



CREATING WEALTH
FOR WELLBEING

NLC India Limited

('Navratna' Govt. of India Enterprise)

Corporate Social Responsibility (CSR) Policy

Revision-3

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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.
- 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 or as may be notified from Govt., from time to time. Yet to ensure ease in operation NLCIL operates with a three tier CSR committee viz., Board Level CSR Committee, Below Board Level CSR Committee and Regional CSR Committee.

2.1.1. Board Level CSR Committee:

Board Level CSR 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 (Barsingsar, Talabira and other upcoming new projects) shall have separate Regional CSR Committee.

Unit Head/Project Head : Chairman
Executive (Technical) : Member
Executive (Finance) : Member

2.2. Role of CSR Committees:

2.2.1. Role of Regional CSR Committee:

The Regional CSR Committee shall monitor the progress status of the CSR activities/programmes of respective projects and furnish the reports to the Below Board Level CSR Committee.

2.2.2. Role of Below Board Level CSR Committee:

The below Board level CSR Committee shall monitor the CSR Activities/programmes /projects including Neyveli Region and submit reports regarding the progress status in the implementation of CSR Activities to the Board Level CSR Committee.

2.2.3. Role of Board Level CSR Committee:

The 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.

The CSR Committee shall recommend the amount of expenditure to be incurred on the CSR activities for the year.

The 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.

The CSR Committee shall formulate and recommend to the Board, an Annual Action Plan in pursuance of CSR policy, which shall include the following, namely:-

- (a) The list of CSR projects or programmes that are approved to be undertaken in areas or subjects;
- (b) The manner of execution of such projects or programmes;
- (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 and impact assessment, if any, for the projects undertaken by the company: Provided that Board may alter such plan at any time during the financial year, as per the recommendation of CSR Committee, based on the reasonable justification to that effect”.

3.0. CSR FUND:

- 3.1.** The Board will ensure that the 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.

“Any activity undertaken by the company essentially for the social welfare of the employee/ contract workmen 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 the CSR theme is 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.
- 4.5.** The expenses under 'Administrative Overheads' shall be incurred for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring and evaluation of a particular Corporate Social Responsibility project or programme.
- 4.6.** The Board shall ensure that the administrative overheads shall not exceed five percent (5%) of total CSR expenditure of the company for the financial year.

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 22.01.2021 is annexed in 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 and subsequent amendments.
- 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.
- 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 unutilized, the same would not lapse. Instead, it would be carried forward to the next year for expenditure on CSR and Sustainability activities with approval of the Board. Similarly in any Financial Year, amount spent in excess of CSR Budget will be apportioned/adjusted in the subsequent three Financial Years.
- 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.** A multi-year project (Ongoing Project) shall be undertaken in fulfilment of CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.
- 5.7.** Any surplus arising out of the CSR activities shall not form part of the business profit of Company and shall be ploughed back into the same project or shall be transferred to NLCIL 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.
- 6.0. CSR BASELINE 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.** 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.
- 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 in accordance with Company's (CSR Policy) rules and amendments released from time to time excluding the following, namely:

- (i) Activities undertaken in pursuance of normal course of business of the company:

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

- a) Such research and development activities shall be carried out in collaboration with any of the institutes or organizations mentioned in item (ix) of Schedule VII to the Act;
 - b) Details of such activity shall be disclosed separately in the Annual Report on CSR included in the Board's Report;
- (ii) Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- (iii) Contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (iv) Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- (v) Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- (vi) Activities carried out for fulfillment of any other statutory obligations under any law in force in India.

7.2. The Board shall ensure that the CSR activities are undertaken by the Company itself or through

1. (a) A company established under section 8 of the Act 2013, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 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 trusts 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;
2. (a) Every entity, covered under sub-rule (1), who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01st day of April 2021;

Provided that the provisions of this sub-rule shall not affect the CSR projects or programmes approved prior to the 01st day of April 2021.

- (b) Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.
- (c) On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.

- 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 Annual CSR Plan which the company plans to undertake in a year. 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 programmes or activities approved by the Board or by the CMD as the case may be will be executed through Designated Nodal Officer(s). The head of Corporate CSR will be the Nodal Officer for all the CSR activities of NLCIL and its subsidiary companies. CMD/Director(HR)/FDs will review the progress of CSR Projects/Programmes on a quarterly basis.
- 7.5.** The Board 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.
- 7.6.** In case of ongoing project, the Board shall monitor the implementation of the projects with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- 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-wise 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, to approve proposals for meeting the requirements arising out of immediate & urgent situations and to re-appropriate the approved Annual CSR Plan within the approved CSR Budget.

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. 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. 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.

7.14. Company may engage international organizations (notified by the Central Govt.) for designing, monitoring and evaluation of the CSR projects or programmes as per CSR policy as well as for capacity building of their own personal for CSR.

7.15. Where the company spends an amount in excess of requirement under CSR, such excess amount may be set-off against the requirement to spend up to immediate succeeding three financial years subject to the conditions that (i) the excess amount available for set-off shall not include the surplus arising out of the CSR activities (ii) the Board of the company shall pass a resolution to that effect.

8.0. PROJECT BASED APPROACH:

8.1. 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

8.2. 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.

9.0. CSR IMPACT ASSESSMENT

9.1. Impact assessment shall be undertaken through an independent agency for the CSR projects having outlays of One Crore or more, and which have been completed not less than one year before undertaking the impact study.

9.2. The expenditure incurred for impact assessment shall be booked under CSR for the financial year, which shall not exceed five percent of the total CSR expenditure for the financial year or Fifty lakhs rupees whichever is less.

10.0. OWNERSHIP OF ASSESTS CREATED UNDER CSR ACTIVITIES

10.1. The CSR amount may be spent for creation or acquisition of a capital asset, which shall be held by

- (a) A company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number as per CSR Policy Rules, or
- (b) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) A public authority: Provided that any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

11.0. CSR REPORTING

11.1. The Board's Report pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure II.

11.2. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

11.3. 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.

12.0. DISPLAY OF CSR ACTIVITES IN THE COMPANIES WEBSITE:

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board in company's website.

13.0. TRANSFER OF UNSPENT CSR AMOUNT:

Until a fund is specified in Schedule VII for the purposes of subsection (5) and(6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.”.

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APPENDIX-A

The Companies Act 2013 and subsequent amendment rules 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 Swatch Bharat Kosh set up by the Central Government for promotion of sanitation
Preventive and management measures of COVID'19
Making available safe drinking water
- ii. Promoting education including special education
Employment enhancing vocation skills especially among children, women, elderly and the differentlyabledLivelihood 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 faunaAnimal 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, PM-CARES 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.