



HINDUSTAN URVARAK & RASAYAN LIMITED

Regd. Office: Core 4, 9th Floor
Scope Minar, Laxmi Nagar, District Centre,
New Delhi-110092
CIN: U24100DL2016PLC358399.

Corporate Social Responsibility (CSR) Policy

1.0 Preamble:

- 1.1 This policy outlines the Company's philosophy and responsibility as a corporate citizen of India and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the communities, in and around its area of operations and other parts of the country.
- 1.2 The Policy is intended to be in conformity with the provisions of the Companies Act, 2013 (hereinafter referred to as "the Act") and Companies (CSR Policy) Rules, 2014 (hereinafter referred to as "the CSR Rules"), Schedule VII to the Act (hereinafter referred to as "the Schedule VII"), as amended from time to time.
- 1.3 Any point not covered by this Policy would be interpreted in accordance with the existing provisions of the Act as amended from time to time. Any modifications in Schedule VII of Companies Act 2013 shall also deemed to have been incorporated in the scope of CSR policy of HURL from the date of such changes being notified by the Government
- 1.4 **CSR Vision:** The Company strives to become a socially & environmentally responsible organization by integrating and following responsible practices into its business strategies and operations, with an intent to manage three challenges - economic prosperity, social development, and environmental integrity.
- 1.5 **CSR Objectives:** The Company shall seek to impact the lives of different sections of the society by supporting and engaging in activities that aim to improve their well-being. More specifically, company would endeavour to reach the disadvantaged and the marginalized sections of the society, to make a meaningful and long-term sustainable impact on their lives by building social capital through CSR interventions based on their identified needs, primarily in the local areas where it operates including considering national priorities, with an ultimate objective of bringing in maximum value to the society and the organization.

2.0 GOVERNANCE STRUCTURE:

- 2.1 The 'CSR Committee' of the Company shall be constituted in terms of the Act, and shall consist of one Director each of the three promoter companies namely CIL, NTPC and IOCL and the Managing Director of the Company.
- 2.2 The Company shall evolve its internal procedures & responsibility centres to overview implementation of the CSR Projects/ activities. To support the CSR Committee, a two-tier structure would be followed with responsibilities for planning, implementation, monitoring, and reporting on CSR projects

3.0 GUIDING PRINCIPLES FOR SELECTION, IMPLEMENTATION & MONITORING, AND FORMULATION OF ANNUAL ACTION PLAN:

3.1 Selection of CSR projects / activities:

- 3.1.1 The Company's CSR efforts shall be focused primarily in the geographies where it operates i.e. all three plant locations. Geographical area in each location would be broadly within the district where the Company operates, which shall be considered as "local area" for CSR activities. In

addition to the CSR activities in the local areas, HURL may also undertake CSR activities outside it.

- 3.1.2 The Company may also take up CSR activities in areas beyond the district(s) depending on specific requirements like natural calamity, requirements for key communities, type, and nature of projects, Government of India directive etc. However, a balance shall be maintained between the local area preference vis-a-vis the national priorities for achieving Sustainable Development Goals (SDGs). The Company's CSR initiatives shall be suitably aligned to the 17 Sustainable Development Goals (SDGs) in Indian context.
- 3.1.3 The indicative ratio of CSR spends between the local area and outside the local area would be approximately 70:30.
- 3.1.4 Activities identified through periodic Need Assessment Surveys, conducted both in-house by the Company and/ or by professional institutions/ agencies or receipt of proposals or requests from District Administration, local bodies, citizens' forums, etc. or discussions and request from local representative / Civic bodies / Citizen forums/ voluntary organizations, Registered Trusts, or Societies.
- 3.1.5 The focus areas of CSR projects/activities of the Company will be in the areas are Education & Skill development; Water, Health, Nutrition & Sanitation; Societal Empowerment with a focus on Women & underprivileged sections; Creation of sustainable livelihood opportunities and Sustainable Agriculture eco-system. However, all CSR projects/activities should be in line with the activities specified in Schedule VII, as amended from time to time.

3.2 **Implementation of CSR projects / activities:**

- 3.2.1 Depending upon the timeline of implementation of a particular CSR project/activity in terms of the Act/CSR Rules, it shall be defined as 'Ongoing Project' (multi-year project and project whose duration extended beyond one year by the Board of the Company based on reasonable justification) or 'Other Project' (which are not on-going project).
- 3.2.2 The CSR projects/activities shall be undertaken by the Company itself, or through eligible implementation agencies or in collaboration with one or more companies, as specified in the Act/CSR Rules.
- 3.2.3 CSR project/activities shall be implemented with participation of local community, wherever possible, and in consultation with local administration at village, block and district levels, wherever applicable. In order to make the desired impact on the society at large, the Company may synergize its CSR projects/activities with the initiatives undertaken by the Central/State Government, District Administration and Local Administration etc.

3.3 **Monitoring of CSR projects/activities:**

- 3.3.1 The following shall be the mechanism for monitoring of CSR projects/activities:
- I. **At Corporate level/Plant level:** Plant level shall do local reviews, disseminate MIS and generate exception report. Corporate Level shall do review of company-wide CSR, budget utilization and reporting to the CSR Committee.
 - II. **CSR Committee:** Shall periodically monitor the progress of the CSR projects / activities.
 - III. **Board of Directors:** Shall be periodically apprised about the progress of CSR projects/activities. In case of an Ongoing project, Board shall monitor the implementation of the project with reference to approved timelines and year-wise allocation.
- 3.3.2 The monitoring mechanism for CSR projects/activities shall be indicated in the annual action plan approved by the Board of Directors.

- 3.3.3 The Company shall undertake impact assessment, through independent agency, of its CSR projects / activities, as per requirement in terms of the Act and CSR Rules.
- 3.4 **Formulation of Annual Action plan:**
- 3.4.1 CSR Committee shall, formulate and recommend to the Board, an 'Annual Action Plan' for a financial year (including the CSR projects/activities and expenditure to be incurred) or any modifications to the said plan. The Board shall, after taking into account the recommendations of the CSR Committee, approve the 'Annual Action Plan' for a Financial Year.
- 3.4.2 The annual action plan for a financial year, shall include the following:
- i. List of CSR projects or programmes that are approved to be undertaken in the areas or subjects specified in Schedule VII;
 - ii. Manner of execution of projects or programmes;
 - iii. Modalities of utilization of fund & implementation schedule for the projects or programmes;
 - iv. Monitoring and reporting mechanism for the projects or programmes; and
 - v. Details of need and impact assessment, if any, for the projects undertaken by the Company.
- 3.4.3 The annual action plan shall specify the Budget/outlay against each of the CSR project/activity. Also, the administrative overhead and expenditure in undertaking impact assessment as per the CSR Rules, shall be specified in the Annual action plan.
- 4.0 **CSR BUDGET AND EXPENDITURE:**
- 4.1 The Company shall earmark a minimum of two percent (2%) of the average net profits earned during the three immediately preceding financial years, for 'CSR budget' for the year.
- 4.2 Any surplus fund arising out of any CSR projects/activities shall not form part of business profit of the Company. Such surplus shall be utilised only for CSR purposes as per the Act/CSR Rules.
- 4.3 Any excess amount spent on CSR activities during a financial year, may be set off against the requirement to spend under the Act and for such number of succeeding financial years and in such manner as prescribed under the Act/CSR Rules.
- 4.4 If the Company fails to spend the CSR budget of a year, the reasons for not spending the amount will be specified in the Directors' Report. The unspent CSR amount in a financial year shall be dealt as per the Act/CSR Rules.
- 4.5 Any capital asset created/acquired through CSR funds shall be handed over to the entity as specified in CSR Rules.
- 4.6 CFO shall monitor the utilization of funds for the purposes set forth by the CSR Committee/ Board and certify to this effect.
- 5.0 **REPORTING AND REVIEW:**
- 5.1 **Reporting:** The Company shall disclose on its website, the Composition of CSR Committee, the CSR Policy and the projects approved by the Board of Directors. The Directors' Report shall include an 'Annual Report on CSR' activities as per the format prescribed in the Act/CSR Rules.
- 5.2 **Review:** The CSR Committee shall monitor and review CSR policy of the Company from time to time. The Company reserves the right to modify, cancel, add, or amend any points of this Policy.
