

Lalitpur Power Generation Company Limited

CORPORATE SOCIAL RESPONSIBILITY POLICY

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1. Introduction

The Companies Act, 2013 (Act) read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules) introduced specific provisions relating to corporate social responsibility and defined the term Corporate Social Responsibility (CSR), CSR Committee, CSR Policy, Net Profit, etc. The Act and the Rules have also laid down the criteria for complying with the provisions relating the CSR, nature of projects, programmes and activities that can be undertaken as CSR activities, manner in which the CSR activities shall be undertaken, constitution of CSR Committee, formulation of CSR Policy, annual report on CSR, etc.

2. Applicability and effective date

This policy provides the framework for CSR Programme of Lalitpur Power Generation Company Limited (LPGCL).

This policy shall apply to all CSR initiatives and activities taken up by the Company at the various plants, offices and other locations of the Company, for the benefit of different segments of the society, especially the deprived, under privileged and differently abled persons. This policy shall be effective from September 15, 2021.

3. Philosophy

Corporate Social Responsibility (CSR) is built into the DNA of the Company. It was the profound conviction of our farsighted founder, Late Shri. Jammalal Bajaj, that the wealth of the business enterprise was bequeathed to it in sacred trust by society. The mission and mandate of the business organisation was to deploy this wealth for the social good. The essence of this trusteeship, a concept firmly anchored on Gandhian philosophy, has always been the guiding principal for business management in LPGCL.

We in LPGCL are deeply and humbly conscious of our social commitment. LPGCL's inclusive business model has always encompasses social welfare in a holistic sense. CSR is an ethic that permeates every layer of LPGCL's corporate structure.

We believe that inclusive growth is growth that looks beyond corporate profits and bottom lines.

The CSR activities of the Company are guided by the primary objective of to act as a catalyst to support rural communities, to build their capacity for efficient utilisation of human and natural resources through a participatory approach, thereby improving the quality of their lives.

4. Vision Statement & Objective

As part of socially responsible company, LPGCL has and continues to adopt policies and business strategies to effectively integrate emerging environmental, social and economic considerations. Whether it's through conserving energy, recycling or finding innovative solutions to environmental and social challenges, LPGCL is committed to being a respectful, responsible and positive influence on the environment and the society in which we operate. Efficient power management, infrastructure sharing, use of eco-friendly renewable energy sources, etc; are some of the inbuilt practices in our day-to-day business operations, to ensure a clean and green environment.

This policy outlines the Companies social and moral responsibilities to consumers, employees, shareholders, society and local community and lays down guidelines and mechanism for carrying out programmes, project and activities that actively assist in overall improvement in the quality of life of social community residing in the vicinity of its plants and society at large as also making them self-reliant, safeguarding of health, preservation of ecological balance and protection of environment. The primary objectives of this Policy are:-

- a) To ensure an increased commitment at all levels in the Company, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interest of all its stakeholders.
- b) To directly or indirectly take up programmes that benefit the communities in and around its work centres and results, over a period of time, in enhancing the quality of life & economic well-being of the local population.
- c) To generate through its CSR initiatives, a community goodwill for LPGCL and help reinforce a positive & socially responsible image of LPGCL as a corporate entity.

5. Definitions

- a) "Board of Directors" or "Board" means the Board of Directors of Lalitpur Power Generation Company Limited, as constituted from time to time.
- b) "Company" means a company incorporated under the Companies Act, 2013 or under any previous company law.
- c) "CSR Committee" means Corporate Social Responsibility Committee constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act, 2013.
- d) "Independent Director" means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria

for an independent director under the Companies Act, 2013.

- e) "CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
- f) "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 of the Companies Act 2013.

6. Focus area/ scope of CSR Activities

a) Identification of Focus Areas and Strategic Initiatives:

LPGCL will undertake CSR projects related to the list of activities prescribed under 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 Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitization 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 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 funds set up by the Central Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix. Contributions or funds provided 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;
- x. Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- xi. Rural development projects;
- xii. Disaster management, including relief, rehabilitation and reconstruction activities;
- xiii. Slum Area Development

Explanation: For the purposes of this item '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.
- xiv. Any other CSR programmes as may be included by the Central Government in Schedule VII of the Companies, Act, 2013 from time to time;
- xv. Such other projects which, in view of the Board of Directors, are within the scope of CSR activities prescribed by the Central Government from time to time.

The following activities however will not form part of CSR activities:

- i. Activities undertaken in pursuance of the Company's normal course of business;
- ii. Activities which benefit only the employees of the company and their families;
- iii. Contribution of any amount directly or indirectly to any political party under section 182 of The Companies Act, 2013;

- iv. Activities undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;

b) Undertaking CSR Activities:

CSR activities will be undertaken by all plants and office locations of the Company to the best possible extent within the definition ambit of the identified “Focus / Trust Area” as approved by the CSR Committee, either directly or through such other entity / trust approved by the CSR Committee.

The time period / duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.

The Board of Directors shall ensure that CSR activities are undertaken by the company itself or through –

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

c) Funding & Allocation:

LPGCL shall spend in every financial year at least such percentage prescribed by government from time to time of the average net profits [as calculated under Companies (CSR Policy) Rules, 2014] of the previous three years for CSR activities. If LPGCL fails to spend such amount, then Board shall in its report specify the reasons for not spending the same amount and unless the unspent amount relates to any ongoing project, transfer such amount to a Fund specified in Schedule VII of The Companies Act, 2013, within a period of six months of the expiry of the financial year.

Any amount remaining unspent under 135(5) of Companies Act, 2013, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate

Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and Annual Action Plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

From the Annual CSR Budget allocation, a provision will be made towards the following expenditure heads, on a year on year basis:

- i) Contribution towards National Calamities or Disasters

LPGCL may allocate such sum as decided by the Board towards its CSR budget each year that will be used for rendering / contributing in the event of natural calamities or disasters affecting the communities in India in general and in and around the areas where LPGCL has its operations in particular.

- ii) From the annual CSR Budget allocation, LPGCL may also incur expenditure on the identified arrears mentioned in Schedule VII of the Companies Act 2013.

d) Implementation:

- i) The Board of Directors of LPGCL will ensure that:

1. The activities as are included in LPGCL CSR Policy are undertaken by the Company;
2. LPGCL spends in every financial year, at least such percentage of the average net profits of the Company made during the three immediately preceding financial years or such other amount as may be specified by the Government from time to time.

- ii) The plants and office locations of the Company shall implement the CSR programmes as under:

1. Identify CSR Projects / Programme to be taken up in a financial year giving preference to the local areas around factories / offices;
2. The proposal for CSR activities, as identified by the plants and office locations, will be evaluated by the CSR Committee;

3. The Committee will recommend the proposal to the Board of Directors together with the quantum of the CSR expenditure to be incurred for a financial year. The CSR Committee shall also formulate and recommend to the Board, an Annual Action Plan after reviewing project wise budget allocation suggested by Implementing Agency and the same shall include the following;
 - (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of CSR Rules;
 - (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - (d) monitoring and reporting mechanism for the projects or programmes; and
 - (e) details of need for an independent impact assessment, if any, for the projects undertaken by the company as and when the CSR Contribution of LPGCL exceeds Rs. 10 Crore or such amount as may be specified by government from time to time;

Provided that Board may alter such plan at any time during the financial year.

4. Board of Directors of LPGCL, after taking in to account the recommendation made by the CSR Committee, will approve the proposal and the expenditure for CSR programme for a financial year;
5. The proposal may be implemented directly (through the help of employees or direct contribution) or through implementing partners, executing agencies which include registered trusts, societies, NGOs having an established track record in carrying out the specific proposal. LPGCL shall specify the activities / programmes to be undertaken;
6. The proposal may be implemented in collaboration with other companies provided the CSR Committees of the respective companies approve such activities / programmes to be undertaken jointly.

e) Powers for approval:

CSR programmes as may be identified by plants and office location of the Company will be required to be put up to the CSR Committee of the Board at the beginning of each financial year.

For meeting the requirements arising out of immediate and urgent situations, Chairman and / or Managing Director is authorised to approve proposals in terms of the empowerment accorded to him by CSR Committee.

f) Executing agency / partners:

LPGCL will seek to identify suitable programmes for implementation in line with the CSR objectives of the Company and also benefit the stakeholders and the community for which those programmes are intended. These works would be done through :

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- (c) any entity established under an Act of Parliament or a State legislature; or (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

7. Monitoring:

- a) To ensure effective implementation of the CSR programmes undertaken, a centralised monitoring mechanism will be set up under the guidance of the CSR Committee.
- b) The progress of CSR activities under implementation will be reported to the CSR Committee, through the Company Secretary of LPGCL, on a monthly / quarterly / yearly / periodic basis.
- c) The CSR Committee may have periodical inspection / investigations carried out through independent professionals, especially for high value programmes.
- d) The CSR Committee may, independently, obtain feedback from the beneficiaries about the CSR programmes.
- e) Appropriate documents of the CSR Policy, annual CSR activities, executing partners and expenditure entailed will be undertaken on a regular basis.
- f) The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial

management shall certify to the effect.

- g) CSR initiatives of the Company will also be reported in the Annual Report of the Company.

8. Disclosures:

The composition of the CSR Committee, and CSR Policy and Projects approved by the Board should be disclosed on the website of the Company.

9. General:

In case of any ambiguity or clarification with regard to any provision of the Policy and also in respect of any matters not covered herein, a reference to be made to CSR Committee of the Board. In all matters, the interpretation and decision of the CSR Committee shall be final.

Any or all provisions of the LPGCL CSR Policy will be subject to revision / amendment in accordance with the amendments in the Companies Act, 2013 or Companies (Corporate Social Responsibility Policy) Rules, 2014 and any guidelines on the subject as may be issued from Government from time to time.

The Board reserves the right to amend, modify, cancel, add, or alter any provisions of this Policy.
