

PFC CSR&SD POLICY

1.0 CSR&SD Vision Statement and Objective:

In alignment with vision of the company, PFC, through its CSR&SD initiatives, shall continue to undertake projects for sustainable development, mainly focusing to fulfill power and energy needs of the society.

The aim of the Corporate Social Responsibility Policy (CSR&SD Policy) is to ensure that the Corporation becomes a socially responsible corporate entity contributing towards improving the quality of life of the society at large.

Being a Socially responsible Corporate entity, PFC would take initiative to :

- To Promote organizational integrity and ethical business practices through transparency in disclosure and reporting procedures,
- To Promote and Leverage green technologies to produce goods and services that contribute to social and environmental sustainability,
- To Promote welfare of employees and labour, by addressing their concerns of safety, security, professional enrichment and healthy working conditions,
- To Contribute to inclusive growth and equitable development in society through capacity building measures, empowerment of the marginalized and underprivileged sections/communities.
- To extend support for Disaster Management activities wherever required.

The approach in the implementation of the CSR&SD Policy is to facilitate development by maintaining a healthy relation between People, Planet and Profit.

The objective of the PFC CSR&SD policy is to:

- Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To generate, through its CSR&SD initiatives, a community goodwill for PFC and help reinforce a positive & socially responsible image of PFC as a corporate entity.

2.0 Strategy:

As a responsible corporate entity, PFC will consistently strive towards meeting the expectations of the society by supporting initiatives for improving

infrastructure/ quality of life relevant for society/ community without compromising on ecological conditions on sustainable basis. It will not support activities which may create wide dissatisfaction within the Society and which affects social harmony in any manner.

CSR&SD strategies should be developed with a shift from casual approach to the project based accountability approach.

While implementing the CSR & SD projects, PFC shall strive to undertake at least one project for the development of any one backward district of the country and at least one project on environmental sustainability.

PFC shall make constant endeavour for upliftment of women and persons with disabilities particularly in the skill development initiatives.

PFC shall make efforts to take up long gestation, High Impact projects from the budget allocated for Corporate Social Responsibilities and Sustainable Developments activities.

PFC shall avoid taking up adhoc, one time philanthropic activities. Exception is only for natural calamities, disasters and for meeting the emergency needs of employees for sick and loss making CPSEs, as per the DPE guidelines.

PFC shall join hands and the resources for undertaking joint ventures in Public-Public Partnership/ corporate partnership mode for long-term mega projects for greater social impact.

3.0 Thrust Areas:

The thrust areas, as far as possible, shall be related to PFC's business area i.e. Power and Infrastructure Sector and should integrate social and business goals of PFC.

In the process of implementation, the endeavour of the Corporation shall be to identify suitable projects from amongst the following areas:

- A. Renewable Energy
- B. Energy Efficient and Environment friendly Technologies.
- C. Support Research & Development and activities in Renewable and clean energy initiatives.
- D. Skill Development Training leading to employability
- E. Waste Management, Waste to energy etc.

F. Water and Sanitation

G. Natural Calamity/ Disaster Management

When the Corporation takes up activities which are dovetailed with initiatives of State Government or Central Government, it should be ensured that there is no duplication of activities initiated by the State Govts./ local level bodies.

4.0 Allocation of Funds (Budget):

A total allocation of amount upto a minimum of 1% of the Profit after Tax (consolidated) of the previous year will be allocated every financial year for CSR&SD Activities. This shall be calculated in line with the GoI Guidelines as notified from time to time, or as prescribed under the Companies Act 2013. (To be circulated).

At least 80% of the budget shall be spent on activities in the project mode.

Upto 5% of the budget shall be earmarked for emergency needs, which include relief for undertaking during natural calamities/ disasters, and contributions towards notified agencies and to the National Disaster Management Authority.

The expenditure incurred on baseline survey/ need assessment study, on capacity building programs such as training, workshops, seminars, conferences, etc. and on corporate communication strategies for engagement of all stakeholders, whether internal or external, to implement the CSR&SD and Sustainability agenda of a company, would be accounted for as CSR&SD and Sustainability expenditure from the budget allocated for this purpose.

The overall expenditure under CSR&SD activity for a single project in a single state shall not be more than 25% of the total budget under CSR&SD activity for that year.

Unspent/ Unutilized Budget

Any unspent/ unutilized CSR&SD allocation of a particular year, will be carried forward to the following year, i.e., the CSR&SD budget will be non-lapsable in nature.

If the budget is not fully utilized,

PFC shall disclose the reasons for not fully utilizing the budget allocated for Corporate Social Responsibilities and Sustainable Developments activities planned for each year.

Unspent amount will have to spend within the next 2 financial years failing which it would be transferred to Sustainable Development fund to be created separately by the Govt.

In case the amount allocated to Emergency needs is not utilized in the year of its allocation, it would be carried forward to the next year for utilization for CSR and Sustainability projects, which if not spent within two years would be transferred to the Sustainability Fund.

Allocation of Budget

Indicative allocations under CSR&SD Budget as under:

Renewable Power and Environmentally Efficient Energy initiatives, & R&D in Renewable & Clean energy initiatives.	40%
Skill Development Activities & Training leading to employability	35%
Initiatives in water, sanitation, waste management etc.:	15%
Emergency Allocations as per DPE Guidelines:	5%
Discretionary spend based on specific needs:	3%
Pre and Post Implementation costs:	2%

If the budget is not spent in one of the heads, excepting emergency allocation, the same can be allocated to other heads to achieve the overall budget spending.

5.0 Approach & Implementation Mechanism for Project Based Activities:

Implementation:

PFC shall take steps to implement the CSR&SD agenda within the organization through the active involvement of the employees, who are important internal stakeholders.

PFC shall device internal communication strategies to spread awareness of CSR&SD and Sustainability amongst the employees, providing them with education and training necessary for attitudinal change and their conversion to socially and environmentally sustainable methods and practices of doing business, and adopting motivational tools to provide just the right momentum to push all such initiatives.

CSR&SD and Sustainability policy of a company also addresses the concerns of the external stakeholders – those who are directly impacted economically, socially, or environmentally by the operations and activities of the company, and also those who may not be directly impacted, like communities and society at large. CSR&SD and Sustainability policy at this level generally addresses the social, economic and environmental concerns of society, and implementation of this policy requires selection of activities/ projects, which are generally for inclusive growth of society and environmental sustainability.

Activities which are selected under CSR&SD and Sustainability agenda for external stakeholders should, as far as possible, be implemented in a project mode.

States/areas/regions where there is shortage of resources mainly in regard to the defined thrust areas in the CSR&SD Policy shall be identified. The assistance should be project based with a focus on creating sustainable and replicable models.

CSR&SD Unit should identify and obtain suitable proposals in the identified thrust areas from various sources i.e. Central govt. agencies, State govt. agencies, PSUs, reputed organizations etc.

All proposal for CSR&SD activities shall be first examined by the CSR&SD unit and only after they are found suitable, proposals shall be put up to CSR&SD committee of Directors for their consideration following the due approval process in PFC. The proposal then shall be put up for approval of the BoD after the recommendation/approval from the CSR&SD Committee of Directors.

For any need based project, CSR&SD Unit shall invite Expression of Interest (EOI) from prospective NGOs/ Implementing Agencies. The condition of calling for EOI shall be applicable in all cases except where the implementing agencies are Govt./Semi Govt. Bodies. Similar provision shall be applicable incase of Baseline Survey/DPR & Impact Assessment Studies.

A MoA (Memorandum of Agreement) and other legal documents to safeguard the interest of the Corporation shall be signed with the implementing/coordinating agency duly selected. The legal documentation shall be carried out by CSR&SD Unit, after the same is duly vetted by L&D Unit.

All efforts must be made to the extent possible to define the following while identifying the CSR&SD projects:

- ✓ Programme objective
- ✓ Baseline survey

- ✓ Implementation schedule
- ✓ Responsibilities and Authorities
- ✓ Payment terms
- ✓ Major results expected and measurable outcome

At any stage, if the CSR&SD Unit feels the need, they can opt for an expert member in the field to assist them in Evaluation or Selection of Projects etc.

6.0 Monitoring and Evaluation/Impact assessment of CSR&SD Activities:

The implementing agency shall be responsible for monitoring the project and shall provide periodic reports to PFC on the implementation part. The agency will ensure that the project gets completed within the specified time period. PFC may appoint specialized agency/ consultants for monitoring the projects, if required.

The progress report of the activities undertaken shall be reported as under:

- a) Quarterly report to CSR&SD Committee.
- b) Annual Report of CSR&SD to Board of Directors.

The impact assessment would be conducted by an external agency, particularly for larger projects which have a significant social or economic or environmental impact. The impact assessment study shall be conducted wherever applicable after the project completion and necessary minimum gestation period.

6.1 Appointment of agency for impact assessment:

The specialized agencies like Govt./ Semi govt. organizations/ PSU's/ NGO's/ Reputed Institutions and Academic Organizations etc. shall be selected as per DoP (CSR&SD) at 8.0.

7.0 Documentation & Dissemination:

The CSR&SD approach including the base-line data (wherever applicable) made available at the start of the project and the impact so quantified on completion of the project shall be documented for record purposes and future use as well as for sharing of experience. The same shall be uploaded on PFC website. CSR&SD initiatives of the company will be reported in the Annual Report of the Company. Activities undertaken under CSR&SD & SD activities shall be reported to National CSR&SD Hub for record purpose and also incorporated in Sustainable Report of the Corporation.

8.0 Approving Authorities (Delegation of Power):

Every proposal under CSR&SD activity following the due approval process in PFC shall be put up to the CSR&SD committee of Directors. Proposals approved and recommend by the CSR&SD Committee shall be put up to the Board of Directors.

All the CSR&SD project proposals shall be approved by Board of Directors for implementation.

Delegation of Power for various activities:

S.N.	Activity/ Description	Approving Authority
1	Baseline survey/ DPR	Dir (Commercial) upto Rs. 3 lakh in each case but not more than Rs. 15 lakh in a financial year. CMD - Full powers with a maximum ceiling of Rs. 50 lakhs in a Financial Year.
2	Sanction of Projects	Board of Directors on recommendation of CSR&SD Committee of Directors irrespective of amount.
3	Impact Assessment Studies	Dir (Commercial) upto Rs. 15 lakh in each case but not more than Rs. 50 lakhs in a financial year. CMD - Full power with a maximum ceiling of Rs. 75 Lakhs in a Financial year.
4	Expenditure for dissemination of CSR&SD projects including photography, short films etc.	Upto Rs. 50,000 --- ED (CSR&SD) Upto Rs. 1,00,000 --- Dir (Commercial) Above Rs. 1,00,000 --- CMD Overall limit for the above activities is Rs. 10 lakhs in a Financial year.
5.	Appointment of external expert to assist the CSR&SD unit for any activity.	Full power – CSR&SD Committee of Directors

6.	Extension of Project Completion Date	Upto 1 year - ED (CSR&SD) Beyond 1 year - CSR&SD Committee of Directors
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All programmes approved in terms of the above delegation to be subsequently brought to the information of the CSR&SD Committee of Directors.

9.0 Roles and Responsibilities:

1.	CSR&SD Unit	CSR&SD Unit shall evaluate the project(s)/ scheme(s) and put up its recommendations after due approval process in PFC to the CSR&SD Committee of Directors.
2.	CSR&SD Committee of Directors	This Committee shall consider the recommendations of the CSR&SD Unit for approval and recommend the same to BoD.
3.	Board of Directors (BoD)	BoD shall consider the recommendations of CSR&SD committee for approval.

10.0 General:

- The power to interpret and administer the Rules shall rest with CMD whose decision shall be final and binding. CMD is also empowered to make any supplementary rules/orders to ensure effective implementation of the scheme.
- Any or all provisions of the CSR&SD policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued by the Government, from time to time.
- The Corporation reserves the right to modify, add, delete or amend any of the provisions of this Policy.
- The policy will supersede/ override previous policies on Corporate Social Responsibility and Sustainable Development made in this regard.
- In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference shall be made to CSR&SD Unit. In all such matters, the interpretation and decision of the Director (Commercial) shall be final.