

NABHA POWER LIMITED

POLICY ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. CSR PHILOSOPHY

NPL endeavours to conduct its business responsibly, mindful of its social accountability, respecting applicable laws and with regard for human dignity.

The CSR objective of the Company is to improve the quality of life of the communities in its vicinity through long term value creation, inclusive growth and empowerment.

The Company shall allocate a sum of expenditure towards CSR activities that is at least what is prescribed under applicable laws.

2. CSR THEMES

The Company shall focus on various CSR activities as stipulated under the Companies Act 2013 which include, inter alia, the following:

A. Rural Development: Shall include but not be limited to construction and renovation of roads, EWS housing, park development, open gym, rain shelters, pathways, boundary walls, fencing, drains, toilets, water tanks, community centres, bus stops, health centres, skill training centres, sports and other infrastructure, crematoriums and graveyards.

B. Water & Environment: Shall include but not be limited to support for programmes making clean drinking water available, rainwater harvesting, facilitating irrigation, conservation and purification of water, support for wastewater treatment projects, cleaning, rejuvenation of ponds, natural drains and solid waste management projects, agri-residue management projects, ground water management, plantation and afforestation, promoting renewable sources of energy, conserving biodiversity, crop diversification, promoting organic farming and promoting awareness about environmental issues.

C. Education & Sports: Shall include but not be limited to construction, renovation of schools, ITI's, anganwadi's, libraries, laboratories, provision of other educational infrastructure including books, computers and teaching material, furniture, teaching support to educational institutions, financial support for educational programmes, organizing sports programmes.

D. Health: Shall include but not be limited to support for community health centres, mobile medical vans, dialysis centres, general and specialized health camps, tele medicines and outreach programmes, centres for elderly / disabled, support to HIV / AIDS/ Cancer detection programme, financial support for

medical equipments, kits, furniture, capacity building, awareness programs for health workers, etc.

E. Skill Development & Entrepreneurship Development: Shall include but not be limited to vocational training, skill building, computer training, other job oriented training/courses, entrepreneurship development, support to ITIs/CSTIs, support to differently abled persons, infrastructure/financial support for skill development/improving employability/entrepreneurship, financial support and capacity building programs for Self Help Groups.

F. Disaster Management - Shall include but not limited to extending relief measures during times of natural disasters, undertaking and supporting rehabilitation measures post disasters and contribution to the Prime Minister's National Relief Fund/other eligible relief funds.

3. CSR BUDGET

- The Company shall allocate at least 2% of the average profit during the three immediately preceding financial years towards CSR activities.
- Any surpluses arising out of CSR activities shall be redeployed back into CSR activities and shall not form a part of the business profits of the Company.

4. GOVERNANCE MECHANISM

The CSR Governance structure of the Company comprises of:

- A. The Board of the Company
- B. The CSR Committee of the Board
- C. Executive Committee – CSR of the Company

A. Role of the Board

The Board of Directors of the Company shall:

- Approve the CSR Policy of the Company.
- Ensure expenditure of at least 2% of average profit during the three immediately preceding financial years.
- Ensure that the activities undertaken by the Company are aligned to the CSR Policy of the Company and the requirements of the Companies Act, 2013 and the rules made thereunder.
- Satisfy itself that the funds for CSR activities have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer shall certify to the effect.

- Ensure that the administrative overheads (general and administrative expenses) shall not exceed 5% of total CSR expenditure of the Company for the financial year.
- Disclose the content of the CSR Policy in its report as prescribed under Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended/substituted from time to time.
- Disclose the composition of the CSR Committee, CSR Policy and programmes/projects approved by the Board on the website of the Company.

B. Role of CSR Committee of the Board

The CSR Committee of the Board constituted as per the requirements of the Company law shall govern and review the CSR activities of the Company from time to time.

The CSR Committee of the Board shall:

- Monitor the implementation of CSR Policy from time to time.
- Review and recommend the Annual Action Plan for CSR to the Board for approval.
- Monitor the implementation of the Annual Action Plan.

C. Role of Executive Committee - CSR

The Executive Committee shall comprise of executives drawn from various departments/functions of the Company, led by a senior executive which shall provide oversight to the CSR Team in identification, evaluation, planning, execution and monitoring of suitable projects/initiatives in accordance with the CSR policy.

The Executive Committee - CSR shall:

- Provide oversight/supervision to CSR Team to ensure that all CSR programmes/projects are aligned with the Company's CSR policy.
- Review the Annual Action Plan of the CSR activities prepared by the CSR Team and recommend the same to the CSR Committee of the Board
- Facilitate effective implementation of CSR projects/initiatives.
- Monitor implementation status to achieve desired outcome for community development.
- Ensure funds are utilized in accordance with the approval of the Board.

D. IMPLEMENTATION

- CSR activities shall be undertaken by the Company in identified areas. The Company shall undertake need assessments as and when required.
- The time period / duration over which a particular activity/project/programme shall be spread, will depend on its nature, extent of coverage and the intended impact of the programme.
- The Company may collaborate and enter into partnerships with the government, private organisations and communities to implement CSR activities.
- The mode of implementation of CSR activities shall include a combination of direct implementation and / or through partners such as NGOs, Trusts, academic institutions, business associates, registered societies, etc.
- The Company may use the services of internal teams, employee volunteers, expert agencies, consultancy firms, etc. wherever required for carrying out base line surveys, guidance on programme design and implementation, impact assessment surveys etc.
- Head - CSR and CFO shall ensure that the administrative overheads (general and administrative expenses) do not exceed 5% of total CSR expenditure of that Financial Year.

E. MONITORING AND REPORTING FRAMEWORK

The CFO of the Company shall certify that the funds disbursed have been utilized for the purposes and in the manner as approved by the Board.

The CSR Committee of the Board shall:

- Monitor and review the implementation of the CSR Policy periodically
- Monitor and review the implementation of the CSR activities periodically
- Report to the Board appropriately

F. DISCLOSURE

The Board will include in its Board report, a report on the CSR activities in the format specified under the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended/substituted from time to time.

The Company shall ensure that the composition of the CSR Committee, CSR Policy and CSR activities approved by the Board are displayed on the website of the Company

G. REVIEW OF POLICY

The CSR Policy shall be reviewed from time to time and any changes, if necessary, shall be approved by the Board.