

CROSS BORDER POWER TRANSMISSION COMPANY LIMITED



CORPORATE SOCIAL RESPONSIBILITY POLICY

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Contents	
Sr. No.	Particulars
1.	Introduction
2.	Activities to be undertaken by Company under CSR
3.	Administrative Setup
4.	Mode of Execution of CSR Activities
5.	Monitoring of CSR Activities
6.	Reporting
7.	Funding of CSR Activities
8.	Communication Strategy
9.	General



CORPORATE SOCIAL RESPONSIBILITY POLICY

1. INTRODUCTION:

- 1.1 Cross Border Power Transmission Company Ltd (here in after to be referred as CPTC or Company) is a Joint Venture company of IL&FS Energy Development Company Ltd. (IEDCL), Power Grid Corporation of India Ltd.(POWERGRID), SJVN Ltd. (SJVN) and Nepal Electricity Authority (NEA) and was incorporated under Company Act 2006 on 19th December 2006.
- 1.2 The main objective of CPTC inter alia includes to engage in the business of building, maintaining and operating transmission systems between India and neighbouring countries like Nepal, Bhutan, Bangladesh, Myanmar, Sri Lanka and Pakistan for the purpose of export and import of electricity, transmission of data and other related business. Presently interconnection with Nepal through Muzaffarpur- Dhalkebar (Indian portion upto Indo-Nepal Border) 400 kV Transmission line is owned and operated by CPTC.
- 1.3 Corporate Social Responsibility (CSR) is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical

Stakeholders of Company include persons directly impacted by the activities of CPTC, employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-Government organizations, local communities and their public representatives, Gram Sabhas and Panchayati Raj Institutions (PRIs) and society at large.

- 1.4 The Companies Act 2013 was notified in September 2013. Section 135, which deals with the CSR Activities, has been made effective w.e.f. 1st April 2014. The CSR Rules have also been made effective w.e.f. 1st April 2014. It envisages that the companies having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more the immediately preceding financial year, shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more Directors, out of which at least one director shall be an independent director and the Company is required to formulate its Corporate Social Responsibility (CSR) Policy.

Later, Companies (Corporate Social Responsibility) Amendment Rules, 2021 were introduced. The CSR Policy of the Company is being revised anew to make it compliant with the Companies Act, 2013 and the corresponding Rules amended time to time.



CORPORATE SOCIAL RESPONSIBILITY POLICY

1.5 Vision and Mission of CSR

1.5.1 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 policy with the Company's 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

2. Activities to be undertaken by Company under CSR:

2.1 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. (Henceforth, the Companies Act, 2013 will be referred to as the Act 2013"). The focus would be on initiatives in the area of public health (Medical Services, Education, Flood (Natural Calamities), General Health, Drinking Water depending our budget for the particular Financial Year.

Also to promote Inclusive Growth and address the basic 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, economically weaker sections, etc.

2.2 Transmission lines projects are environmentally clean and do not involve any disposal of waste, effluents and hazardous substances on land, air and water. However, transmission line projects have some localized impacts on villagers on whose lands transmission towers are erected & conductors are strung. Thus, the main focus of Company CSR would be on the activities that benefit persons directly impacted by such activities of Company' transmission line business as well as activities that help to reverse any adverse impact on the environment and ecology.

2.3 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.



CORPORATE SOCIAL RESPONSIBILITY POLICY

- 2.4 Ongoing CSR Projects or programs or activities will qualify as valid CSR activities and will be completed as approved.
- 2.5 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.
- 2.6 Under the Company's CSR, preference would be given to the stakeholders directly impacted by its operation. Since such stakeholders are generally located in the periphery (local area) of the commercial operations of the Company, CPTC will accord priority for CSR activities in the local areas and neighbourhood areas of its operations such as along the transmission line corridor.
- 2.7 The Multi Year activities/projects proposed to be undertaken by the Company shall not exceed three years excluding the financial year in which it was commenced.
- 2.8 CSR projects or programs or activities undertaken in India shall amount to CSR expenditure in accordance to Companies (CSR) rules.

2.9 However, the following activities will not be considered as CSR activities:

- (i) Activities undertaken in pursuance of normal course of business of the Company.
- (ii) Activities benefitting employees of the Company.
- (iii) Activities taken up under R&R.
- (iv) Contribution of any amount directly or indirectly to any political party.
- (v) Activities which the Board considers ad hoc and philanthropic in nature.
- (vi) Any activity not approved by the Board or Competent Authority as decided by the Board.
- (vii) Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

3 Administrative Setup:

3.1 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.



CORPORATE SOCIAL RESPONSIBILITY POLICY

- (ii) Approve the CSR Policy for the Company.
- (iii) Disclose the contents of the Company CSR Policy and the composition of the CSR Committee 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 CPTC 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) For the ongoing project, the Board of Corporation shall monitor the implementation of project with reference to the approved timelines and year wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- (ix) The Board may delegate powers for ensuring implementation of the CSR Policy as it deems necessary.
- (x) CSR implementation shall be done in accordance to Companies (CSR) Rules 2021.

3.2 Role of CSR Committee:

- (i) Formulate and recommend to the Board, a CSR Policy,
- (ii) Indicate the activities to be undertaken by the Company as specified in Schedule VII
- (iii) Recommend the amount of expenditure to be incurred on the CSR as per provisions of the Act.
- (iv) Approve the projects and programs to be undertaken by the Corporation in pursuance of the approved CSR Policy.
- (v) 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,



CORPORATE SOCIAL RESPONSIBILITY POLICY

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. Projects shall be broken into Long-term and short-term plans and annual plans.

- (vi) Institute, with the approval of the Board, a transparent monitoring system for the CSR Policy.

3.3 Role of CFO- CFO shall certify that the funds so disbursed have been utilized for the purpose and in the manner as approved by it within approved timelines.

3.4 Internal Administrative Set-Up: The CSR Committee may nominate CSR team for implementation and monitoring of CSR activities.

4. Mode of Execution of CSR Activities:

4.1 The planning, implementation, monitoring and impact assessment of CSR activities shall be carried out by CSR team under the supervision of CSR Committee.

4.2 The CSR Team will prepare an Annual Action Plan of CSR activities and Budget for the financial year and put it up for approval of the CSR Committee in the last quarter of previous year. The CSR Committee should send its recommendations on the Annual Action Plan to the Board by next quarter for final approval.

5. Monitoring of CSR Activities:

The CSR Committee will be responsible for setting up a transparent monitoring system of the CSR activities of the Company.

The Board may be kept informed regarding the progress in implementation of CSR Policy and activities.

6. Reporting:

6.1 Role of the Board:

- (i) The Board's report on CSR activities pertaining to a financial year commencing on 1st Day of April every financial year shall include an annual report on CSR containing particulars specified in the Companies (CSR) Rules notified from time to time.
- (ii) The Board shall disclose the contents of the CSR Policy, composition of CSR Committee and projects approved by the Board in its Report and on the website of the Company as per the particulars specified in the Rules.



CORPORATE SOCIAL RESPONSIBILITY POLICY

- (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.

6.2 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 intimate the Board that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

7. **Funding of CSR Activities**

- 7.1 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].
- 7.2 Any surplus funds arising out of CSR projects or programs or activities shall not form part of the business profit of the Company and shall be adjusted in accordance with the Companies (CSR) Rules.
- 7.3 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.

8. **Communication Strategy:**

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

9. **General**

- 9.1 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.
- 9.2 This policy would serve as the referral document for planning and selection of CSR



CORPORATE SOCIAL RESPONSIBILITY POLICY

activities, though, whenever in doubt, cross reference to Companies Act & Companies (CSR) Rules is advised to avoid any inconsistency with the latter.

- 9.3 The power to modify/ amend the CSR Policy will rest with the Board of Directors.
- 9.4 The Managing Director (Director In charge) and the CEO will be responsible for framing the Rules in accordance with and in furtherance of the CSR Policy 2021, as approved and as amended by the Board from time to time and also for the overall implementation of the CSR Policy, 2021, in CPTC.
