

Corporate Social Responsibility Policy

**Haryana Power Generation
Corporation Limited**



HPGCL CSR POLICY

1. INTRODUCTION

- 1.1 The Corporate Social Responsibility (CSR) Policy of the Haryana Power Generation Corporation Limited (HPGCL) is aligned with its overall commitment to maintaining the highest standards of business performance.
- 1.2 The CSR commitment of HPGCL positions its social and environmental consciousness as an integral part of its business plan and its commitment to all its stakeholders including consumers, employees, local communities and the society at large.
- 1.3 This policy shall apply to all CSR projects, activities and initiatives taken-up at Thermal Power Stations/ units of HPGCL, or any other location as may be decided by the CSR Committee of HPGCL for the benefit of different segments of the society.
- 1.4 The policy has been formulated in accordance with the provisions of Section 135 (Corporate Social Responsibility) of Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of Companies Act, 2013.

2. VISION

“To commit for enhanced value-creation for the Society, our shareholders, other stakeholders, and the communities by taking-up activities and initiatives for sustainable growth for the Society, with environmental concern”

3. OBJECTIVES

To ensure an increased commitment at all levels in the organization, operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.

To directly or indirectly take up programmes that benefit the communities in & around its Thermal Power Stations/ units or any other location and results over a period of time, in enhancing the quality of life & economic well-being of the local population.

To generate, through its CSR initiatives, a community goodwill for HPGCL and help reinforce a positive & socially responsible image of HPGCL as a corporate entity.

4. POLICY STATEMENT

The CSR Policy of HPGCL aims to achieve, consolidate and strengthen Good Corporate Governance including socially and environmentally responsible business practices that balance financial profit with social well being.

5. DEFINITIONS

- 5.1 "Act" means the Companies Act, 2013.
- 5.2 "Annexure" means the Annexure appended to Companies (Corporate Social Responsibility Policy) Rules, 2014.
- 5.3 "Corporate Social Responsibility (CSR)" means and includes but is not limited to:-
 - (i) Projects or programs relating to activities specified in Schedule VII to the Companies Act, 2013 or
 - (ii) Projects or programs relating to activities undertaken by the board of directors of a Company (Board) in pursuance of recommendations of the CSR Committee of the

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Board as per declared CSR Policy of the company subject to the condition that such policy will include activities enumerated in Schedule VII of the Companies Act, 2013.

- 5.4 **"CSR Committee"** means the Corporate Social Responsibility Committee of the Board of Directors referred to in section 135 (Corporate Social Responsibility) of the Companies Act, 2013.
- 5.5 **"CSR Policy"** relates to the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.
- 5.6 **"Net profit"** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:-
- (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 (Corporate Social Responsibility) of the Companies Act, 2013.

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1of 1956) shall not be required to be re-calculated in accordance with the provisions of the Companies Act, 2013.

6. APPLICABILITY

Section 135 of Companies Act, 2013 provides that every company having net worth of ₹ 500 Crore or more, or turnover of ₹ 1,000 Crore or more or a net profit of ₹ 5 Crore during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of 3 or more directors, out of which at least one director shall be an independent director.

In view of the above provisions of Section 135 of Companies Act, 2013 HPGCL is required to constitute Corporate Social Responsibility Committee of Board of Directors and formulate Corporate Social Responsibility Policy.

7. CSR COMMITTEE

The Board of Directors of HPGCL is Competent Authority to constitute/re-constitute CSR Committee.

7.1 The Corporate Social Responsibility Committee will-

- (a) formulate and recommend to the Board of Directors, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by HPGCL as specified in Schedule VII;

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- (b) recommend to the Board of Directors the amount of expenditure to be incurred on HPGCL's Corporate Social Responsibility activities and
 - (c) monitor the Corporate Social Responsibility Policy of HPGCL from time to time.
- 7.2 Composition of the Corporate Social Responsibility Committee will be disclosed in HPGCL's Board's Report.

8. **CSR ACTIVITIES**

The CSR activities (Schedule VII provides activities to be included in CSR Policy) will be undertaken by HPGCL, as per its CSR Policy, HPGCL will give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

8.1 **SCHEDULE VII**

Schedule VII of Companies Act, 2013 provide following activities which may be included in CSR Policy:-

- (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh 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 centers 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 arts and handicrafts.
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents.
- (vii) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.
- (viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.

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- (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- (x) Rural development projects.
- (xi) Slum area development.
- (xii) Any other activity recommended by Competent Authority from time to time.

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.

- 8.2 HPGCL may also collaborate with other Center/Government Departments, companies for undertaking projects or programs or CSR activities in such a manner as approved by CSR Committee.
- 8.3 HPGCL may build CSR capacities of its personnel as well as its implementing agencies, if any through Institutions with established track records of atleast three financial years but such expenditure shall not exceed five percent of total CSR expenditure of HPGCL in one financial year.

9. EXPENSES NOT COVERED IN CSR ACTIVITIES

- i. CSR activities does not include the activities undertaken in pursuance of normal course (i.e. generation and sale of power) of business of HPGCL.
- ii. The CSR projects or programs or activities that benefit only the employees of the HPGCL and their families shall not be considered as a CSR activities in accordance with section 135 (Corporate Social Responsibility) of the Companies Act, 2013.
- iii. Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.
- iv. It is further clarified that CSR activities should be undertaken by the companies in project/programme mode [as referred in rule 4 (1) of companies CSR rules, 2014.] One-off events such as marathons/awards/charitable contribution/advertisement/sponsorship of tv programmes etc. Would not be qualified as part of CSR expenditure.
- v. 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.

10. CSR EXPENDITURE

CSR expenditure shall include all expenditure including contribution to corpus, and expenditure on projects or programs relating to CSR activities approved by the Board of Directors 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 which fall within the purview of Schedule VII of the Companies Act, 2013.

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11. POWERS OF BOARD OF DIRECTORS

- i) The Board of Directors after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy of HPGCL.
- ii) Ensure that the activities as are included in Corporate Social Responsibility Policy of HPGCL are undertaken by HPGCL in collaboration with such agencies / authorities carrying out Corporate Social Responsibility activities.
- iii) The Board of Directors shall *ensure that HPGCL spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years*, in pursuance of its Corporate Social Responsibility Policy.

12. IMPLEMENTATION MECHANISM

- i. Overall, the CSR Committee will be responsible for overseeing the planning, coordination and implementation of CSR activities including compilation of information and preparation of annual reports etc. The concerned Chief Engineer will be responsible for identifying appropriate opportunities/ projects for CSR as well as facilitating necessary processes for operationalizing the projects.
- ii. While identifying the CSR initiative the following considerations may be taken into account:
 - a. Thrust of the schemes/projects should be in the identified priority areas of HPGCL
 - b. While implementing the identified projects, time frames and milestones will be predefined Specific projects will be identified based on evidence and needs assessment studies.
 - c. Participatory processes engaging communities and most affected stakeholders (i.e. customers, employees, suppliers, society etc.) will be undertaken in the formulation of projects.
 - d. External Consultants may be hired by the CSR Committee for technical oversight, supervision and quality assurance, as well as for specific tasks such as documentation, training etc.
 - e. External experts/ organizations may be engaged for an independent assessment of the impact of the HPGCL's CSR activities periodically. Lessons from these evaluations and assessments will be fed into the planning for the subsequent years.

13. MONITORING AND FEEDBACK

The progress of CSR programmes/activities under implementation by Officer of HPGCL will be reported to Member Secretary, CSR Committee on a quarterly basis.

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14. ALLOCATION OF FUNDS

The following steps will be followed in the allocation of funds for CSR activities:-

- i. Board of Directors, HPGCL will approve the CSR Budget on the recommendations of CSR Committee.
- ii. Financial Advisor, HPGCL shall prepare the CSR budget in compliance with the provisions of section 135 of Companies Act, 2013.
- iii. Money unutilized, if any, in the previous year will be carried forward and included in the budget for the next year.
- iv. *Surplus arising out of the CSR projects or programs or activities shall not form part of the business profit.*
- v. Utilization Certificate will be obtained by CSR Committee when amount is transferred to them for undertaking CSR activities.

Note: Utilization Certificate is a statement providing detailed break up of expenditure incurred under respective heads of funds received from HPGCL.

15. REVIEW AND REPORTING

- 15.2 CSR Committee will meet once in every six months to review progress of proposed CSR activities.
- 15.3 Reports on CSR activities/projects identified /implemented shall be submitted to the CSR Committee by Chief Engineer of Thermal Power Stations every six months. All reports will include both programme and budget components.
- 15.4 **An Annual Report on the activities undertaken under the CSR initiatives will be prepared by CSR Committee and suitably incorporated into the Board's Report.**

16. DISPLAY OF CSR ACTIVITIES ON WEBSITE

The Board of Directors of HPGCL will, disclose the contents of CSR policy on the company's website i.e. www.hpgcl.org.in.