR activities. CSR projects or programs or activities shall be undertaken in India only.

3.0 Allocation of Funds (Budget):

3.1 An allocation of at least 2% of the average net profits of the Company made during the three immediately preceding financial years for every financial year for CSR Activities. The amount shall be calculated in accordance with the rules notified from time to time, under the Companies Act 2013.

3.2 The expenditure incurred on baseline survey/ need assessment study, Salaries paid to the regular CSR staff as well as to volunteers of the Company (in

proportion to Company's time/ hours spent specifically on CSR) can be factored into CSR Project cost as part of the CSR expenditure.

- 3.3 Surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of the Company.
- 3.4 The overall expenditure under CSR activity for a single project shall not be more than 25% of the total budget under CSR activity for that year except of expenditure incurred for meeting emergency needs, which include relief measures undertaken during natural calamities/ disasters, and contributions towards notified agencies and to the National Disaster Management Authority, Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for undertaking relief measures during natural calamities/ disasters.

3.5 Unspent/ Unutilized Budget

- 3.5.1 The Company shall ensure to spend the amount allocated for CSR activities in each financial year. In case of any unspent/ unutilized CSR allocation of a particular year, will be carried forward and spent within the next two financial years.
- 3.5.2 If the budget is not fully utilized in a financial year, IPGCL shall disclose the reasons in its Annual Board Report for not fully utilizing the budget allocated for Corporate Social Responsibilities activities planned for each year.

4.0 Planning and Implementation:

- 4.1 IPGCL shall device internal communication strategies to spread awareness of CSR amongst the employees, providing them with education and training necessary for change in attitude and their conversion to socially and environmentally sustainable methods and practices of doing business, and adopting motivational tools to provide just the right momentum to push all such initiatives.
- 4.2 The approach towards Corporate Social Responsibility would be oriented to identify and formulate projects in response to needs of society in diverse areas as per the thrust area specified in the Policy and to implement them with full involvement and commitment in a time bound manner.
- 4.3 The approach would be project based accountability approach instead of casual approach. IPGCL shall not undertake adhoc, one time philanthropic activities and one-off events such as marathons/ awards/ charitable contribution/

advertisement/sponsorships of TV programs etc. Exception is only for natural calamities, disasters.

- 4.4 In cases where other agencies/organizations are involved, approach would be to focus on collaboration and partnership. IPGCL shall join hands and the resources for undertaking joint ventures in Public Private Partnership mode /corporate partnership/partnership with other Central or State PSUs / Departments of Central or State government for long-term mega projects for greater social impact. It is to be ensured that CSR activities are undertaken in collaboration with other entities in such a manner that Company is in a position to report separately on such Projects or programs in accordance with CSR Rules as contained in the Companies Act, 2013.
- 4.5 When the Company takes up activities which are dovetailed with initiatives of State Government or Central Government, it should be ensured that there is no duplication with activities initiated by the State Government/ local Bodies.
- 4.6 The process for implementation of CSR program will involve the following steps :
- 4.6.1 Identification of programmes will be done by means of the following :
- (a) Need identification Studies by professional institutions/ agencies
 - (b) Internal need assessment by cross-functional team at the local level
 - (c) Receipt of proposals/requests from District Administration /local Govt./ Government, Semi-Government and autonomous Organizations etc.
 - (d) Discussions and request with local representatives/Civic bodies/Citizen's forums/Voluntary Organisations(NGO)
- 4.6.2 All efforts must be made to the extent possible to define the following while identifying the CSR projects:
- a) Programme objective
 - b) Baseline survey
 - c) Implementation schedule
 - d) Responsibilities and Authorities
 - e) Payment terms
 - f) Major results expected and measurable outcome
- 4.6.3 While identifying programmes, the CSR Department will also identify the external agency who would execute the said programme. In case of programme execution by NGOs / Voluntary organizations, the following minimum criteria need to be ensured:

- i) The NGO / Agency has a permanent office / address in India;
- ii) The NGO is a registered society under Societies' Registration Act;
- iii) Possesses a valid income-tax Exemption Certificate;
- iv) The antecedents of the NGO / Agency are verifiable / subject to confirmation.
- v) Having an established track record of three years in undertaking similar programs and Projects.

4.6.4 At any stage, if the CSR Department feels the need, they can opt for an expert member in the field to assist them in Evaluation or Selection of Projects etc

4.6.5 All proposal for CSR activities shall be first examined by the CSR department and only after they are found suitable, proposals shall be put up to CSR committee of Directors for their consideration following the due approval process in IPGCL. The proposal then shall be put up for approval of the BoD after the recommendation/approval from the CSR Committee of Directors.

4.6.6 A MoA (Memorandum of Agreement) and other legal documents to safeguard the interest of the Company shall be signed with the implementing/coordinating agency duly selected. The legal documentation shall be carried out by CSR Department, after the same is duly vetted by Legal division.

5.0 INSTITUTIONAL SET UP

5.1 The Corporate Social Responsibility function may be carried out through a registered trust or registered society or a Company established by the Company or associate Company under Section 8 of the Companies Act. Till the time Society/Trust/ Company registered under Section 8 of Companies Act is operationalised, the Corporate Social Responsibility function shall continue to be carried out by IPGCL.

5.2 Sub Committee of Board

A Sub-Committee of Board will be constituted by the Board of Directors. The Committee shall 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; recommend the amount of expenditure to be incurred on the activities and monitor the Corporate Social Responsibility Policy of the company from time to time.

5.3 CSR Department

A department will be created to handle the activities of CSR in the Company. A senior officer not less than rank of DGM will be appointed as In-charge of the Department. The Officer Incharge will be responsible for coordinating overall

CSR activities in IPGCL. The Officer In-charge shall also be responsible for implementation of policy matters, compilation of information & annual reports and facilitate the processing of proposals for approval & allocation of funds for undertaking various activities. The Officer In-charge will also issue policy directive on the subject as directed by the BLC and approved by the Board of Directors, draw an appropriate corporate communication strategy and will submit reports regarding progress to the CSR Committee of Board as directed. The officer In-charge shall be assisted by a team of officials for effective discharge of his responsibilities.

5.4 Standing Committee on CSR

A committee as approved by the CSR Committee of Board, comprising of representative from CSR, HR and Finance Deptt. will be set up to examine the proposals and submit its recommendations for consideration and in-principle approval of the Board of Directors/CSR Committee of Board or a competent authority as per the powers delegated by the Board.

6.0 Monitoring and Evaluation/Impact assessment of CSR Activities:

6.1 The monitoring of the implementation of the project / activities shall be carried out by CSR Deptt and CSR Committee. Monitoring shall be done with the help of e-performance indicators in project mode with continuance feed back mechanism and recourse mid term correction.

6.2 IPGCL may appoint specialized agency/ consultants for monitoring the projects, if required.

6.3 The progress report of the activities undertaken shall be reported as under:

- a) Quarterly report to CSR Committee of Board .
- b) Comprehensive Annual Report of CSR to Board of Directors.

6.4 The impact assessment would be conducted by an external agency, particularly for larger projects which have a significant social or economic or environmental impact. The specialized agencies like Govt./ Semi govt. organizations/ PSU's/ NGO's/ Reputed Institutions and Academic Organizations etc. shall be selected. The impact assessment for smaller projects below Rs.1 crore shall be carried out through internal assessment as per the guidelines and rules approved by the CSR Committee.

The impact assessment study shall be conducted wherever applicable after the project completion and necessary minimum gestation period.

7.0 Documentation & Dissemination:

7.1 The CSR approach including the base-line data (wherever applicable) made available at the start of the project and the impact so quantified on completion of the project shall be documented for record purposes and future use as well as for sharing of experience. The same shall be uploaded on IPGCL website. The contents of CSR Policy and CSR initiatives by the company will be reported in the Annual Report of Board and shall also be placed on the website of the Company in such manner as may be prescribed in the Companies Act.

8.0 Approving Authorities (Delegation of Power):

8.1 Every proposal under CSR activity following the due approval process in IPGCL shall be put up to the CSR committee of Directors. Proposals approved and recommend by the CSR Committee shall be put up to the Board of Directors.

8.2 All the CSR project proposals shall be approved by Board of Directors for implementation.

8.3 Delegation of Power for various activities:

Sl. No.	Active / Description	Approving Authority
1	Baseline survey/ DPR	Dir (Tech)/HR upto Rs. 3 lakh in each case but not more than Rs. 15 lakh in a financial year. MD - Full powers with a maximum ceiling of Rs. 50 lakhs in a Financial Year.
2	Sanction of Projects	Board of Directors on recommendation of CSR Committee of Directors irrespective of amount
3	Impact Assessment Studies	Dir (Tech) /HR upto Rs. 15 lakh in each case but not more than Rs. 50 lakhs in a financial year. MD- Full power with a maximum ceiling of Rs. 75 Lakhs in a Financial year.
4	Expenditure for dissemination of CSR	Upto Rs. 50,000 - Incharge (CSR Dept)

	projects including photography and short films etc.	Upto Rs. 1,00,000/- - Dir (Tech) / HR Above Rs. 1,00,000/- - MD Overall limit for the above activities is Rs. 10 lakhs in a Financial year.
5	Appointment of external expert to assist the CSR Department for any activity	Full power- CSR Committee of Directors.
6	Extension of Project Completion Date	Upto 1 year - Dir (Tech)/HR Beyond 1 year - CSR Committee of Directors

All programmes approved in terms of the above delegation to be subsequently brought to the information of the CSR Committee of Directors.

9.0 General

- 9.1 Any or all provisions of the CSR policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued by the Government, from time to time.
- 9.2 The power to modify / amend the CSR Policy will rest with the Board of Directors. The Managing Director will be responsible for the implementation of the rules framed in accordance with and in furtherance of the policy as approved by the Board.