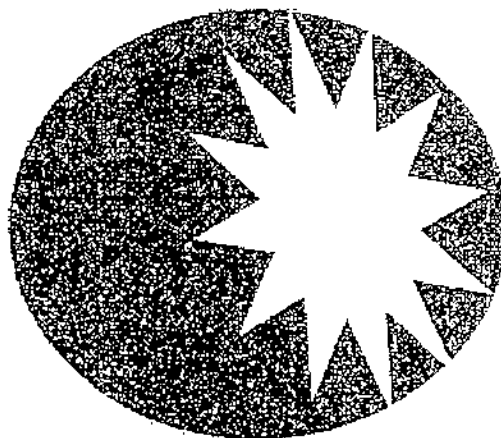


Odisha Power Generation Corporation

Banharpali - 768234

Dist.-Jharsuguda, Odisha



OPGC

Power for Progress

Policy for Implementing Corporate Social Responsibility (CSR)

January 2019

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1. Purpose, Scope and Applicability of the CSR Policy:

- 1.1 The purpose of CSR Policy is to set the direction for Odisha Power Generation Corporation (OPGC) towards strategizing and executing Corporate Social Responsibility programmes at its operational areas – NPS Plant site, project sites, corporate and any other area to be decided by the Board from time to time -- by adopting the principles laid down in the Companies Act 2013, the Companies CSR Rules 2014 and OPGC's philosophy of achieving sustainability through comprehensive stakeholder engagement. The Policy also intends to provide an insight into the system and procedures to be followed while conceptualizing as well as implementing all CSR projects to achieve the mission and vision of OPGC.
- 1.2 All employees of OPGC and its operational units will adhere to the CSR Policy and contribute from their respective areas of expertise to its application and continuous improvement. In addition, OPGC will encourage service providers and contractors to play a supportive role in implementing CSR initiatives in line with these guidelines, particularly for projects running in local communities where OPGC operates or will operate in future.

2. CSR at OPGC-Vision and Approach:

- 2.1 Through its Corporate Social Responsibility (CSR), OPGC envisages to engage itself in actions that further social (and environmental) good, beyond its obvious interests, its business relationships and statutory compulsions. In line with Section 135 of the Companies Act, 2013 and the stipulations made in the notified CSR Rules of 2014, OPGC has conscientiously formulated its CSR strategy and approach with a view to ensure that all its key interventions are aligned with the activities specified in Schedule VII of the Companies Act, 2013.
- 2.2 OPGC firmly believes in social responsiveness of business and its inextricable link to the fabric of sustainable development. Protection as well as strengthening of the environment and the locality's natural resources are the inherent elements of the concept of sustainable development. But addressing the specific issues like providing adequate support to the stakeholders against permanent loss of livelihood and bringing them the basic services like health care, literacy/ education and skills are also the priorities of OPGC.
- 2.3 Objectives of CSR Policy: The core objectives of OPGC's CSR policy are:
 - 2.3.1 To uphold and promote the principles of inclusive growth and equitable development for stakeholder communities based on needs and priorities;
 - 2.3.2 To contribute as well as facilitate holistic development of stakeholder communities through participatory planning and accountability as well as transparent processes by measuring effectiveness of our programmes. The thrust would be on gradually moving away from philanthropy towards sustainability;
 - 2.3.3 To work actively in the areas of health, education, nutrition, drinking water, sanitation, vocational skills for employability, livelihoods and income

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generation for empowerment of women and youth, creation and development of community infrastructure (e.g. roads, educational facilities, etc.) for rural development, water resource management and water conservation and training of children/youth in sports. All these projects will be undertaken with an aim to enhance human development index of stakeholder communities around OPGC's operational areas defined and decided by its Board from time to time;

- 2.3.4 To promote clean environment in the communities near its operational areas;
- 2.3.5 To encourage volunteering among internal and external stakeholders for robust bonding with local communities and other stakeholders;
- 2.3.6 To collaborate/ partner with professional bodies like government organisations and reputed NGOs having well established track record of at least three years and established academic institutions towards leveraging resources, implementation of CSR programmes and pursuit of other objectives;
- 2.3.7 To interact regularly with its stakeholders, review, publicly report the outcomes of CSR initiatives and share the best practices.

3. OPGC's CSR Strategy:

- 3.1 OPGC is keen to ensure a sustainable and responsible development of its business that serves broader economic and societal interests of the community thereby underlining sustainability inherent in its business model.
- 3.2 OPGC integrates social, environmental and ethical aspects in its strategic initiatives and day-to-day operations. To achieve this, OPGC's CSR strategy is focused on three main areas, which are described below.

3.2.A. Promoting Good CSR Governance: In pursuance of the provisions of the Companies Act of 2013, the OPGC Board of Directors has set up a CSR Committee comprising of its Managing Director, Director Finance and a Non-executive Director.

- 1. The CSR Committee with the approval of the Board will formulate CSR Policy, CSR Strategy, recommend CSR Programmes to be implemented as per recommended schedules, formulate monitoring plan and process and also assist the Board in reporting and disclosure as per applicable law and rules.
- 2. The CSR Committee after due deliberations shall decide on the amount to be spent in a financial year in pursuance of the provisions of Section 135 of the Companies Act 2013 on activities mentioned under 2.3.3. It has also been resolved that any surplus arising out of CSR projects or programmes or activities shall not form part of the business profit of the Company. If any such profit arises, it will be re-spent on activities mentioned in the CSR Policy. In case any amount remains unspent in any Financial Year out of the mandated CSR spend as per provisions of law, it will be suitably carried forward to the following Financial Years and spent in accordance with overall provisions of CSR Policy of OPGC.

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3. A provision has been made by the Board that the CSR Committee revisits the CSR Policy once a year as per the CSR Rules, and once every six months it follows up on the CSR strategy to ensure that it consistently reflects and supports OPGC's CSR Policy and overall stakeholder engagement strategy. If the CSR Committee finds that amendments are required to the strategy, such findings will be reported to the Board of Directors, who will make the final decision about any amendments.

3.2.B. Projects Aligned with CSR Rules (2014) of MoCA and OPGC's CSR Objectives: The OPGC Board as well as its CSR Committee envisage that the CSR programme implementation method and schedule will have the following components which will contribute towards fulfilment of its overall objectives:

1. Overall direction of CSR work to be based on the CSR Rules of 2014 and Schedule-VII of the Companies Act, 2013.
2. Identification of priority areas keeping in view the local community's needs to be done through in-house studies or externally conducted baseline surveys.
3. Leveraging government policies and schemes for enhancing local human development.
4. Dynamically adapting CSR intervention areas to meet existing as well as emerging challenges of business in its areas of operation.
5. Empowerment of the CSR Committee to advise the CSR Implementation and Execution Team to help translate CSR strategy into action to realize expected outputs and outcomes from all project based interventions.
6. Implementation of projects identified and approved by the Board as per a well-structured annual CSR implementation action plan and quarterly implementation schedule by the CSR team of OPGC on its own or in association with reputed professional agencies/institutions having established track record in their respective fields of programme execution under the overall guidance of the CSR Committee.
7. Detailing of the annual action plan (as approved by OPGC Board on recommendation of the CSR Committee) and implementation schedule referred to in the above para with description of the specific projects to be implemented, location of their implementation, timeline of rolling out and completion of projects during the year, expected outputs, official responsible for delivering the targeted outputs, budgets provided to specific projects, and frequency of monitoring progress of all listed projects against set targets and outputs.

3.2.C Monitoring and Measurement of CSR Projects: OPGC's Board has empowered the CSR Committee to ensure regular monitoring and measurement of

outcome/ impact of CSR activities which will provide the basis for learning from experience, improving delivery of intended outcomes, planning and allocating resources, and demonstrating results as part of accountability to its key stakeholders. Both monitoring and measurement will be carried out against a baseline status by regularly gathering information and data to correctly measure the work undertaken by all CSR projects and to compare this with the set targets on an ongoing basis during the entire life-cycle of the projects under execution. The monitoring and measurement process will involve the following steps.

1. Defining standards (e.g. through baseline survey) against which programmes are to be monitored and measured. Such standards will include measuring *efficiency* (*Did the project / program achieve the desired results within budget?*); *effectiveness* (*Were the planned activities performed, and to the standard required?*); and *sustainability* (*Will the project / program continue to create desired impact after its completion and eventual exit of OPGC?*).
2. Investigating the performance of all planned activities/ processes/ outputs to be measured based on the set standards (e.g. will be usually done by the internal CSR team of OPGC or if required, through a third party having a proven and established track record as well as necessary expertise) by collecting data in a central database and analysing such data for tracking of activities and realization of intended results;
3. Formulating recommendations based on the analysis of findings after such measurements are done;
4. Feeding recommendations and lessons learned back into planning, project formulation and other decision-making processes so that improved outcomes from CSR programmes are achieved in the project intervention areas.

Through the monitoring and measurement process detailed above, incremental progress of the interventions will be tracked throughout the course of implementation of projects. This will provide qualitative and quantitative assessment of progress towards achieving planned outputs and results which will be captured in the central database established for tracking all CSR projects and interventions.

4. Documentation, Reporting and Disclosure:

- 4.1 The CSR Rules formulated to provide direction and thrust to Section 135 of the Companies Act, 2013, make it mandatory for companies to disclose their CSR Policy, programs/projects undertaken and amount spent in their Annual Report and the CSR Rules provide for a specific format for such reporting. OPGC will uphold these provisions both in letter and spirit.

4.2 The Annual Report containing details of such activities in accordance with its CSR Policy will be made available on the Company's website for information of all concerned stakeholders.

4.3 OPGC will continuously generate evidence based Corporate Social Responsibility (CSR) reports designed to meet the needs of all its stakeholders.

5. Compliance and Adherence:

5.1 This Corporate Social Responsibility (CSR) Policy of OPGC which has been formulated by the CSR Committee and approved by the Board is in compliance with as well as adheres to:

5.1.1 The Companies Act, 2013.

5.1.2 The Companies CSR Rules, 2014.

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Manoj Kumar Singh