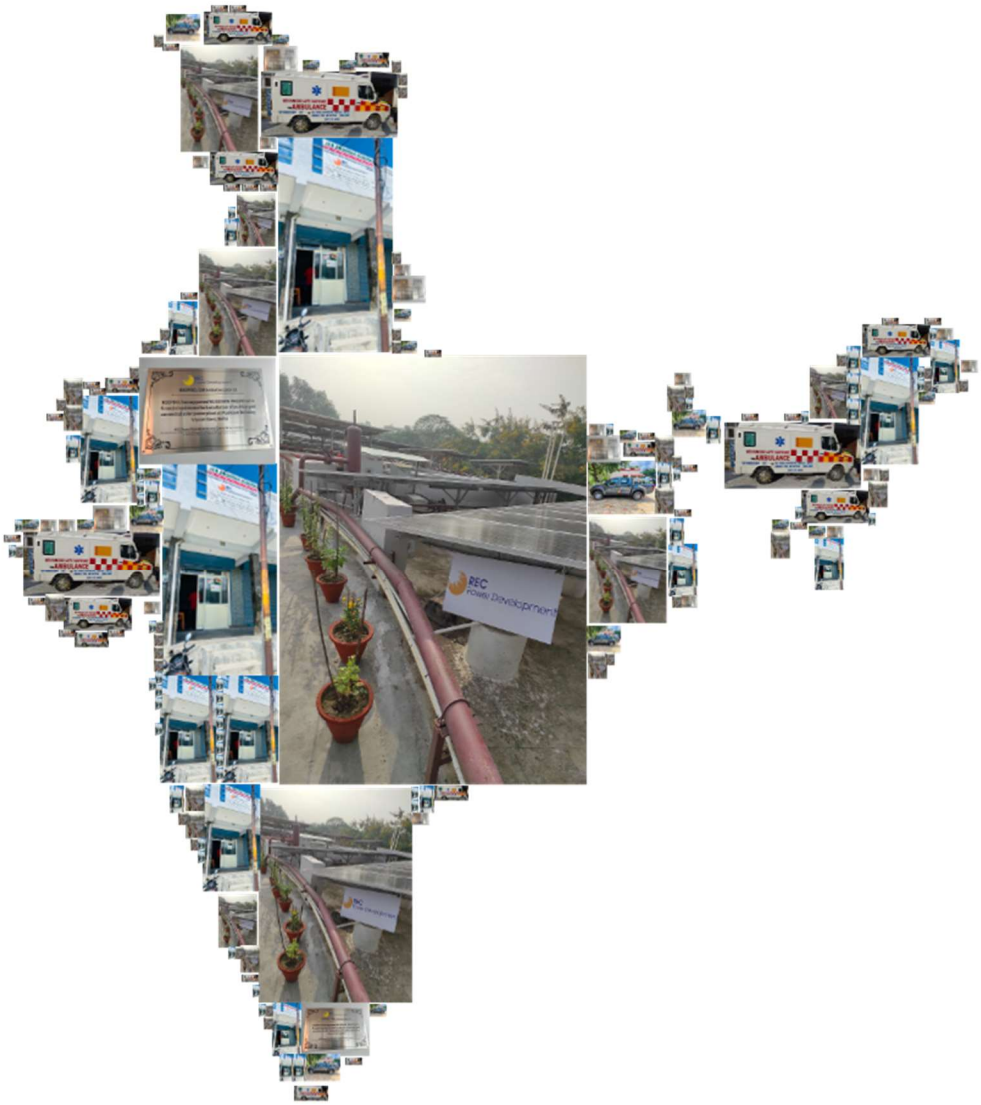
REC Power Development

CORPORATE SOCIAL RESPONSIBILITY POLICY



Aligned with Section 135 and other applicable provisions of Companies Act, 2013, and The Companies (Corporate Social Responsibility Policy) Rules, 2014.

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1. BACKGROUND

RECPDCL conducts its business as a socially responsible corporate, aligning its business policies and practices with holistic social progress, development of mankind, respect for environment and its living beings. The CSR policy is formulated under Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and guidelines for CPSEs issued by Department of Public Enterprises, Government of India.

RECPDCL will aligned its CSR policy to that of REC, its parent company.

1.1 Vision

To contribute in socio economic development of the nation, including protection of nature.

1.2 Mission

Deploy resources in an efficient and effective manner to bring a visible and positive change and impact in lives of people.

2. PURPOSE

The purpose of this policy is;

(i) To make a statement containing the approach and direction given by the board taking into account recommendations of CSR Committee.

(ii) To document guiding principles for selection, implementation and monitoring of activities.

(iii) To integrate, implement and promote socially responsible behavior through defined procedure and guidelines for focused, monitored and impact oriented social activities.

3. GUIDING PRINCIPLES

The following principles shall guide the designing, selection and implementation of CSR activities:

(i) **Efficient, Effective and Impactful**
CSR Projects /Programmes shall strive to produce the desired benefit addressing its objectives and shall have the desired impact on target beneficiaries.

(ii) **Outcome Oriented**
CSR initiatives shall be outcome oriented and not just activity centric. Outcomes shall be perceptible and noticeable.

(iii) **Sustainable Benefits addressing dire needs**
CSR initiatives shall have long lasting benefits addressing to the contemporary needs of society.

(iv) **Transparent, Measurable, Perceptible & Enduring benefits.**
CSR activities shall be undertaken in a transparent manner, having measurable noticeable, perpetual and wide-reaching benefits.

4. SCOPE

4.1. RECPDCL shall ensure carrying out CSR projects/programs in line with activities prescribed under Schedule VII of the Companies Act 2013. While activities undertaken must be relatable to Schedule VII of the Companies Act 2013, the entries must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. Activities prescribed under Schedule VII of the Companies Act 2013 are as under:

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive healthcare and sanitation, including contribution to the Swatch Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

(ii) Promoting education including special education and employment enchasing vocation skills, especially among children, women, elderly and 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 centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) Ensuring environment sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and 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 and culture, including restoration of buildings and sites of historical importance and work of art; setting up public libraries; promotion and development of traditional art and handicrafts,

(vi) Measures for 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 and Olympic sports;

(viii) Contribution to 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 Government for socioeconomic Castles, Schedules 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 Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies establish 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 Homeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (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

(xii) Disaster Management, including relief, rehabilitation and reconstruction activities.

(xiii) Any other activity permitted under any Act/Guidelines issued by Ministry of Corporate Affairs/Department of Public Enterprises, Government of India /any other statutory authority, as may be amended from time to time.

4.2. CSR funds may be spent for creation or acquisition of a capital asset, which shall be held as per Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules 2014.

4.3. Excluding Activities

The following shall not be included in CSR activities:

(i) Activities undertaken in pursuance of normal course of business.

(ii) Activities that benefit only the employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019)

(iii) 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;

(iv) Contribution of any amount, directly or indirectly, to any political party under Section 182 of the Companies Act 2013.

(v) Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services viz. one-off events such as marathons/awards/ charitable contribution/advertisement/sponsorship of TV programmes etc. would not be qualified as part of CSR expenditure.

(vi) Activities carried out for fulfilment of any other statutory obligations under any law in force in India;

(vii) Prohibited Activities under CSR.

4.4. RECPDCL shall abstain from carrying out following activities under CSR:

(i) Activities concerned with religion like construction of temple/mosque etc.

(ii) Activities disturbing social harmony in any manner.

4.5. Any point not covered by this policy would be interpreted in accordance with the Companies act 2013 and rules made thereunder.

5. APPROACH

The approach of the Company towards Corporate Social Responsibility and Sustainability would be as under:

5.1. Geographical Location of Project/Programmes

RECPDCL by the very nature of its business has its activities spread pan India across all the States and Union Territories and has its offices strategically located at various major state headquarters. Hence, CSR activities may be taken up at any location within the country.

While doing so RECPDCL shall make conscious efforts to make equitable contribution to all geographical locations with emphasis on backward areas/aspiration districts (as notified by Niti Ayog) to the extent possible.

5.2. Priority to National Development Agenda (aligned with Sustainable Development Goals)

While selecting CSR activities / projects from the activities listed in Schedule VII of the Act, RECPDCL shall give priority to the issues which are of foremost concern in the national development agenda/SDGs. The main focus of CSR policy of RECPDCL shall be on sustainable development and inclusive growth and to address the basis needs of the deprived, under privileged, neglected and weaker sections of the society which comprise of SC, ST, OBC, minorities, BPL families, old and aged, women/ girl child, physically challenged, etc.

5.3. Focus

To address social, economic and environmental concerns, while selection of activities, the focus shall be on the social, economic and environmental impact thereof, rather than mere output or outcomes. Activities which are ad-hoc in nature shall be avoided to the extent possible.

6. CSR PLANNING & INSTITUTIONAL SETUP

6.1 CSR Planning

6.1.1. RECPDCL may prepare an annual plan for each year within the budgetary provisions, which will be placed before the BoD, RECPDCL, for approval, as the case may be.

6.1.2. A total annual budget allocation for CSR of at least 2% of average net profits of preceding three financial years calculated in accordance with Section 198 of the Companies Act 2013 and as approved by the Board (on recommendation of CSR Committee) shall be earmarked every year for implementation of CSR programmes.

6.1.3. RECPDCL shall ensure compliance with section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules 2014.

6.2 Institutional Set up

In line with the Companies Act, 2013, the institutional set up shall be as follows:

6.2.1 HoD or an officer not less General Manager shall be nominated to function as the nodal officer for CSR.

The designated Nodal Officer shall submit reports from time to time regarding progress of implementation of CSR projects/activities to the Board level Committee for CSR and/or to the Board of Directors of RECPDCL for their information, consideration, necessary intervention/ direction and decision making for effective implementation of the CSR projects.

6.2.2 A Sub-Committee comprises of officials of CM & above level shall be constituted for screening and recommending various CSR project/proposals, as the case may be, received from time to time for approval of Corporate Social Responsibility Committee of the Board.

6.2.3 **CSR Committee:** Corporate Social Responsibility Committee of the Board ('the CSR Committee') shall recommend the amount of expenditure to be incurred under CSR and shall formulate an annual action plan which shall include list of projects/programmes approved, manner of execution, modalities of utilization of funds and implementation schedules, monitoring and reporting mechanism and details of need and impact assessment. However, Board may alter such action plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect. Further CSR Committee shall have the roles and responsibilities as mentioned Section 135 of the Companies Act 2013 read with the rules made thereunder.

6.2.4 **Board of Directors:** The ultimate discretion in the section and implementation of CSR activities is that of the Board of Directors of RECPDCL. The Board of Directors may authorize CMD, RECPDCL, to approve, in principle, the proposals for funding under this CSR policy, formulate new schemes wherever required; take decision on the budget board categories, and to take any action required in order to implement the Company's CSR initiatives. The details of such proposals be submitted to

Corporate Social Responsibility Committee of the Board, and to the board for their review/ratification/ approval from time to time. Board shall approve the projects and programmes recommended by CSR Committee, monitor the progress, and shall satisfy itself that the funds disbursed have been utilized for the proposed and in the manner approved by it. Board shall have the roles and responsibilities as mentioned Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014.

7. CSR Implementation, Monitoring & Impact Assessment

7.1 Implementation, Monitoring & Impact Assessment mechanism

7.1.1 Implementation:

7.1.1.1 Board shall ensure that the CSR activities are undertaken by RECPDCL itself or through

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.
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.

All above shall submit its CSR Registration Certificate containing unique CSR Registration number generated after submission of CSR 1. However, for activities approved prior to the 1st day of April 2021, non-submission of CSR 1 form shall not be mandatory.

7.1.1.2 In addition to provisions of 7.1.1.1 above, the company established under section 8 of the Act or a registered trust or a registered society shall full fill following additional information/document to establish their credibility (Only in the case of Non-Governmental Organization):

i) The entity shall submit audited balance sheet for last three (03) years along with details of funds received for undertaking similar activities for those three years.
ii) The average turnover of last three years for undertaking similar activities shall be at least twice of proposed cost of the project. (Note: Turnover means total funds receipt for undertaking similar project/s in the last three years).
iii) RECPDCL shall sanction only one project at a time and second project shall be considered only after completion and release of 100% funds of first project.

7.1.1.3 RECPDCL may collaborate with other companies for undertaking projects or programs for CSR activities so as to have the benefits of synergies in such a manner that the CSR Committee of respective companies are in a position to report separately on such projects or programs in accordance with this policy.

7.1.1.4 Generally, all activities under the Corporate Social Responsibility function shall be carried out by RECPDCL with the support of agencies, as specified in clause 7.1.1.1.

7.1.1.5 Eligible agencies as specified in clause 7.1.1.1, desirous of seeking funding from CSR for specific projects may submit their detailed proposals addressed to CEO, RECPDCL, as per the checklist available on website. Projects would be taken up for funding by RECPDCL, subject to compliance of its CSR Policy, availability of budget, due diligence of the agency, financial and technical appraisal, fund requirement of on –going projects etc.

7.1.1.6 RECPDCL shall also engage in persistent social dialogue responding to the society's needs through inputs from various stakeholders.

7.1.1.7 Modes of Implementation of CSR Activities:

(i) Project Mode: CSR activities identified for external stakeholders may be implemented in a project mode, which shall entail charting the stages of execution in advance through planned processes, with mobilization of pre-estimated quantum of resources, and within the allocated budgets and prescribed timelines. It shall also involve assigning clear responsibility and accountability of the designated officials / external specialized agencies which are entrusted with the task of implementation.

(ii) Direct Mode: RECPDCL may takes up the implementation of CSR activity with its manpower and resources or may engage external specialized agency to execute such projects and monitoring may be done by internal manpower and/or by external agency.

(iii) Collaboration: RECPDCL may join hands and pool their resources for undertaking projects jointly with other CPSEs / Government agencies for long-term mega projects for greater social impact for scaling up the projects in the terms of their size and socio-economic impact, with optimal utilization of resources of each participating entity, and also accelerate the pace of development, including in the backward regions.

7.1.2 Monitoring:

Monitoring of RECPDCL funded CSR projects may be carried out by one or more of the following:

(i) Officials of RECPDCL Project Offices / State Offices located in different States for the projects located in the areas falling under their respective jurisdictions, or/and,
(ii) Officials from Corporate Office, or/and,
(iii) Members of the projects Implementation Committee (PIC) / Project Management Committee (PMC) /any other committee notified for implementation progress/ monitoring of the concerned project, comprising of at least one nominated representative from RECPDCL, or/and,
(iv) A Project Management/Monitoring Agency (PMA) may be appointed by RECPDCL specially for select project(s) on behalf of RECPDCL, which may or may not have representatives from RECPDCL.

The agency implementing the CSR Projects shall ensure to submit the project progress photographs with latitude & longitude (geo tagged), if required at various stages of implementation. Further Board shall monitor the implementation of the ongoing project with reference to the approved timelines and

year wise allocation and shall be competent to make modifications for smooth implementation within overall permissible time limit.

7.1.3 Impact Assessment:

(i) RECPDCL shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of once crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

(ii) RECPDCL may book expenditure on Impact Assessment towards Corporate Social Responsibility 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.

8. Reporting and Disclosure

The Board's Report pertaining to financial year commencing on or after the 1st day of April, 2020 shall include an annual report on CSR containing particulars specified in Annexure II of Companies (Corporate Social Responsibility Policy) Rules 2014. Board shall disclose the composition of CSR Committee, CSR policy and Projects approved by it on website for public access. Further Impact Assessment Report duly placed before the Board shall be annexed to Annual Report on CSR.

Further CSR initiatives shall be communicated to stakeholders through Company's Annual Report including Director's Report, Management discussion and Analysis, Business Responsibility Reporting and Integrated Report. Further CSR initiatives by RECPDCL are communicated through its website https://www.recpdcl.in.