



# **CORPORATE SOCIAL RESPONSIBILITY POLICY OF**

## **INSOLATION ENERGY LIMITED**

**{Framed under Section 135 of the Companies Act, 2013 read  
with Corporate Social Responsibility Policy Rules, 2014}**

Approved on: 27/09/2021

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## 1. INTRODUCTION

1.1 This CSR Policy sets out our commitment to ensuring that our activities extend beyond business and include initiatives and endeavors for the benefit and development of the community and society. The CSR Policy lays down the guidelines for undertaking programmes geared towards social welfare activities or initiatives.

1.2 This CSR Policy shall operate as the Corporate Social Responsibility Policy of the Company for the purposes of Section 135 of the Companies Act, 2013 and the rules made thereunder including the Companies (Corporate Social Responsibility Policy) Rules 2014("CSR Rules") as amended from time to time.

### 1.3 Vision

To support responsible and sustainable initiatives, while taking care of the concern for People, Planet and Profit.

### 1.4 Mission

Through sustainable measures, Company seeks to actively contribute to the social, economic and environmental development of the community in which the Company operates ensuring participation from the community and thereby creating value for the nation.

## 2. DEFINITIONS

2.1 "**Company**" means Insolation Energy Private Limited

2.2 "**CSR**" - means Corporate Social Responsibility.

2.3 "**Act**" means the Companies Act, 2013 (18 of 2013) and its subsequent amendments such as Companies (amendment) Act, 2020;

2.4 "**Administrative overheads**" means the expenses incurred by the Company for 'general management and administration' of Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

2.5 "**Annexure**" means the Annexure appended to the amended CSR rules notified in January 2021;

2.6 "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

2.7 "**CSR Policy**" means a statement containing the approach and direction given by the board, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation, and monitoring of activities as well as formulation of the annual action plan;

2.8 "**Net profit**" means the net profit of a Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

(i) any profit arising from any overseas branch or branches of Company, whether operated as a separate Company or otherwise; and

(ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act;

2.9 "**Ongoing Project**" means a multi-year project undertaken by a Company in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

2.10 “**section**” means a section of the Act;

2.11 “**Rules**” means the Companies (CSR Policy) Rules issued by the Ministry of Corporate Affairs (MCA) as amended from time to time. Any subsequent revisions to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 will be construed to be accepted by Company;

2.12 “**CSR Activities**” means such programmes and projects as may be approved by the Board in terms of this CSR Policy.

### 3.0 PURPOSE

- This CSR policy is a policy statement containing the intent, approach and direction given by the board, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan, mode of implementation of CSR projects, monitoring mechanisms to monitor implementation of CSR projects of Company and assess the impact of CSR projects on Sustainable Development Goals;
- To adopt Environmentally Sustainable business practices in the company’s normal operations with a view to gradually reduce our carbon and water footprint, innovative management of waste, prudent energy management, and biodiversity conservation.
- To envision, execute and manage long-enduring projects of up to 3 years duration with a wide geographical spread and larger social impact with a focus on inclusive growth of marginalized and deprived sections of the society as well as achievement of Sustainable Development Goals.
- To persuade our business partners for adopting similar practices for CSR and Sustainable development.

### 4.0 SCOPE & INTERPRETATION

4.1 Company has developed this Corporate Social Responsibility (CSR) and Sustainability Policy in consonance with the CSR Policy framework enshrined in **the section-135 of Companies Act, 2013** (Act) and in accordance with the **Companies (CSR Policy) Rules, 2014** (Rules) notified by Ministry of Corporate Affairs and amended from time to time.

4.2 It shall apply to all CSR Projects / Programmes undertaken by the Company as listed in the CSR policy and approved by the Board of Company on the recommendation of the CSR Committee of the Board of Company.

### 5.0 GOVERNANCE

5.1 Board, taking into account the recommendations of its CSR Committee, will devise guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan of CSR activities in Company, mode of implementation of CSR projects, monitoring mechanisms to monitor implementation of CSR projects of COMPANY and assess the impact of its CSR projects on Sustainable Development Goals;

5.2 Board shall also approve multi-year project undertaken by Company in fulfillment of its CSR obligations having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board of Company based on reasonable justification;

- 5.3 In case of ongoing project, the Board of a Company shall monitor the implementation of the 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.
- 5.4 The Board of Company may alter the Annual action plan of CSR activities at any time during the financial year, as per the recommendation of its CSR Committee of the board, based on the reasonable justification to that effect.
- 5.5 The Board shall ensure that Administrative Overheads shall not exceed 5% of the total CSR Expenditure of the Company for the financial year;
- 5.6 The Board shall satisfy itself that the funds disbursed for implementing CSR projects have been utilized for the purposes and in the manner as approved by it.
- 5.7 In the absence of CSR Committee, the Board shall be responsible for all functions & duties of CSR Committee and implementing of the CSR Policy, however, the Board may constitute CSR committee at its discretion at any time or when the Company ceases to fall under section 139(9) of Companies Act, 2013.
- 5.8 The Board shall monitor the progress of approved CSR projects and programs with respect to timelines through the CSR Committee.
- 5.9 The monitoring framework of the implementation of the CSR project shall be devised by Company with the help of expert organizations.
- 5.10 The CSR Committee of the Board 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 the Schedule VII of the Act;  
(b) the manner of execution of such projects or programmes  
(c) the modalities of utilization 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 of Company may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee of the board, based on the reasonable justification to that effect."
- 5.11 The Board of the Company will be responsible for administering and executing the policy. As CSR activities evolve further and in line with Government Guidelines and Amendments issued from time to time, the policy may be revised with the approval of the Board of the Company based on recommendations of the CSR Committee.

## **6.0 CSR ACTIVITIES**

- 6.1 "Corporate Social Responsibility (CSR)" means the activities as defined at clause no 2.11, CSR and Sustainability Policy of Company.
- 6.2 Budgets will be allocated for CSR projects through a process incorporating identification of suitable implementation agencies, need assessment (where ever required) and clear outlining of desired outcomes of CSR projects. The CSR projects / programs / initiatives, to be undertaken must fall within the purview of the Schedule – VII of the Companies Act, 2013 (as amended from time to time).
- 6.3 All CSR activities will be in the form of projects / programs, which will, as far as possible, entail the following components:
- i. Need Based Assessment / Baseline survey / Study where considered necessary / feasible;
  - ii. Identification of specific and measurable objectives / goals in identified sectors and geographies;

- iii. Formation of the project and preparation of Detailed Project Report (DPR);
- iv. Identification of time lines – clear specification of start date and end date;
- v. Specification of annual financial allocation;
- vi. Clear identification of beneficiaries (by name where possible);
- vii. Clear identification of milestones for the complete duration of the Project / programme;
- viii. Preparation and signing of an agreement with Implementing Agencies;
- ix. Preparation and implementation of a comprehensive and concurrent documentation procedure;
- x. Robust, periodic review & monitoring;
- xi. Evaluation & Assessment, preferably both concurrent and final (wherever possible, by a competent third party);
- xii. Mandatory Reporting on Management Information System devised for the purpose of monitoring progress of CSR projects.

6.4 Opportunities for complementing / supplementing Government initiatives / programmes will be explored. However, funds will not be deposited in Government accounts except where the Act / Rules specify such allocation.

## **7.0 CSR PLANNING**

7.1 To assist in planning of the activities, the indicative budget allocation for broad sector of Activities will be delineated in the Annual Action Plan which shall be formulated and recommended by the CSR Committee and submitted to the Board for approval and shall include the following:

- 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 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021;
- 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.

7.2 However, the Board may alter such plan any time during the financial year as per the recommendation of the CSR Committee based on reasonable justification to that effect.

7.3 Broadly, the CSR Annual Action Plan for CSR Activities will be in line with the CSR Strategy of Company with focus on Healthy Environment; Education, Healthcare, Nutrition and Drinking Water in Onshore Assets; and Development of Coastal Community and Marine and Coastal Ecology in Offshore Assets.

## **8.0 CSR IMPLEMENTATION**

8.1 Implementation of the CSR projects or programs shall be through the agencies fulfilling the criteria laid down under the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (and as amended from time to time). Implementing agencies shall necessarily be fulfilling the criteria specified in Annexure-1 of this Policy. Only duly registered agencies on MCA portal with a valid registration number will be hired for CSR project implementation.

8.2 Company will endeavor at all times to build and develop the skills of its CSR team and enhance the level of CSR awareness within the organization and may also engage International Organizations

for capacity building of its own CSR personnel.

## **9.0 CSR BUDGET AND CSR EXPENDITURE**

**9.1** The Board will ensure that in each Financial Year (FY), at least two percent of the average net profit (calculated as per Section 198 of the Companies Act 2013) accrued during the three immediately preceding Financial Years is spent on CSR activities / projects / programs.

The Board of the Company will satisfy itself that the funds disbursed have been utilized for the purposes and in the manner as approved by it and the Director (Finance) shall certify to the effect.

**9.2** In the event, that amount indicated in para 9.1 above is not spent in its entirety in that Financial Year, the reasons thereof will be outlined as per section 134 (3) (o) of the Act to be shared with all the stakeholders through the Annual Report and the unspent amount shall be transferred to any fund included Schedule VII of the Act until such a fund is specified in Schedule VII.

**9.3** In an event where the Company makes any surplus or profit from pursuing the CSR projects / programmes, these will not form part of the business profit but will, instead be ploughed back into the same project or shall be transferred to the unspent CSR Account and spent in pursuance of CSR Policy and Annual Action Plan of the Company or transferred to a fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

**9.4** In an event where CSR expenditure is in excess of requirement as per section 135 of Companies Act, 2013, such excess amount may be set-off against the requirement to spend as per Section 135 of Act, up to immediate succeeding three financial years subject to the condition that

(a) this excess amount shall not include any surplus arising out of CSR projects; and

(b) The Board of the Company shall pass a resolution to this effect

**9.5** Any capital asset created/acquired out of CSR funds shall be held by a Company established under section 8 of the Companies Act, 2013, or a registered Public Trust or Registered Society having charitable objects and CSR Registration Number, or beneficiaries of the said project, in the form of self-help groups, collectives, entities or a Public Authority.

**9.6** A transfer of Capital Asset and Sustainability of CSR assets policy will be designed by the Company on the lines of Build & Transfer (BT) mechanism of Public-Private Partnership policy guidelines of NITI Aayog and Govt. of India.

**9.7** Expenditure towards Impact Assessment will be booked towards Corporate Social Responsibility For that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

**9.8** For all contributions received from other companies/sources towards the CSR Corpus / Budget, Company will claim CSR expenditure only for funds that are provided from its own resources.

## **10.0 MONITORING & EVALUATION**

**10.1** In case of an ongoing project, the Board will monitor the implementation of the 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.

**10.2** A comprehensive Monitoring mechanism will be devised by Company to ensure that the CSR process functions as mandated by the Act and the Rules, ensuring that all Projects / Programmes are duly implemented as budgeted. This will be done on the basis of the following:

- Engaging National & International Organizations, if required, for designing, monitoring and evaluation of the CSR projects or programmes



- Allocation of a separate budget for setting up and running the monitoring system;
- Installation of an electronic MIS and human architecture that shall work together to ensure a firm check on spends and the actual implementation of activities as planned;
- Release of funds only against verified utilisations.

**10.3** The monitoring system devised by Company will include:

- Real Time Monitoring (RTM) of CSR Project progress using digital technology and physical monitoring against monitoring standards;
- Regular field visits to Project / Programme sites by designated teams;
- Comprehensive documentation / compilation of Field Reports;
- Regular interaction with beneficiary communities to obtain feedback;
- Monitoring of timely fund utilization to ensure that Projects / Programmes as budgeted are actually being carried out and/or;
- Any other activity that the CSR Committee may deem necessary in the larger interest of its CSR initiatives;
- The monitoring of the projects shall be carried out and quarterly report shall be submitted to the CSR Committee. Professional agencies/International Organizations may also be hired for carrying out Monitoring & Evaluation.

**11.0 IMPACT ASSESSMENT/EVALUATION OF CSR**

11.1 In order to assess the impact of its CSR Projects and Programmes, maximize outcomes and build-in sustainability, scalability and replicability, Company shall undertake the following activities:

- Wherever possible, Base line data shall be collected before the start of the project.
- As far as possible efforts will be made to use a Quasi-Experimental Research design for assessing the impact of CSR projects.
- Impact Assessment, through an independent agency, of the CSR projects having outlay of Rs. 1 Cr. or more and which have been completed not less than one year before undertaking the impact study.
- Placing before the Board, the Impact Assessment reports and annexing the same to the annual report on CSR.

**12.0 REPORTING:**

12.1 Company will make a full report of its CSR projects / programmes undertaken during the previous year in the format prescribed for the “Annual Report on CSR Activities to be included in the Board’s Report” in the Companies (CSR Policy) Amendment Rules, 2021 which is in consonance with section 134(3)(o) of the Act.

12.2 Annual Sustainability Report shall report the annual CSR and Sustainability Development achievements, agenda and initiatives undertaken during the year.

**13.0 DOCUMENTATION:**

13.1 Company will endeavor at all times to put in place, for all projects / programmes, an effective documentation process. The comprehensive documentation would include – printed material, audio recordings, video recordings etc.



13. 2 Also, Project completion report documenting the key project parameters, implementation process, deliverables envisaged and the outcome achieved along with end line data and the suggestions /recommendations for scalability and replicability of the project may be developed wherever feasible.

13. 3 Documentation of all data generated during project execution shall be maintained by the CSR department.

#### **14.0 DISCLOSURE**

Company shall comply with Section 135 (2), 135 (4) (1) and 134 (3) (o) of the Act thereby ensuring that it makes a full disclosure of its CSR Policy, Strategy, Projects / Programmes, Activities, monitoring mechanism, Implementing Agencies, Expenditure details as well as the composition of the CSR Committee of the Board on the corporate website of Company if any.

*The Policy was adopted by the Board of Directors in their Board meeting held on September 27, 2021.*

**CRITERIA TO BE FULFILLED BY IMPLEMENTING AGENCIES**

- a) a Company established under section 8 of the Act, or a registered public trust or a registered society or registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other Company; or,
  - b) a Company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or,
  - c) any entity established under an Act of Parliament or a State legislature; or,
  - d) a Company established under section 8 of the Act, or a registered public trust or a registered society registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities
- **Every entity, covered under sub-rule (1) of Rule 4 to the Rules of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01<sup>st</sup> day of April 2021.**
  - **All organizations desirous of implementing CSR projects must have an established track record of 3 years in similar activity.**
  - **All Implementing Partners will have to furnish the relevant information pertaining to the eligibility criteria as above and this will be in addition to the information already required to be furnished as per existing company CSR Checklist.**
  - **Agencies not fulfilling the criteria as mentioned above will not be considered as Implementing Agencies for CSR Projects.**