

Corporate Social Responsibility Policy

1. Introduction

- 1.1. The concept of Corporate Social Responsibility (CSR) has been developing since early 1970's in India. Philanthropy and CSR is not a novel concept for Indian Companies. Even before the introduction of any statutory guidelines, some of the Companies were discharging their Corporate Social Responsibilities by engaging themselves in socio economic and other philanthropic activities like promoting education, contributing to the social benefits in the situations of natural calamities and health of the common people by organizing health camps. With the passage of the Companies Act 2013, the mandate for corporate service responsibility has been formally introduced to the dash Board of the Indian Companies. The CSR mandate is an attempt to supplement the Govt. efforts of equitably delivering the benefits of the growth and to engage the corporate world with the Country's development agenda.
- 1.2. Though there is no specific commonly applicable definition of CSR, it is the "continuous commitment by the business to behave ethically and contribute to economic development while improving the quality of life of work force and their families as well as local community and society". It is the responsibility of the corporate entity toward the society in consideration of the support given and sacrifice made by the society. Corporate Social Responsibility (CSR) is the concept where by organizations serve the interest of the society by taking the responsibility for the impact of their activities on customers, employees, shareholders, communities, environment in all aspects of their operation.
- 1.3. Corporate Social Responsibility (CSR) is the way and mean through which corporates can repay the obligations made by the Society by contributing the resources in its various forms as required for the efficient operation of the Business. Corporate Social Responsibility is strongly connected with the principles of sustainability. Organization should make decisions based not only on financial or operational factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of Operational Energy Group India Limited to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.
- 1.4. As per the Companies Act 2013 and rules made under clause 135 the CSR " means and includes but is not limited to (i) Projects and program relating to activities specified in schedule VII to the Act or (ii) projects and programs relating to activities under taken by Board of Directors of the Company in

pursuance of recommendations of the CSR Committee of the Board as per the declared CSR policy of the Company subject to the condition that such policy will cover subjects enumerated in schedule VII of the Act”. Our Company’s Corporate Social Responsibility (CSR) policy is broadly based on the principles of National voluntary guidelines on social, environmental and economic responsibilities of business released by the Ministry of Corporate Affairs and the Companies Act 2013.

2. Objective and Purpose

Objective:

The CSR policy shall promote socio economic development in rural areas, improve education, eradicate extreme hunger and poverty, promote gender equality and empowering women, reducing child mortality and improving maternal health, health care and sanitization, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, promoting and protecting natural heritage and culture and such other matters of common good.

The key purpose of this Policy is to:

- Give an outline about the development areas in which the Company shall get involved in.
- Define governance structure for CSR management within the Company.
- Serve as a guiding document aiding in identification, execution and monitoring the CSR projects.
- Describe the treatment of surpluses from CSR activities.
- Define the approach and direction given by the Board of the Company, taking into account the recommendations of the CSR Committee
- Provide guiding principles for selection, implementation and monitoring of activities
- Formulate an Annual Action Plan every year as per applicable rules.
- Promotion and Financing any other activities to be advised by the Govt. or approved by the Board from time to time.

3. Applicability

The CSR rules are applicable to Indian Companies or subsidiaries of Indian Companies and Foreign Companies operating in India and having net worth of Rs.500 Cr or more, turnover of Rs.1000 Cr or more, net profit of Rs.5 Cr or more during the financial year. as per Section 135 of the Companies Act, 2013 (‘the Act’) read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

4. Scope of CSR Policy

This Policy applies to all CSR projects that will be undertaken by the Company and shall fulfill all the requirements of Section 135 of the Companies Act, 2013 and rules made thereunder. Operational Energy Group India Limited shall ensure all these activities are over and above the normal course of business and are in line with Schedule VII of the Companies Act, 2013. This Policy will be periodically reviewed and updated in line with the relevant codes of legislation and best practices that can be adopted by the Company.

5. Undertaking CSR activities

5.1. The Company will undertake CSR activities either in partnership with 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 or such other entities prescribed under the Act, who are engaged in activities or programs which fall within the purview of the Company's CSR Policy and areas of focus, or directly 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, that may be established by Operational Energy Group India Limited, either singly or along with any other company, for the purpose or both.

5.2. The Company may also entrust such CSR activities to any other Company, Society or Trust with established track record of 3 years in undertaking similar programs or projects. The modalities of utilisation of funds on such projects and programs and monitoring and reporting the mechanism will be introduced by the Company.

5.3. The Company may also collaborate with other Companies, Trust, Societies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of the respective Companies are in a position to report separately on such projects or programs in accordance with the mechanism approved by the CSR Committee subject to the approval of CSR Committee of the Board.

6. CSR committee of the Board

6.1. The CSR committee of the Board should be constituted by the Board of Directors of the Company. The committee shall consist of at least three Directors

out of whom, one is an Independent Director and shall include the Managing Director.

6.2. The CSR Committee shall ensure that the CSR activities in the Company are being conducted as per the CSR policy and performance vis-a-vis the projections are placed before the Board of the Directors.

6.3. The CSR Committee of the Board shall be responsible for:

- i. Formulation of CSR Policy
- ii. Review of CSR activities in the Company
- iii. Monitoring and implementation of CSR Policy and CSR projects
- iv. To recommend to the Board, modifications to CSR Policy as and when required
- v. To appraise the Board about the CSR expenditure done during the year
- vi. Facilitating allocation of funds to the projects as identified for CSR activities
- vii. Any other activity necessary to ensure achievement of CSR objectives

7. Functions and Responsibilities of the CSR Committee

7.1 The CSR Committee of the Board shall formulate and recommend a CSR policy to the Board, indicating the activities to be under taken under CSR policy which is in tune with the Schedule VII of the Companies Act and any modifications made by the Govt. from time to time. The Committee shall also review the CSR policy during periodical intervals as may be required.

7.2 The CSR Committee shall estimate, compute the amount of expenditure to be incurred on CSR activities on an annual basis or project to project basis. All the expenditure to be incurred towards CSR activities shall be reviewed by the Board, subject to such monitory ceilings as may be prescribed by the Companies Act, 2013. Unutilized CSR budget of a particular year to be permitted for carryover to the next financial year as per the provisions of the Act.

7.3 The CSR Committee of the Board to monitor the progress in implementation of CSR projects and programs and report to the Board for review.

7.4 The CSR Committee shall approve the activities and budget for CSR expenditure from time to time and review such expenditure on such intervals as it may deem fit.

8. The CSR Activities and strategy

8.1. The CSR policy should exclude the normal business activities of the Company. As per the CSR policy the activities included by the Company are to be related to the activities included in schedule VII of the Companies Act. The CSR activities may be either independent projects and programs or activities, either new or ongoing, but will not include the activities that are undertaken in pursuance to the normal course of the business. While, taking up any CSR activities and for spending the amount year marked for CSR activities, preference shall be given to local areas and areas in and around where the branches operate.

8.2 The gist of the activities for which the Company will spend the targeted amount which specified in the objectives of the CSR policy, the Company may cover all or any of the following activities under the CSR undertaken in India.

The CSR policy of the company shall include the following activities:

- i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects
- iii. Scholarship to the students, trainees etc., introduction of earn while you learn scheme to the poor students.
- iv. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward group
- v. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, water and air.
- vi. Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of arts and handicrafts.
- vii. Measure for benefits of armed forces veterons war widows and their dependents.
- viii. Training to promote rural sports, nationally recognised sports, Paralympics sports and Olympic sports.
- ix. Contribution to the Prime Ministers National Relief Fund or other fund set up by the Central Govt. for socio economic development and relief and welfare of the SC, ST and other backward classes, minorities and women.
- x. Contributes or funds provided to technology incubators located within academics institutions which are approved by the Central Govt.

- xi. Rural Development and other community Projects of common interests.
- xii. Welfare majors for differently abled, old, homeless and the destitutes.
- xiii. Disaster management and activities including those related to amelioration and mitigation

9. CSR expenditure

9.1. There is no maximum ceiling for CSR expenditure by the Company. However, as per clause 135 of the Companies Act, the Company shall spend a minimum of 2% of average net profit of the preceding 3 years for CSR activities. The net profit means, the profit of the Company as per financial statements prepared in accordance with the applicable provision Act but shall not include any profit arising from any overseas branch or branches, dividends received from any other Companies in India. The surplus, if any, arising out of CSR projects or programs or activities shall not form part of the business profits of the Company.

9.2. The expenditure for various projects, programs and activities are to be decided by the Company and such projects, programs and activities are to be approved by the CSR Committee of the Board. Once these projects/ programs are approved by the CSR Committee, expenses for such activities may be permitted by the Company.

9.3. The expenditure incurred for CSR activities by the Company are subject to audit by the Internal Auditors of the Company.

9.4. At the end of each financial year, the Company shall prepare an annual report on CSR containing the particulars and shall disclose information in the format as prescribed by the Section 135 of the Companies Act 2013 and rules made thereunder.

10. Monitoring the CSR activities

Various CSR activities, projects and programs are to be monitored by the Company and progress is to be reported to be CSR committee of the Board at periodical intervals as may be required by the CSR Committee of the Board.

11. Implementation Process

CSR Contributions:

11.1. The Company will endeavour to contribute and spend at least 2% of the average net profits of the Company made during the three immediately preceding

financial years or such amount as may be recommended by the CSR Committee from time to time in pursuance of this Policy.

11.2. The Board of the Company shall satisfy itself that the CSR funds disbursed have been utilised for the purposes and in the manner as approved by it and as per applicable rules in this regard.

11.3. The CSR Policy on being approved by the Board shall be displayed on the website of the Company and any modifications carried out from time to time shall also be updated on the website of the Company respectively.

12. Treatment of Surplus

Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within such period and with such terms and conditions as may be prescribed under Section 135 of the Act read with relevant rules applicable.

13. CSR Expenditure

If the Company spends an amount in excess of the requirements provided under the Act, then the Company may set off such excess amount against the requirement to spend under sub-section 5 of Section 135 for such number of succeeding financial years and in such manner, as may be prescribed under the Act and rules made thereunder.

This CSR Policy is subject to such changes and amendments as may be notified by the Ministry of Corporate Affairs under Section 135 of the Companies Act, 2013 and rules made thereunder and the same shall be read in line with the provisions of the Act applicable to the Company from time to time.