

CORPORATE SOCIAL RESPONSIBILITY POLICY

(under Section 135 of the Companies Act, 2013)

Approved by the Board of Directors at its 86th meeting held on 09th March, 2022

1.0 SHORT TITLE AND COMMENCEMENT:

This revised policy may be called "ONGC Tripura Power Company Limited" Corporate Social Responsibility Policy and shall have retrospective effect from 01st April, 2021.

2.0 DEFINITIONS

In this Policy unless the context otherwise requires:

- 2.01 'Act' means Companies Act, 2013 and includes subsequent amendments thereto.
- 2.02 'Administrative overheads' means the expenses incurred by the company 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;
- 2.03 'Board' means Board of Directors of the Company.
- 2.04 'Company' means ONGC Tripura Power Company Limited.
- 2.05 'Corporate Social Responsibility (CSR)' means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act and applicable rules therein as amended from time to time and will include sustainable development projects or programs.
- 2.06 'CSR Committee' means Corporate Social Responsibility Committee of the Board formed in accordance with provision of Section 135 of the Act and Rules made thereunder.
- 2.07 '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 any dividend received from other companies in India (such as NETC), which are covered under and complying with the provisions of section 135 of the Act.
- 2.08 'Ongoing Project' means a multi-year project undertaken by a Company in fulfilment of its 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.

- 2.09 'Section' means a section of the Act.
- 2.10 'Rules' means the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Ministry of Corporate Affairs (MCA) as amended from time to time.

Word and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

3.0 PREAMBLE

- 3.1 The Corporate Social Responsibility (CSR) is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner whereby organization serve the interests of society and create positive and lasting social impact by addressing various needs of the society through its CSR programs.
- 3.2 Section 135 of the Companies Act, 2013 notified as effective from 1st April,2014 requires the certain class of companies to constitute a CSR Committee consisting of three or more directors out of which at least one director shall be an independent director. Accordingly, the Board of Directors has constituted a CSR committee consisting of minimum three directors including MD and an Independent Director.
- 3.3 OTPC believes its responsibility to contribute to the communities of the area in which company has its operation and to create positive and lasting social impact by addressing various needs of the society through its CSR programs and Company has been undertaking CSR initiatives for promoting education, sports and health in nearby areas of the Company's power project in Palatana well before the Company started its commercial operations.
- 3.4 This Policy will serve as a referral document for planning and selection of CSR activities, though, whenever in doubt, cross reference of the Act and the rules made thereunder is advised to avoid any inconsistency with the latter.
- 3.5 The Policy aims to fulfill following objectives:
- (a) Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Companies profits for social projects.
 - (b) Ensuring the Implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting
 - (c) Creating opportunities for employees to participate in social responsibility initiatives.

4.0 CSR Activities



The focus areas of the CSR activities shall include following activities/projects /programs as notified under Schedule VII to Section 135 of the Act read with Rules made thereunder.

- (i) Eradicating hunger, poverty & malnutrition, promoting health care including preventive health care & sanitation including contribution to Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation & making available safe drinking water,
- (ii) Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly & the differently abled & livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes & hotels for women and orphans, setting up old age homes, day care centres & such other facilities for senior citizens & measures for reducing inequalities faces by socially & economically backward groups;
- (iv) Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & maintaining quality of soil, air & 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 & culture including restoration of buildings & site of historical importance & work of art; setting up public libraries; promotion & development of traditional arts and handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans and their dependents including widows;
- (vii) Training to promote rural sports, nationally recognized sports, Paralympic sports & Olympic sports;
- (viii) Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- (ix) (a) Contribution 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; and
(b) 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 Defence 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).]

- (x) Rural Development Projects
- (xi) Slum area development.

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.

- (xii) Disaster management, including relief, rehabilitation and reconstruction activities.
- (xiii) such other activities/ projects/ programs as included in Schedule VII of the Act from time to time.

Besides it may also include Sustainable Development Projects or programs based on the need of community.

OTPC may assign priority to multi-year projects / programmes of medium or long duration having timelines not exceeding 3 years (excluding the year in which it was approved) or such other timelines as allowed under the CSR Rules, in order to ensure emphasis on long-term outcomes / impacts.

5.0 The Geographic Reach & General Principles

The Act provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility. The Company will conduct CSR activities preferably in and around the area of its operations presently being Palatana in State of Tripura. However, the Board/ Committee may identify such other areas in addition to above, as it may deem fit, for undertaking CSR activities.

OTPC shall take into account following broad principles while undertaking any CSR activity:

- 5.1 Consult pro-actively with the community and other key stakeholders for understanding needs and designing initiatives for the social well-being of the community. Wherever necessary, the local authorities and specialized agencies should also be consulted and involved.
- 5.2 The main focus of the CSR Policy would be undertaking the activities that benefit the society as a whole as well as the activities that will help to reverse any adverse impact on the environment and ecology and to promote sustainability.

- 5.3 CSR activities shall be undertaken as projects, programs (either new or ongoing) excluding activities which are required to be undertaken in pursuance of the normal course of business of the Company.
- 5.4 CSR activities are undertaken within India.

6.0 CSR Committee - Constitution

- 6.1 The Board of Directors of the Company shall undertake CSR activities, through a Board level Committee called 'CSR Committee' and the Committee shall function as per Terms of Reference specified in the Act, Rules made thereunder as amended from time to time and as decided by the Board.
- 6.2 The CSR Committee will consist of three or more Directors, out of which at least one shall be independent director(s) and another shall be Managing Director of the Company. The Board of the Company may nominate other directors on the CSR committee in addition to above in accordance the requirement of the Companies Act, 2013 and Rules made thereunder.
- 6.3 The Chairman of the Committee may either be appointed by the Board or in case Board does not appoint Chairman, the members of the Committee shall select one of them to be Chairman of the Committee.
- 6.4 The Board's report under sub-section (3) of Section 134 of the Act shall disclose the composition of the CSR Committee and brief about the CSR Policy of the Company.
- 6.5 The CSR Committee may function with the help of OTPC inhouse internal monitoring group/Corporate CS Team/ subcommittee consisting of employees of the Company as may be nominated by the Committee/ Managing Director from time to time.

7.0 Role of the CSR Committee

- 7.1 Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company.
- 7.2 Recommend the amount of expenditure to be incurred on the CSR activities, formulate and recommend the principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan of CSR activities.
- 7.3 Monitor the CSR Policy of the company and implementation of CSR Projects of OTPC from time to time.
- 7.4 Implement the CSR projects with the involvement of OTPC personnel.

7.5 Such other activities as are incidental for implementing the CSR projects in line with the requirements of the Companies Act, 2013.

7.6 Committee shall place on record the CSR activities undertaken during the year in the Annual Report to Board."

8.0 Meetings of CSR Committee

8.1 The Committee will meet with such frequency as may be specified under the Act or in absence, at least twice a year to discuss, approve, recommend and review CSR activities/programs & Policy and to take necessary decisions with respect to implementations of CSR programs of the Company.

8.2 A quorum of minimum two members is required to be present for the proceedings to take place. The Committee shall be at liberty to pass a resolution which shall be evidenced in writing and passed by majority after being circulated.

8.3 The Committee members may attend the meeting physically or via such audio-visual means as permitted under the Act.

8.4 The committee shall have the authority to call such employee(s), senior officials(s) and or externals, as deem fit to the meeting. The Company Secretary shall act as Secretary to the Committee.

9.0 Annual Spends/Allocation of Funds

9.1 CSR Committee will identify suitable projects for implementation in line with policy approved by the Board and requirements laid down under the Act. These projects would be executed either directly by the Company and/or through duly registered agencies on MCA portal with a valid registration number and having established track record.

9.2 The CSR Budget shall be fixed for each financial year as part of annual budget of the Company. All expenditure to be incurred on the activities involved in the need assessment / baseline study, planning, implementation, monitoring and impact assessment of the projects will be included in the budget.

9.3 The list of CSR projects/programmes which the Company plans to undertake during the implementation year will be laid down before the Board of OTPC for its approval on the recommendation of CSR committee at the beginning of the Financial Year.

9.4 The Board of OTPC shall ensure that in each Financial Year (FY), at least 2% of the average net profit (calculated as per Section 198 of the Companies Act 2013) accrued during the three immediately preceding Financial Years is spent on CSR activities / projects / programs in pursuance of its CSR Policy.

The surplus arising out of the CSR activity, if any shall not form part of business profits 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 of the Act in the manner specified in Rule 7(2) of the CSR Rules.

The Board of the 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 of Company shall certify to the effect.

- 9.5 The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its 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 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;
 - 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 or its delegated authority may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.”

CSR Committee, in case of any urgent need, may consider and approve taking up a CSR project up to the value of Rs. 25 lakh/per project with ceiling of Rs. 2.5 crore per annum which may be subsequently put up before the Board for ratification.

- 9.6 In an event where CSR expenditure is in excess of requirement as per section 135 of the Act, such excess amount may be set-off against the requirement to spend as per Section 135 of Act, up to immediate succeeding three financial years with the approval of Board.
- 9.7 Any capital asset created/acquired out of CSR funds shall be held by a company established under section 8 of the Companies Act, 2013, or a registered Public Trust or Registered Society having charitable objects and CSR Registration Number, or beneficiaries of the said project, in the form of self- help groups, collectives, entities or a Public Authority as defined in in clause (h) of section 2 of the Right to Information Act, 2005;

- 9.8 All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend mandatory allocation as per Act, in its entirety in that Financial Year, the reasons thereof will be outlined as per section 134 (3) (o) of the Act in the Annual Report and unless the unspent amount relates to any Ongoing Project, such amount shall be transferred to any fund specified in Schedule VII of the Act.

Any amount remaining unspent pursuant to any Ongoing Project shall be transferred by the company 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/fund specified in Schedule VII of the Act within such period and in the manner as prescribed under section 135(5) & (6) of the Act and CSR Rules, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within prescribed period.

- 9.9 However, if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three Financial years, than it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act. During this period the Company may opt to undertake CSR activities on voluntary basis.

- 9.10 Tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by the Central Board of Direct Taxes (CBDT).

- 9.11 The following expenditure shall not be considered CSR Expenditure for the purpose of the Act and Rules made thereunder.

- (i) activities undertaken in pursuance of normal course of business of the OTPC;
- (ii) any activity undertaken by OTPC 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 fulfilment of any other statutory obligations under any law in force in India.
- (vii) Activities as may be excluded by CSR Rules from time to time.

9.12 The Board of OTPC shall monitor the progress of approved CSR projects and programs with respect to timelines through the CSR Committee and CSR sub Committee of OTPC.

10.0 Monitoring Mechanism

- 10.1 The execution of identified CSR projects, programs and activities under it shall be carried out by the Company with the help of internal monitoring group/Corporate CSR team /subcommittee under the superintendence and guidance of Managing Director who will be one of member of Committee or such other person as may be authorized by the Committee.
- 10.2 The internal monitoring group/Sub Committee shall submit its report on a regular basis to the CSR committee formed under the Act. The CSR Committee shall monitor the administration of the CSR programs undertaken by internal monitoring group.
- 10.3 Appropriate documentation with respect to execution of CSR activities, will be ensured by internal monitoring group/subcommittee on a regular basis which shall also include a Completion Report/Certificate from beneficiary listing interalia, the impact and benefit of the CSR activity and number of person benefitted. The report shall be made available to the CSR Committee/Board as and when required.
- 10.4 Initiatives undertaken on the CSR front will be reported in the annual report of the Company.
- 10.5 The Internal monitoring group/ Sub Committee or persons authorized by CSR Committee will conduct due diligence checks on the CSR projects on regular basis to report anomalies, if any immediately.
- 10.6 In case of ongoing project, the Board of a Company or its delegated authority will monitor the implementation of the project 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.

11.0 IMPACT ASSESSMENT/EVALUATION OF CSR

- i. Whenever Company is having CSR obligation of Rs. 10 crore or more as per Section 135 of the Act in three immediately preceding financial years, the Company shall undertake Impact Assessment, through an independent agency, of the CSR projects having outlay of Rs. 1 Cr. or more and which have completed not less than one year before undertaking the impact study
- ii. The Impact Assessment reports shall be placed before the Board and annexed to the Annual Report on CSR

- iii. Whenever Company undertakes Impact Assessment, it may book the expenditure towards CSR for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

12.0 Ancillary Activities

The Committee, if thinks fit may take steps:

- 12.1 To publicize the composition of the CSR Committee, CSR Policy and Projects approved by the Board on website of OTPC i.e <https://www.otpcindia.in/statutorycomplaincypolicies/csr-policy>.
- 12.2 Plan and publish an annual calendar of major events so as strive for maximum participation of stakeholders.
- 12.3 To plan and carry out workshops to increase employee awareness on various projects and initiatives.
- 12.4 The Administrative Overheads shall not exceed 5% of the total CSR Expenditure of the company for the financial year.
- 12.5 To undertake such other activities as directed by the Board of Directors of the Company and/or as deemed appropriate and expedient by the committee for the furtherance of CSR objectives of the Company, in pursuance with the Act and Rules made thereunder.
- 12.6 To collaborate or pool resources with other companies to undertake CSR activities within India. Only activities which are not for the exclusive benefit of employees of the Company or their family members shall be consider as CSR activity.
- 12.7 To obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.

13.0 Projects / Partners

- 13.1 For Optimal use of resources, the Company may join hands with other Companies for undertaking CSR projects/activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or activities in accordance with CSR Rules as amended from time to time.

- 13.2 The Company can supplement the efforts of the Government if it is assessed that the resource gap and inadequate capacities are critical constraints in achieving the targets/ goals of a particular government scheme/ initiative/welfare project.
- 13.3 The Company may either Implement the CSR projects or programs by itself or through external specialized agencies fulfilling the criteria laid down under CSR Rules. Only duly registered agencies on MCA portal with a valid registration number will be hired for CSR project implementation. Implementing agencies shall necessarily be fulfilling the following criteria :-
- i. 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, established by the company, either singly or along with any other company; or,
 - ii. 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,
 - iii. any entity established under an Act of Parliament or a State legislature; or,
 - iv. 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.

Every entity, covered under Rule 4(1) of CSR Rules, who intends to undertake any CSR activity, shall register itself with the Ministry of Corporate Affairs by filing the form CSR-1 and/or such other information as may be prescribed.

Once the project/program is approved, OTPC and CSR partners/agencies will be required to enter into an agreement / MOU as per requirements.

14.0 Review and Reporting

14.1 The CSR Committee will review the CSR activities of the Company and will provide progress update to the Board of Directors every six months/such other intervals as deemed fit.

14.2 The Company will report the details of CSR initiatives and CSR activities of the Company in the Board's Report and on the website of the Company in accordance with Rule 8 & 9 of the CSR Rules as amended from time to time.

15.0 Amendments to the Policy

The Board of Directors on its own and/or as per the recommendations of the CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/ amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.


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9/3/2022

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