

NLC India Limited

CORPORATE SOCIAL RESPONSIBILITY POLICY

1.0. Prelude :

NLC India Limited (NLCIL), hereinafter referred as "Company" has been carrying out peripheral developmental activities for betterment of communities in the surrounding villages since inception. The company imbibe Corporate Social Responsibility (CSR) as one of its core values as reflected in the company's Vision statement & Values.

Company's Vision - *To emerge as a leading Mining and Power Company, with Social Responsiveness accelerating Nation's growth*

Company's Values

- N - National Orientation
- L - Learning and Development
- C - Commitment for Excellence
- I - Innovation and Speed

Company's Objectives

1. To carry out detailed exploration of lignite deposits in and around Neyveli region and also to assist/ carry out similar exploration and exploitation work in other parts of the country, with due attention to quality, economy and efficiency.
2. To Mine Lignite and Coal for generation of Power and other Minor minerals incidental to Mining.
3. To undertake generation of power using Renewable energy sources viz., Solar and Wind.
4. To ensure optimum utilisation of human resources to encourage innovation and creativity with due emphases on productivity, discipline, career growth and quality of life of employees.
5. To extend Consultancy services to other organisation in such areas where NLCIL has required professional expertise.
6. To continue to make efforts towards reclamation of mined out land for afforestation and environment care including rehabilitation of displaced persons as a part of nation building effort.
7. To adopt appropriate strategies for all round development of the Company in physical, financial, environmental and societal spheres as a responsible Corporate Citizen.

1.1 CSR MISSION, OBJECTIVES AND GUIDING PRINCIPLES

1.1.1. CSR Mission Statement:

In alignment with Mission of the company, NLCIL through its CSR initiatives will continue to enhance the quality of life of the less privileged in society by providing necessary infrastructure and to be a credible and transparent organisation striving for the eradication of poverty and maintain ecological balance.

1.2. The objectives of NLCIL CSR Policy are to :

- i. Identify & focus education as a priority and take up suitable interventions for betterment of educational facilities at village level.
- ii. Concentrate on health, hygiene and environmental up gradation to make village life clean and hygiene.
- iii. Educate and encourage village youth to take up self-employment and vocations to eke out livelihood.

- C352
- iv. Build needed infrastructure to develop the local community enabling them towards sustainable development.
 - v. Provide support and participate in government efforts in social, economic and environmental development of the less privileged.

1.3. CSR Principle of NLCIL:

NLCIL believes that there is no sustainable alternative to doing business other than by incorporating the principles of profit, people and planet, thus measuring the performance in terms of economic, social and environmental impact (Triple Bottom Line approach).

1.4 CSR THRUST AREAS AND STRATEGIC INITIATIVES:

For purposes of focusing its CSR efforts in a continued and effective manner, the following nine thrust areas have been identified. The thrust areas identified by NLCIL are in

- i. Environment Protection
- ii. Infrastructure Development
- iii. Drinking water/ Sanitation
- iv. Healthcare/ Medical facility
- v. Community Development
- vi. Education
- vii. Skill Development / Empowerment
- viii. Disaster Management
- ix. Arts, culture and sport

1.5 For contributing towards the cause of Environment Protection, NLCIL will support the 3 UN Global Compact Principles pertaining to the Environment as below:

Support a precautionary approach to environmental challenges;

Undertake initiatives to promote greater environmental responsibility;

Encourage the development and diffusion of environmentally friendly technologies.

1.6 NLCIL will dovetail its CSR activities in a manner that it facilitates the fulfilment of the National Plan Goals and objectives, as well as the Developmental Goals of the government so as to ensure gender sensitivity, skill enhancement, entrepreneurship development and employment generation by co-creating value with local institutions/people. Activities related to Sustainable Development will form a significant element of the total initiatives of CSR.

2.0 CSR COMMITTEE:

Company shall follow a three tier CSR committee structure. While defining structure the term Region is defined as the operational areas of NLCIL across India.

2.1 Structure:

As per the norms of the government, the Board Level CSR Committee shall consist of three or more Directors, out of which one director shall be Independent director. Yet to ensure ease in operation NLCIL operates with a three tier CSR committee of Board Level CSR Committee, Below Board Level CSR Sub Committee and Regional CSR Committee.

2.1.1 Board Level CSR Committee:

44The committee shall be headed by an Independent Director as its Chairman/Chairperson and the composition of the committee shall be as decided by the Board of Directors from time to time.

2.1.2 Below Board Level CSR Committee:

- Corporate Head (CSR) : Chairman
- Senior Executive (Mines) : Member
- Senior Executive (Thermal) : Member
- Senior Executive (Finance) : Member

2.1.3 Regional CSR Committee:

Each project (Neyveli, Barsingsar, Talabira and other upcoming new projects) shall have separate Regional CSR Committee.

- Unit Head/Project Head : Chairman
- Finance Head of Unit/Project : Member
- HR/CSR Head of Unit/Project : Member

(For Neyveli Region, Unit Head /CSR will be the Chairman)

2.2 Role of CSR Committee

2.2.1 Role of Regional CSR Committee

2.2.1(1) The Regional CSR Committee after conducting base line survey may prepare service activities or list of projects to be undertaken based on the information gathered.

2.2.1(2) The Regional CSR Committee shall identify possible NGOs and other agencies for taking up CSR activities on behalf of the Company.

2.2.1(3) The Regional CSR Committee may also take the help of professional bodies in the field (NGOs) or other agencies and prepare the plan for CSR activities for the year.

2.2.1(4) The Regional CSR Committee shall liaise with Governmental and other agencies and associate with the NGOs concerned for implementation of proposed activities.

2.2.1(5) The Regional CSR Committee shall meticulously document the CSR programmes, expenditure, procurement etc., and put the information in the public domain.

2.2.1(6) The Regional CSR Committee shall monitor and oversee the implementation of the CSR activities / programmes approved by the Company.

2.3 Below Board Level CSR Sub Committee:

2.3(1) The Below Board Level CSR Sub Committee shall identify the list of projects to be undertaken based on the report submitted by the Regional CSR Committee.

2.3(2) The Below Board Level CSR Sub Committee shall make the information available to the concerned Ministry / Government.

2.3(3) The Below Board Level CSR Sub Committee shall ensure participation of CSR Awards and recognitions.

2.3(4) The Below Board Level CSR Sub Committee shall meet once in a quarter, review the progress of the implementation of CSR activities. The Committee shall also consider the requests of the stake holders so received, if any and recommend as a proposal to Board Level CSR Committee.

2.3(5) The Below Board Level CSR Sub Committee shall also review the continuation or otherwise of the on-going centralized CSR initiatives and identification and adoption of fresh centralized CSR initiatives.

2.3(6) The Below Board Level CSR Sub Committee shall also submit quarterly reports regarding the progress in the implementation of CSR Activities to the Board Level CSR Sub Committee.

2.4 Board Level CSR Committee:

2.4(1) The Board Level CSR 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 of Companies Act, 2013.

2.4(2) The Board Level CSR Committee shall recommend the amount of expenditure to be incurred on the CSR activities for the year.

2.4(3) The Board Level CSR Committee should meet every 3 years to monitor the Corporate Social Responsibility Policy of the company, The recommendations of which shall be submitted to the Board for its approval and ensure disclose of the contents of such Policy in NLCIL Annual report and also place it on the company's website.

2.5 POWERS FOR APPROVAL

2.5.1 CSR programmes as may be identified by each work centre/corporate office channelizing it through the Regional CSR Committee will be required to be put up to the Below Board Level CSR Committee at the beginning of each financial year. The Below Board Level CSR Committee will then verify the requirements and put up the report to Board Level CSR committee for its approval.

2.5.2 The below Board Level CSR Committee will also ensure on all work orders for the CSR projects / programs undertaken. The Regional CSR Committee will render all needed support to the Below Board Level CSR Committee for initiating the activities.

2.5.3 For meeting the requirements arising out of immediate & urgent situations, CMD is authorized to approve proposals in terms of the empowerment accorded to him in accordance to the Below Board Level CSR Committee.

2.5.4. The Board of NLCIL should ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company. The Board of NLCIL shall ensure that the company 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.

2.5.5. 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.

2.5.6. An amount as deemed fit by the Board, may be kept in reserve out of the CSR budget for contributing towards Natural calamity relief work in case of such unfortunate incident taking place in the country. If remained unutilized till the 3rd quarter, this fund may be used for carrying out other CSR activities in the last quarter of the financial year. This however, should not depend upon the CSR budget allocation and will only be accounted while calculating the overall CSR expenditure of NLCIL.

2.5.7. If the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 of the Act, specify the reasons for not spending the amount.

3.0. CSR Fund:

3.1. It will be ensured 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. **CSR activities/Projects that are to be taken up in the new project areas as mandated would be taken up by accounting the expenditure in the respective projects cost and the same will be over and above the CSR spent by the Company for the respective financial year. Accordingly Company will make a provision for CSR in the project cost itself for new projects.**

The regular activities would be undertaken by the company essentially for the social welfare of employees/contract workmen, in and around the surrounding areas of its project sites, by providing an annual budget for the same, which shall not form part of CSR expenditure of the company.

3.2. The stipulated percentage of average net profit 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.

3.4.1 The provisional CSR Budget for every financial year shall be computed based on 2% of the average net profit of the company made during the three immediately preceding Financial years and got approved by the Board before 31st March of every year for commencement of CSR activities from 1st April of the succeeding Financial year.

However, review of the provisional CSR budget will be made after publication of audited net profit for the financial year and final CSR budget shall be computed accordingly as per section 198 of the Companies Act 2013.

3.5 Bifurcation of CSR fund – In context of CSR activities

3.5.1 Company shall earmark 60% of CSR funds for the National Theme being communicated by Govt. of India

3.5.2 The other CSR programs may be identified through structured Baseline survey or Need assessment of the Areas identified by the CSR Committee. The CSR committee may also consider request letters received during the year, duly weighed by an external agency.

3.5.3 In case the baseline identifies CSR requirements in the area which is the CSR theme for the year as directed by the competent authority, in such cases CSR projects undertaken through baseline, request letters or need assessment can also be considered under thematic CSR.

3.5.4 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.

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 at least 75% of the CSR fund for carrying out Socially Responsible activities, in the local areas.

Local Areas: Areas within 25 Kms from the boundaries of projects/Mine/Area HQ/Company HQ.

4.2. Company may undertake CSR activities within the State of the project or 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.

4.4. Preference will be given to Aspirational Districts (Annexure I of office memorandum, MCA dated 10th Dec'2018). Any further guidelines from Government of India on consideration for Aspirational Districts shall be followed.

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 30.05.2019 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. If due to some reason, the budget of a year remains unutilised, the same would not lapse. Instead, it would be carried forward to the next year for expenditure on CSR and Sustainability activities, which were planned for implementation in the previous year, but could not be completed due to some reason. The surplus arising out of the CSR projects or programmes or activities shall not form part of the business profit of Company.

5.5 Beneficiary Segmentation: 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.

5.6 Identification of CSR activities at Corporate and work centre level will be done by means of any of the following:

- a) Need Identification/Baseline Studies by professional institutions/agencies.
- b) Internal need assessment by cross-functional team at the local level (In case of minor projects)
- c) Receipt of proposals/requests from District Administration/local Govt. etc duly weighed by external agency
- d) Discussions and request with local representatives/Civic bodies/Citizen's forums/Voluntary Organizations duly weighed by external agency

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 - District Administration, Peoples' representatives, Villagers, Local bodies, NGOs, etc. utilising the spare in-house expertise, resources and capacity.

7.0. CSR Activities Implementation:

7.1 Budget preference will be given to the projects which have to be made sustainable. 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 and all such activities will be executed after following due procedures.

7.2. The Board may decide to undertake its CSR activities recommended 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 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 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 NLCIL 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. Companies Act 2013 and CSR Policy of the Company.

7.4 The Board after getting the recommendations of 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, CMD may accord approval to carry out the CSR Activities which are emergent in nature and the details of such activities shall be put up to the CSR Committee and Board for information. The CSR programs and activities approved by the Board or by the CMD as the case may be will be executed through Designated Nodal Officer(s). CGM / Group Head (CSR) will be the Nodal Officer for all the CSR activities of NLCIL and its subsidiary companies.

7.5 The Board level 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 Board level CSR committee shall monitor process of such projects or programs from time to time. In addition CMD, Director (HR) and other FDs will review the progress of CSR Projects/Programmes on a quarterly basis.

7.7 Company will organise 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.

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, Company may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure, including expenditure on administrative overheads, shall not exceed five percent of total CSR expenditure of the company in one financial year.

7.10. CMD is authorized to make minor modification in the Corporate Social Responsibility Policy, if any, in the overall interest of the company.

7.11 NLCIL can pool CSR fund set-up by Central Government as prescribed in the companies (CSR Rules, 2014). Contribution to private funds such as those set up by non - Profit Company etc. is not allowed as per CSR rules.

7.12 Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the guidelines / regulations on the subject as may be issued from government/ relevant statutory authorities, from time to time.

7.13 PROJECT BASED APPROACH:

7.13.1 NLCIL will follow a project based accountability approach to stress on the long term sustainability, where its action plan will be distinguished as short-term, middle term and long term qualified as:

Short Term – Less than one year

Medium Term – 1 year to 3years

Long Term- more than 3 years

7.13.2 While identifying long term programmes, all efforts must be made to the extent possible to define the following:

- a. Programme objectives.
- b. Baseline survey – It would give the basis on which the outcome would be measured.
- c. Implementation schedules - Timelines Prescribed Responsibilities and authorities

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. 15 Crores.

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 format prescribed under the CSR Rules.

11.0. Communication Strategy:

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.

11.2 During important events such as launching a project, completion of a project or inauguration of a facility in the area of CSR, Corporate Communications and Public Relations Division shall give wide publicity to the event through invitation to the media personnel and issue of press release in the print media, TV channels etc.

11.3 The CSR initiatives of the company shall be displayed on the company's website by the Corporate Communications and Public Relations Division.

11.4 The Corporate Head/CSR will be the nodal officer for CSR projects/programmes including Joint Venture and of Subsidiaries. Corporate Communication Division shall also bring out special articles on CSR initiatives of the company in the Corporate House Journal.

11.5 As per SEBI guidelines disclosure of all CSR activities is mandatory. Accordingly, the CSR initiatives of the company shall be included in the Annual Report of the company.

11.6 The Board's report of the company pertaining to the financial year shall include an annual report on CSR containing particulars specified in relevant Annexure.

APPENDIX-A

The Companies Act 2013

The version of the Schedule VII of the Act

- i. Eradicating hunger, poverty and malnutrition
 - Promoting health care including preventive health care and sanitation, including contribution to the Swachh Bharat Kosh set up by the Central Government for promotion of sanitation
 - Making available safe drinking water
- ii. Promoting education including special education
 - Employment enhancing vocation skills especially among children, women, elderly and the differently abled
 - 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
 - Measures for reducing inequalities faced by socially and economically backward groups
- iv. Ensuring environmental sustainability, ecological balance
 - Protection of flora and fauna
 - Animal welfare
 - Agro-forestry
 - Conservation of natural resources
 - 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
- 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, Paralympics 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 social-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women
- ix. Contributions of funds provided to technology incubators located within academic institutions which are approved by the Central Government
- x. Rural development project
- xi. 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).
- xii. Disaster Management, including relief, rehabilitation and reconstruction activities.
