



GUJARAT STATE ELECTRICITY CORPORATION LIMITED

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CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. PREAMBLE :

The Company (GSECL) is engaged in the business generation of electricity. It has the status of Independent Power Producer (IPP) with approval to undertake new power projects. . GSECL was notified as State Generating Power Plant by Government of Gujarat on 29 May 2004 with the purpose of improving efficiency in the state's power generation activities.

GSECL'S diverse CSR projects have touched millions of lives in many ways and created value by helping in overall and holistic development of communities across multiple geographies of Gujarat. Through its various initiatives, the company endeavor's to play a relevant role by serving communities and projects that address gaps in basic societal requirements.

As a responsible corporate citizen, the GSECL has embarked on several initiatives of scale in the Education, Healthcare, Infrastructure, Animal welfare, Environment, Natural Calamities/Disaster Relief and livelihood domains. GSECL endeavor's to continuously learn from its robust experiences and adapt its policies and implementation strategy on an ongoing basis.

PURPOSE:

GSECL's aim has always been to form the building blocks for stronger communities and impact their lives in a more widespread and meaningful manner. All its programs / activities for the community concerned have been carefully designed keeping in mind a mission to advance the common good by bringing together the various stakeholders always aligning with the sustainable developmental goals.

GSECL has always taken conscious business decisions which have directly and indirectly created value for multiple stakeholders and helped in improving lives of the people.

In addition, GSECL's impacts lives particularly of several hundreds of thousand underprivileged people through its CSR activities. GSECL seeks to continue its contribution to the society through its distinct value proposition that meets the needs of millions of underprivileged people, enhancing their lives

through education, healthcare, infrastructure, animal welfare, environment, natural calamities/disaster relief and livelihood.

GSECL has been involved in various social responsibility initiatives over the last many years. These efforts have substantially improved the quality of lives of people through health care, education, livelihoods and community development initiatives, making their living experience dramatically better. These activities are spread across Gujarat and reach well beyond our business locations impacting the lives of less privileged communities.

With the advent of the companies act, 2013 constitution of a corporate social responsibility committee of the board and formulation of a corporate social responsibility policy became a mandatory requirement. Therefore, the company seeks to formulate a robust CSR policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

2. SHORT TITLE :

This Policy, which encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially relevant programs for welfare and sustainable development of the community at large, is titled as the 'Corporate Social Responsibility (CSR) Policy of Gujarat State Electricity Corporation Limited (GSECL)'.

3. APPLICABILITY:

This Policy shall apply to all CSR initiatives and projects / activities / programs taken up at the Company's areas of operations and also within the State of Gujarat and in any other parts of the Country, for the benefit of the different segments of the society, provided that the preference shall be given to the local areas and areas where the Company operates, for undertaking the CSR activities.

4. DEFINITIONS:

4.1 "Act" shall mean the Companies Act, 2013 including with reference to Section 135 and shall include any amendments thereto or reenactments thereof.

4.2 "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.

4.3 "Corporate Social Responsibility (CSR)" projects or programs or activities as defined in section 135 of the act, Rules and Schedule(s) as mentioned from time to time.

- 4.4 “CSR Committee”** means the Corporate Social Responsibility Committee Constituted / Re-constituted of the Board of Directors, from time to time as referred in section 135 of the Act;
- 4.5 “CSR Cell”** means a cell, if any, constituted /re-constituted by the Managing Director from time to time, consisting of Senior Officials of the company.
- 4.6 “CSR Policy”** or “*GSECL CSR Policy*” means this Policy, formulated and amended from time to time, in accordance with the Act and Rules.
- 4.7 “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.
- 4.8 “International Organization”** means an organization as defined under Rule 2(g) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- 4.9 “Net Profit”** means as defined in Rule 2(n) of the Companies (Corporate Social Responsibility Policy) Rules, 2014
- 4.9.1 “Public Authority”** means ‘Public Authority’ as defined in clause (h) of section 2 of the Right to Information Act, 2005;
- 4.9.2 “Rules”:** the Companies (Corporate Social Responsibility Policy) Rules, 2014 and includes any amendment(s) thereto, from time to time.
- 4.9.3 Schedule:** Means Schedule VII to the Companies Act, 2013 and as amended from time to time.

5. VISION:

In alignment with vision of the Company, GSECL, through its CSR initiatives, shall continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community.

6. OBJECTIVES:

GSECL introduces Corporate Social Responsibility (CSR) Policy with following objectives:

- To create a sensitivity between corporate and society toward social development and Consider CSR as responsibility and cooperation within the wider stakeholder community.
- To promote high standard of authenticity, responsibility and accountability toward all stakeholders including employee, community, consumers, Government etc.

- To Promote Socio-economic development through community development initiatives.
- To bring a sustainable & developmental change in communities.
- To generate, community goodwill for GSECL and help reinforce a positive & socially responsible image of company.

This policy will create a frame work, procedure for assessment, implementation and monitoring of any activity under CSR.

7. BUDGET:

For achieving the CSR objectives through implementation of meaningful and sustainable CSR projects or programs or activities, every year budget for CSR activities shall be as decided by the Board, as per the provisions of the Act, Rules and on recommendation of CSR Committee. The same will be distributed among CSR projects or programs or activities (either new or ongoing) or as per the recommendation of CSR Committee.

The CSR Budget for a Financial Year may be provisionally decided at the beginning of the Financial Year to facilitate sufficient time to conceive the appropriate CSR projects or programs or activities to be undertaken (Annual Action Plan) in that Financial Year subject to the final budget approval after the accounts are audited and approved by the Board.

8. SPENDING:

- The expenditure on CSR projects / activities shall be incurred in accordance with the provisions of the Act, Rules and Schedules in force, from time to time and within the preferably within the approved budget.
- Any surplus arising out of CSR projects or programs or activities may not form part of the business profits of the Company and shall be dealt with as per the provisions of the Act / Rules.
- Any amount spent in excess of requirement provided under sub-section (5) of section 135 shall be dealt with as per the provisions of the Act / Rules.
- Any unspent / unutilized CSR allocation of a particular year, will be dealt with in due compliance of law for the time being in force.
- The ownership of the capital asset created/acquired on account of implementations of the CSR projects or programs shall be held by the person or persons as provided in the rules as amended from time to time.

9. SCOPE OF CSR ACTIVITIES:

The Company shall undertake any of the following Projects / Activities or such other projects / activities including new or ongoing projects /activities covered

therein as may be notified by the Ministry of Corporate Affairs from time to time as a part of the Corporate Social Responsibility (“CSR”):

The Company may undertake or implement the CSR projects or programs or activities either by itself or through eligible ‘implementing agency/agencies’ as specified in the Rules, as amended from time to time.

The CSR Activities shall be undertaken only in India for the benefit of the public provided that the preference shall be given to the local areas and areas where the Company operates for undertaking the CSR activities.

10. EXCLUSIONS

i. Activities undertaken in normal course of business of the company,

As for example - that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

- (a) such research and development activities shall be carried out in collaboration with any of the institutes or organizations mentioned in item (ix) of Schedule VII to the Act;
- (b) Details of such activity shall be disclosed separately in the Annual report on CSR included in the Board’s Report;

ii. Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

iii. Contribution of any amount directly or indirectly to any political party under section 182 of the Act;

iv. Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

v. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;

vi. Activities carried out for fulfillment of any other statutory obligations under any law in force in India

11. GUIDING PRINCIPLES

- **In line with** - Sustainable Development Goals & Schedule VII
- **Low Cost - High Impact** – Projects which are cost effective but has long lasting impacts in communities.
- **Long lasting enduring in nature** – Projects which are highly scalable & impactful

- **Self-Supported and Sustainable** – Projects which are sustainable with proper exit strategy (which makes the project self-sufficient once corporates take an exit)
- **Measurement and feedback based outcome centric** - All CSR activities will have well-defined measures to assess impacts on target groups. For high impact projects, there may be an independent, third-party assessment and feedback will be a key input for redesign and / or rollout of further initiatives. (As per criteria set by Govt./Amendments)

12.SUSTAINABILITY & THRUST AREAS:

While the Company is eligible to undertake any suitable/rightful activity as specified in Schedule VII to the Act & SDG Goals, there are still several opportunities to increase and deepen social impact at larger scale and generate value for all. GSECL seeks to strategically consolidate the Company's CSR initiatives to focus on discrete social problems, all aimed at enabling lives, living and livelihoods. Owing to its long tradition of social responsibility, the value of sustainable social impact at scale is instilled across the conglomerate. However, at present, it proposes to undertake the relevant activities on priority basis in the following 7 Areas, not limiting to that only but Company can undertake any other projects / activity, at any part of the State / Country, as may be decided by the competent authority.

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|-------------------------------|--|
| 1. <i>Quality Education</i> | 5. <i>Animal welfare</i> |
| 2. <i>Optimal Health care</i> | 6. <i>Inclusive Living for the Specially Abled</i> |
| 3. <i>Infrastructure</i> | 7. <i>Disaster Response</i> |
| 4. <i>Environment</i> | |

13 PROJECT IDENTIFICATION:

While identifying the CSR projects or programs or activities, GSECL would consider the following broad parameters:

- Need assessment by the senior / dedicated officials / professional or any recognized institutions / agencies / NGOs / section - 8 companies / trusts / societies / CSR cell / cross-functional team of the Company at the local level;
- Receipt of proposals or requests from Govt. Of Gujarat or Govt. Department or entities or authorities including Gujarat CSR Authority, District Administration / Local Govt. Authority, etc.;
- Discussions with and/or requests from representatives of local civic bodies / citizen's forums or voluntary organizations;
- Such other means / sources as may be deemed fit.

14. EXECUTING AGENCY/PARTNERS

GSECL will preferably take up its CSR activities through 'Swarnim Urja Trust' (SUT), a trust formed by the Company, which will seek to identify suitable programs for implementation in line with the CSR objectives of the Company and also benefit the stakeholders and the community for which those programs are intended. These CSR projects / Activities / Programs works would be implemented either independently or through SUT or any one or more of the following, as an implementing agency/agencies as per the provisions of the Act / Rules, as amended from time to time:

- *Community based organizations whether formal or informal;*
- *Elected local bodies such as Panchayats etc.;*
- *Voluntary Agencies (NGOs);*
- *Institutes / Academic Organizations;*
- *Trusts, Missions;*
- *Self-help Groups;*
- *Government, Semi-Government and autonomous Organizations;*
- *Standing Conference of Public Enterprises (SCOPE);*
- *Mahila Mandals / Samitis;*
- *Contracted agencies for civic works;*
- *Professional Consultancy Organizations; and*
- *Such others as may be deemed fit.*

Provided that CSR activities are undertaken by the Company through eligible entity as defined under the Rules.

The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs, in accordance with the Rules.

15. PLANNING & IMPLEMENTATION STRATEGY

GSECL shall give preference to well defined operating principles during the planning stage for the identification and implementation of its CSR Projects / Programs in order to ensure in its letter and spirit .

GSECL shall endeavor to understand the stakeholder expectations through a structured engagement process and communication strategy and shall leverage this understanding for betterment of all the stakeholders.

GSECL will seek to identify suitable projects or programs or activities for implementation in line with the CSR objectives of the Company and also to the benefit the stakeholders and the community for which those projects or programs or activities are intended. These projects or programs or activities would be done either independently or through any company registered under Section 8 of the

Act or a Registered Public Trust or a Registered Society or an entity which satisfies the criteria as specified in the Act or the Rules and has CSR Registration Number issued by the MCA – Government of India.

The Company may engage international organization as defined in the Rules for designing, monitoring and evaluation of the CSR projects or programs as well as for capacity building of its own personnel for CSR.

The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with the Rules.

16. MONITORING MECHANISM:

The CSR Committee constituted by the Board of Directors shall oversee the implementation of CSR Policy. The CSR Committee will monitor and review the progress of CSR projects or programs or activities being undertaken or implemented.

‘CSR Cell’ would be set-up, if required, which would consist of senior officers representing HR, Finance & Accounts, Technical, Civil and other Departments as may be required. The Company may appoint/recruit/nominate/designate CSR Officer to perform CSR related functions and who shall be a convener-member of the ‘CSR Cell’. The ‘CSR Cell’ shall submit the proposals for CSR projects or programs or activities to the CSR Committee for consideration, after due approvals as may be required and also monitor the progress of the projects / activities / programs periodically.

17. IMPACT ASSESSMENT / EVALUATION OF CSR:

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

- Ensure that the projects / programs undergo concurrent and final evaluation;
- Engage credible third parties to undertake evaluation of all or selected projects / programs.

Concurrent as well as end line Impact assessment shall be carried out through an Independent agency and the report submitted to the CSR Committee for appraisal as per falling in given criteria as per the applicable Rules, as amended from time to time.

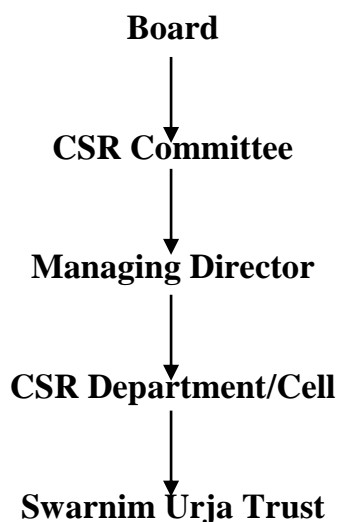
18. DISCLOSURE & DOCUMENTATION

The Company shall disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the Website of the Company for public access, required under the Act and the Rules.

The reporting would be made by way of an Annual Report on CSR, containing particulars as may be prescribed, in the Annual Report of the Company as required under the Act and the Rules.

19. POWERS FOR APPROVAL

The hierarchy flow of the CSR activities shall be as follows:



The following procedure would be followed:

- (i) Areas of CSR activities as may be identified shall be placed before the CSR Committee of the Board at the beginning of each Financial Year as well as at such intervals as may be deemed fit and proper. The Budget for CSR activities shall form part of the Annual Revenue Budget of the Company and shall be placed before the Board of Directors for approval. The Board will authorize CSR Committee to approve CSR proposals and spend up to the stipulated CSR budget amount. The reporting to the Board by CSR Committee shall be made annually.
- (ii) For meeting the requirements arising out of immediate and urgent situations, Managing Director is authorized to approve proposals within the overall budget and shall place the same before the CSR Committee for *post facto* approval.

To afford a further degree of flexibility in approval of CSR programs, the following empowerment is accorded as under:

Sr. No.	Powers	Board of Directors	CSR Committee	Managing Director
1	Approval and expenditure sanction for CSR Programs and re-appropriation, if any, Of approved programs on its merit.	Full powers	To spend the budget approved by Board	Rs. 10 Lacs in each case, subject to an annual ceiling of Rs. 100Lacs.

- (iii) The Committee shall approve and submit to the Board an annual report on CSR containing particulars specified in the applicable Annexures to the Rules.

ROLE & FUNCTIONS:

(a) Functions of the Board:

1. To consider and approve the CSR policy recommended by the CSR Committee and discloses the contents of such policy in its report.
2. To disclose the composition of the CSR Committee, CSR Policy and approved Projects on the Company's Website for public access.
3. To ensure that there is a spending on CSR activities to the extent of mandatory percentage of its profit as stipulated in the Act as amended from time to time.
4. To report CSR activities in Board's Report and disclose with reasons for non-spending of CSR fund to the extent of mandatory stipulated percentage prescribed in the Act.
5. In case of ongoing project, to 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.
6. To ensure that the projects or programs or activities are implemented either independently or through any company or a registered public trust or a registered society or an entity which satisfies the criteria as specified in the Act or the Rules and has CSR Registration Number issued by the Central Government.

(b) Functions of CSR Committee will be:

1. To formulate and recommend to the Board the CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII and suggest the changes in the Policy, when required;
2. To formulate an annual action plan in pursuance of the CSR Policy including
 - The list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - The manner of execution of such projects or programs;
 - The modalities of utilization of funds and implementation schedules for the projects or programs;
 - Monitoring and reporting mechanism for the projects or programs; and
 - Details of need and impact assessment, if any, for the projects undertaken by the company;
3. To undertake and implement duly approved CSR projects or programs or activities within the Policy framework;
4. To report on CSR activities being implemented containing particulars as may be prescribed, in the Annual Report of the Company as required under the Act and the Rules;
5. To monitor the CSR Policy of the Company from time to time.

(c) **Functions of Managing Director will be:**

1. To give approval for CSR projects within the policy framework and monitor projects undertaken by CSR Cell/Department from time to time.

(d) **Role of CSR Cell / Department will be:**

1. To identify and suggest the proposals for CSR projects or programs or activities that can be undertaken/implemented in pursuance of CSR Policy and the provisions of the Act and Rules, to the CSR Committee for its consideration;
2. To ensure that the implementing agency, if any, fulfills the criteria prescribed under the Act/CSR Rules;
3. To prepare and submit an annual report on CSR containing particulars as specified in the Annexures to the Rules, to be annexed to the Board's Report for the financial year.

20. GENERAL:

In case of any doubt with regard to any of the provisions of this Policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation and decision of the CSR Committee shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment based on changing needs and aspirations of the target beneficiaries or in accordance with the requirements of the law for the time being in force.

The Company reserves the right to modify, cancel, add, or amend this CSR Policy.

The CSR Committee reserves the right to modify, add, or amend any of provisions of this Policy subject to approval of the Board.

CSR Committee shall meet at such intervals as may be required.

In case of urgent payment for a CSR Project/s, a post facto approval shall be taken by from the CSR Committee. However it may be ensured that the said CSR Project/s should be within the ambit of this CSR policy as well as within the budget approved by the Board.

For, Gujarat State Electricity Corporation Limited

Date: 15/07/2021

Place: Vadodara

Managing Director

(Note: This CSR Policy is substituted pursuant to the amendments made in Section 135 by the Companies (Amendment) Act, 2019, the Companies (Amendment) Act, 2020 and Notification No. 40(E) dated 22-Jan-2021 issued by the Ministry of Corporate Affairs, Govt. of India, amending the Companies (Corporate Social Responsibility Policy) Rules, 2014 and is approved by the Board of Directors of the Company at its Meeting held on 15th July, 2021 in substitution of the earlier Policy.)