

# *CORPORATE SOCIAL RESPONSIBILITY POLICY*



## *PUNJAB STATE POWER CORPORATION LIMITED*

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## 1. Introduction

- 1.1 Punjab State Power Corporation Limited, (hereinafter called PSPCL), a wholly owned Government of Punjab undertaking, is India's one of the largest Electricity Generation, Distribution and Transmission Company.
- 1.2 Its generation project portfolio includes projects based on conventional (coal-based thermal generation and hydel Power) and recently has also included renewable energy (solar) technologies.
- 1.3 Most projects and operating plants are located in remote/rural areas, where basic infrastructure is inadequate and socio-economic profile is relatively weaker. Our mission is to contribute towards improving the quality of life of the communities living in these areas.
- 1.4 Its distribution network is spread all over the State of Punjab.
- 1.5 PSPCL is guided by the mission, "Develop and provide reliable power, related products & services at competitive prices, integrating multiple energy sources with innovative & ecofriendly technologies and contribute to society".
- 1.6 PSPCL has undertaken /shall continue to undertake appropriate Corporate Social Responsibility (CSR) measures having direct, measurable and positive economic, social, and environmental impact on the community with particular emphasis on the local area and areas around where it operates.

2.1 **Guiding Principles:** PSPCL in its continuous efforts to positively impact the society, especially the areas around its sites and offices, has formulated policies for social development that are based on the following guiding principles:

1. Honour the spirit of law and be a responsible corporate citizen.
2. Pursue growth through harmony with the community via innovative management techniques.
3. Adopt an approach that aims at achieving a greater balance between social development and economic development.
4. Respect culture and customs of every project / plant location.
5. Work towards elimination of all barriers for the social inclusion of disadvantaged groups - such as the poor, socially backward, differently abled and others.
6. Develop practices aimed at inclusive growth.
7. Thrust on Environment Protection.

**2.2 Applicability:** This CSR Policy is applicable to PSPCL and all its subsidiaries, which are mandated with the CSR expenditure obligations as per Sec. 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

**2.3 FOCUS AREAS:** In accordance with the requirements under the Companies Act, 2013 and in line with the Schedule VII of the Act, PSPCL CSR activities, amongst others, will focus on:

- **HUNGER, POVERTY, MALNUTRITION AND HEALTH:** Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.
- **EDUCATION:** Promoting education, including special education and employment-enhancing vocational skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects monetary contributions to academic institutions for establishing endowment funds, chairs, laboratories, etc., with the objective of assisting students in their studies.
- **RURAL DEVELOPMENT PROJECTS:** Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.
- **GENDER EQUALITY AND EMPOWERMENT OF WOMEN:** Promoting gender equality and empowering women setting up homes, hostels and day care centers for women and orphans setting up old age homes and such other facilities for senior citizens and adopting measures for reducing inequalities faced by socially and economically backward groups.
- **ENVIRONMENTAL SUSTAINABILITY:** Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air and water.
- **NATIONAL HERITAGE, ART AND CULTURE:** Protecting national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promoting and developing traditional arts and handicrafts.

### **3. Roles and Responsibilities**

3.1 CSR Committee shall consist of three or more directors of which at least one shall be an independent director, if available. CSR Committee shall be responsible for:

- a) Formulation of CSR Policy.
- b) Regular monitoring of implementation of CSR policy.
- c) Identify key initiatives pursuant to the CSR policy.
- d) Recommend to the Board CSR expenditure to be incurred.
- e) Recommend to the Board, modifications to CSR policy as and when required.
- f) Submitting Annual Report of CSR to the Board of Directors.

3.2 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 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.

3.3 Dedicated CSR team shall be constituted at Corporate Office, at Zonal Levels for Distribution and at HOD Level in case of Generation for implementing the CSR Policy. Corporate CSR Team shall be located at Patiala. These teams shall be responsible for:

- a) Implementation of CSR Policy.
- b) Identify Key Result Areas (KRAs) and Key Performance Indicators (KPIs) to be tracked at Corporate level and Operational (plant/project location) level.
- c) Develop Annual Operating Plan (AOP) and targets against each of the identified KPIs at Corporate and Operational level. (to be developed on a bottom-up basis).
- d) Secure necessary approvals for CSR AOP
- e) Facilitating allocation of funds along with relevant SPVs/Operations Team.
- f) Monitoring of CSR projects on a quarterly basis to establish effectiveness of CSR efforts and report the same to the CSR Committee.
- g) Compilation of Information & Preparation of annual reports on CSR activities and presenting the same to the CSR Committee.
- h) Organize Training programmes for CSR staff.
- i) Any other activity necessary to ensure achievement of PSPCL's CSR mission

3.4 Operational CSR Team located at respective plant / project locations shall be responsible for:

- a) Provide Inputs for the CSR Policy Design.
- b) Bottom-up preparation of CSR AOPs and identification of annual targets against KPIs.
- c) Implementation of CSR Action Plans.
- d) Conduct Needs Assessment Survey.
- e) Own the CSR Programmes implemented and monitor effectiveness of CSR initiative delivery.
- f) Quarterly reporting on progress of CSR interventions.

g) Any other activity necessary to ensure achievement of PSPCL's CSR mission

3.5 To maintain continuity of community related interventions / programmes initiated during the project development stage, team members engaged in such activities would be drawn in as CSR team members at the project execution / operation stage, wherever possible and augmented if necessary.

3.6 Depending on interventions / programmes, external experts shall be engaged on a contract basis for development of baseline data, planning, implementation, monitoring effectiveness of CSR initiatives, etc

#### **4. CSR Implementation**

Punjab State Power Corporation Ltd. will undertake its CSR activities, recommended by the CSR Committee and approved by the Board as per Rule 4 of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended from time to time.

#### **5. Allocation of Budget**

At least 2% of the average Standalone Net Profit Before Tax (PBT) of the Company earned during the three immediately preceding financial years shall be allotted every financial year for CSR Activities.

#### **6. CSR Expenditure**

CSR Expenditure shall be as per Rule 7 of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended from time to time.

#### **7. CSR Reporting**

CSR Reporting as per Rule 8 of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended from time to time.

#### **8. Display of CSR activities on its website**

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

#### **9. 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.