

## **SECI CSR & Sustainability Policy**

### **Vision:**

To be a Corporate that sets a long term strategy for Social & Economic Development of communities through initiatives in rural development, education, skill development, health and other areas of national importance and adhere to sustainable environmental practices.

### **Mission:**

To align CSR and Sustainability policy with the business policy so as to conduct business in a sustainable manner adhering to the principles of Avoidance, Minimization and Mitigation in dealing with environmental and social issues and to undertake high impact community development projects of national and local importance in consultation with stakeholders.

### **Objectives:**

1. Solar Energy Corporation of India Ltd. (SECI) will lay its focus on CSR activities especially on local communities in and around areas of Company's operations viz. Solar Parks, utility-scale projects of its own, associated power grids & substations, rooftop projects and other supporting infrastructures. SECI is committed to allocate at least 60% of the CSR Budget for these local communities.
2. SECI will implement CSR activities in line with the provisions of applicable law.
3. SECI will implement CSR activities to empower weaker, less privileged and marginalized sections of the society to create Social Capital.

### **Activities to be undertaken under CSR:-**

1. The activities proposed to be undertaken under CSR shall include all the activities consistent with the CSR provisions of the Act, Schedule VII of the Companies Act 2013, CSR Rules, the Guidelines and the policy directions issued by the Government from time to time. The focus would

- be on initiatives that promote Inclusive Growth and address the basic needs of the deprived, under privileged, neglected and weaker sections of the society.
2. The Company will give preference to the stakeholders directly impacted by its operation for CSR activities. As such stakeholders are generally located in the periphery of the commercial operations of the Company, SECI will accord priority for CSR activities in the local areas and neighbourhood areas of its operations.
  3. The Geographical limits of a district where SECI has its presence shall be considered as "local area" for CSR&S activities. In addition to the CSR activities in the local areas, SECI shall also undertake CSR activities outside it. The ratio of CSR spends between the local areas and outside would be approximately 70:30. However, projects/ activities executed under the directives of Govt or of foremost concern in the national development agenda will be outside the purview of this ratio. The CSR committee is authorized to approve any project, irrespective of the amount involved, which is beyond the above ratio.
  4. Ongoing CSR & Sustainability projects or programs or activities will qualify as valid CSR activities and will be completed as approved.
  5. The Company will take into account its commitment to its stakeholders while selecting CSR activities provided such activities qualify as CSR activities under the Act 2013.
  6. Priority will be given for CSR activities to the stakeholders directly impacted by the operations of the Company.
  7. The focus will be on long gestation, high impact projects with commitment being made for the entire expenditure till the completion of the project. Activities which are ad hoc and philanthropic in nature shall generally be avoided.
  8. The CSR activities will be undertaken as projects or programs or activities. Preference will be given to the project mode for the CSR activities.
  9. CSR projects or programs or activities undertaken in India only shall amount to CSR expenditure.

### Activities not falling under the Scope of CSR:-

- a) Activities undertaken in pursuance of normal course of business of the Company.
- b) Activities that benefit only the employees of the Company.
- c) Activities taken up under Resettlement and Rehabilitation (R & R).
- d) Contribution of any amount directly or indirectly to any political party.
- e) Activities which the Board considers ad hoc and philanthropic in nature.
- f) Any activity not approved by the Board or Competent Authority as decided by the Board.

Endeavour shall be made to promote sustainable development through initiatives by conducting business in a manner that is beneficial to both business and society. Sustainability initiatives would include steps to avoid operations in environmentally sensitive areas, application of efficient and safe technology practices, abate pollution in all activities and operations, minimize energy losses and promote energy efficiency. Sustainability initiatives would also include welfare activities of employees consistent with the HR policy of "**Solar Energy Corporation of India Ltd. (SECI)**".

### Administrative Setup:-

#### **Role of the Board of Directors:**

- i. The Board shall constitute a CSR Committee consisting of three or more Directors, out of which at least one Director shall be an Independent Director.
- ii. Approve the CSR Policy for the Company.
- iii. Disclose the contents of the Company CSR Policy in the Report of the Board of Directors.

- iv. Ensure placing of the contents of the Company CSR Policy on the website of the Company.
- v. Ensure that the CSR Policy is implemented. For this purpose it may approve the modalities and administrative arrangements required by the Management within the Company to achieve the goals of CSR and have them incorporated into the SECI CSR Rules to be framed for the Company
- vi. Approve the methodology proposed by the CSR Committee for transparent monitoring the progress of implementation of the CSR activities. The Board will decide the periodicity of Reporting to it the progress in implementation of the CSR activities.
- vii. Ensure that the Company spends annually at least two percent of the average net profit made during the three immediately preceding financial years on CSR Policy. [Average Net Profit must be calculated as provided for in **Section 198** of the Act 2013.]
- viii. Disclose the composition of the CSR Committee in Report of the Board of Directors.

### **Role of CSR Committee:-**

Company will have a Board Level Sub-Committee herein after referred to as CSR Committee consisting of three or more Directors out of which at least one shall be an independent director.

### **The Roles & Responsibilities of CSR Committee Include:-**

- i. Formulate and recommend to the Board, a CSR Policy or any amendment there-of.
- ii. Indicate the activities to be undertaken by the Company as specified in Schedule.
- iii. The CSR Committee may get a need assessment done for CSR project/program/activity through survey/ study by in-house experts or by external agency. Further, recommendations of State/district administration / Panchayati Raj Institutions, Ministries of Government of

India and other stakeholders may be considered for undertaking activities/projects under CSR. On identifying the requirement of the community, a project will be prepared indicating the need for community development activity, time-frame of implementation, action plan, budget requirement etc. Long-term projects shall be broken into medium and short-term plans and annual plans.

- iv. Recommend the amount of expenditure to be incurred on the CSR as per provisions of the Act.
- v. Approve the projects and programs to be undertaken by the Company in pursuance of the approved CSR Policy.
- vi. Institute, with the approval of the Board, a transparent monitoring system for the projects/programmes taken up under CSR Policy.

#### **Internal Administrative Set Up:-**

The Corporate CSR department of SECI shall be set up under the HR Director. It will be responsible for servicing the Board through the CSR Committee in all matters relating to the CSR Policy of the Company. A Nodal Officer may be nominated for coordinating the overall CSR activities in SECI.

#### **Mode of Execution of CSR Activities:**

The CSR activities shall preferably be implemented in project mode. The implementation of various activities will be normally done through placement of award by the Company as per Works & Procurement Policy of the Company. Services of various departments of Central/State Govt., Panchayati Raj Institutions etc. may also be availed for implementation of CSR activities as deposit works. However, mode of implementation shall be spelt out at the proposal stage itself.

1. CSR activities/projects/programs may also be taken up in association with a registered trust or a registered society or a company established by the Company or its holding or subsidiary or associate company under section 8 of the Act 2013 or otherwise provided that:
  - a. If such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an

- established track record of at least three years in undertaking similar programs or projects or activity;
  - b. The CSR Committee/Competent Authority has specified the project or program to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
2. The Company may collaborate with other Corporation/Companies/PSUs for undertaking projects or programs or CSR activities. However, CSR Committees of respective CPSEs/companies should be in a position to report separately on such projects or programs in accordance with the Companies (CSR) Rules.
  3. The Corporate CSR department will prepare an Annual Plan of CSR activities and Budget for the next financial year and put it up for approval of the CSR Committee by November of each year. The CSR Committee should send its recommendations on the Annual Plan to the Board by December of each year for final approval.
  4. Thereafter, Corporate CSR department shall ensure that a detailed proposal is prepared for each project/activity as per the Rules of SECI. These proposals must in turn be put up by the Corporate CSR department for approval of the CSR Committee/ Competent Authority as decided by the Board.
  5. The planning, implementation, monitoring and impact assessment of CSR activities shall be included as an activity under MoU of various regions / Projects.
  6. CSR activities shall also be a part of Key Result Areas (KRA) of the executives directly executing CSR projects.
  7. While proposing and approving the activities of CSR the priorities laid down in the Policy shall be kept in mind
  8. As a matter of policy, the communities intended to be benefitted shall be consulted and closely involved in the process of identifying, planning and implementation of the CSR activities. Wherever possible, the local

authorities and specialised agencies may also be similarly consulted and involved.

### **Monitoring of CSR Activities:**

1. The CSR Committee will be responsible for setting up a transparent monitoring system of the CSR activities of the Company.
2. The Board may be kept informed regarding the progress in implementation of CSR Policy and activities in keeping with the periodicity decided by the Board.
3. Impact assessment must be done for each project undertaken under CSR. For projects costing above Rs 3 crores the impact assessment shall be undertaken through external agencies. However, keeping in mind economy of scale the impact assessment, for smaller projects costing below Rs 3 crores, internal impact assessment shall be carried out as per guidelines and Rules framed and approved by the Managing Director. Moreover, 20% of projects below Rs 2 Crores and all individual projects above Rs. 2 crore shall be audited by the Internal Audit annually.

### **Reporting:**

#### **Role of the Board:**

- i. The Board's report on CSR activities pertaining to a financial year commencing on 1st Day of April 2014 shall include an annual report on CSR containing particulars specified in the Companies (CSR) Rules.
- ii. The Board shall disclose the contents of the CSR Policy in its Report and also have the same placed on the website of the Company as per the particulars specified in the Annexure to the Rules.
- iii. If the Company fails to spend the specified amount for CSR activities the Board must specify the reasons for inability to spend the said sum in the above mentioned Report of the Board of Directors.

### **Role of the CSR Committee:**

- i. The CSR Committee will periodically submit reports on implementation of CSR Policy to the Board of Directors as directed by the Board.
- ii. The CSR Committee will issue a responsibility statement, signed by the CMD, the Chairman of CSR Committee and Person specified under **clause (d) of sub-section (1) of section 380 of Act 2013**, that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

### **Role of Corporate CSR department:**

- i. Corporate CSR department will ensure that documentation of all the activities is meticulously maintained at sites, regional offices and corporate office for audit and reporting.
- ii. The Corporate CSR Department will compile the reports received from Corporate Centre, the Regions and sites of CSR activities undertaken and prepare a comprehensive Annual Report for the Company and submit to the same to Board through the CSR Committee.
- iii. The CSR Committee, with the approval of the Board, shall decide on the manner of publicity to be given to the Annual Report and its harmonization with the Report of the Board of Directors keeping in mind the provisions of the Act 2013.

### **Funding of CSR activities:**

- i. The Company will be required to spend annually at least two percent of the average net profit made during the three immediately preceding financial years on CSR Policy. [Average Net Profit must be calculated as provided for in Section 198 of the Act 2013.]. In case, the company fails to spend such amount, it shall have to specify the reasons for not spending



- it. However, commitments / sanctions made during the year shall not lapse and the sanctioned projects shall be completed under CSR.
- ii. Resources may be pooled with other CPSEs/companies for taking up high value projects, which have greater visibility, more number of beneficiaries, and wider and long lasting visible impacts. However, CSR Committees of respective CPSEs/companies should be in a position to report separately on such projects or programs in accordance with the Companies (CSR) Rules.
  - iii. Expenditure on building CSR capacity of personnel of Company as well as implementing agencies through Institutions with established track records of at least three financial years shall be considered as valid CSR expenditure. However, such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.
  - iv. Any surplus funds arising out of CSR projects or programs or activities shall not form part of the business of the Company. The CSR Committee may recommend for approval of the Board schemes for utilizing such funds for CSR activities.
  - v. All expenditure 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 CSR expenditure, including expenditure on administrative overheads, but such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year.
  - vi. The projects/activities sanctioned during previous years under CSR or sustainable development shall continue. Appropriate funds shall be provided to them till their completion.
  - vii. The delegation of financial powers to approve CSR projects/activities shall be notified separately from time to time after approval of the Board of Directors.
  - viii. CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on recommendation of its CSR Committee, but do not include any expenditure on item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act. The amount spent on

sustainability initiatives in the pursuit of sustainable development while conducting normal business activities would not constitute a part of the CSR spend.

### Communication Strategy:

The electronic media shall be used for broader communication with the stakeholders. Display in website, emails, Annual CSR booklet, Annual Report etc. will be key instruments to decipher the CSR initiatives of SECI.

### **General:**

1. This policy shall stand modified by the provisions of the Companies Act / Companies (CSR) Rules as amended from time to time and Government guidelines as and when these are in place and made enforceable.
2. This policy would serve as the referral document for planning and selection of CSR activities, though, whenever in doubt, cross reference to Companies Act & Companies (CSR) Rules is advised to avoid any inconsistency with the latter.
3. The power to modify /amend the CSR Policy will rest with the Board of Directors.
4. The Managing Director and /or Director (HR) will be responsible for framing the Rules in accordance with and in furtherance of the CSR Policy 2014, as approved and as amended by the Board from time to time and also for the overall implementation of the CSR Policy.
5. Make a mention in detail about the CSR policy and its implementation during the year in Report of the Board of Directors.
6. When the Company fails to spend the specified amount for CSR activities the Board must specify the reasons for inability to spend the said sum, in the above mentioned Report of the Board of Directors.
7. The Board may delegate powers for ensuring implementation of the CSR Policy as it deems necessary.

**Organisational Structure :-**

Company will have a Board Level Sub-Committee herein after referred to as CSR Committee consisting of three or more Directors out of which at least one shall be an independent director.

