

**Corporate Social Responsibility  
and  
Sustainability Policy  
of  
Teesta Urja Limited**  
(A Government of Sikkim Enterprise)



**New Delhi**

## **ABOUT POLICY**

In Accordance with provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Ministry of Corporate Affairs vide notification dated 27.02.2014, the Company has framed CSR & Sustainability Policy which approved by the Board of Directors of the Company in its meeting dated 30.06.2016.

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## **CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY POLICY**

### **1. Preamble**

1.1 The Board of Directors (the “Board”) of Teesta Urja Limited (the “Company” or “TUL”), has adopted the following policy and procedures striving for economic and social development that positively impacts the society at large; and more specifically communities in which TUL operate.

1.2 In so doing build a better, sustainable way of holistic life for the community of families and workers of small and medium sized enterprise and raise the country's human development index.

1.3 The Corporate Social Responsibility Committee will review and may amend this policy from time to time. This policy will be applicable to the Company and guide its obligations as a responsible member of society along with enhancing its relationships with all its stakeholders and communities including its employees based on the laws and regulations applicable on the Company.

### **2. Introduction**

2.1 Ministry of Corporate Affairs, Government of India vide notification file No. 1/15/2013-CL.V dated 27.02.2014 have issued Companies (Corporate Social Responsibility Policy) Rules, 2014. For implementation of aforementioned guidelines and Rules, the TUL has formulated its own CSR & Sustainability Policy.

2.2 The CSR & Sustainability Policy is thus a statement of company’s commitment to fulfill stakeholders’ aspiration and contributing to sustainable development of people, planet and the organization.

2.3 The TUL’s key stakeholders include Employees, Shareholders, Project Affected Families, Local Communities and Local Bodies such as Panchayat, Block and District Administration etc.

2.4 The thrust of the Policy is two pronged viz,

- a) Conducting the business in a socially responsible way by maintaining high level of organizational integrity and ethical behavior, in conformity with expected standards of transparency in reporting and disclosing the performance in all spheres of our activities, demonstration of concern for welfare of the employees, adoption of operational methods and management practices. This will promote social and environmental sustainability to win the trust and confidence of all stakeholders.

This is proposed to be achieved through collective and united efforts of all employees with active involvement of top management, backed up by active internal communication strategies to spread awareness, sensitize and internalize amongst all internal stakeholders the need to adopt socially and environmentally sustainable methods.

- b) Addressing the social, economical and environmental concerns of key stakeholders directly impacted by TUL's operations & activities.

2.5 The TUL's CSR & Sustainability activities will extend beyond mere philanthropic gestures and will aim to integrate it with organization's business goals.

2.6 A baseline survey and/or need assessment study may be conducted, wherever desirable to understand the need and aspiration of the stakeholders. Based on the same, suitable CSR & Sustainability Programs/schemes/activities will be identified for implementation.

2.7 Selection of CSR & Sustainability programs will be made to ensure maximum benefits reach the poor/backward & needy sections of the society and contribute to improve the quality of environment.

2.8 Expenditure on mandatory activities will not be accounted against CSR & Sustainability Programs/schemes/activities.

2.9 Provisions of the TUL's CSR & Sustainability Policy will be revised / amended in accordance with the guidelines on the subject as may be issued by the Government from time to time.

2.10 Corporate Social Responsibility and Sustainability will be one of the parameters of MoU for Performance Evaluation to be entered into with Ministry of Power (MoP) with weightage as decided by the Government of India (GoI) from time to time for this purpose.

### **3. Definitions**

"Act" means the Companies Act, 2013.

"Company or TUL" means the Teesta Urja Limited.

"Chairman" means Chairman of CSR Committee.

"CSR Committee or Committee" means Corporate Social Responsibility Committee of Board of Directors of the Company constituted under Section 135 of Companies Act, 2013.

"Board" means Board of Directors of the Company

"Employee" means employee of the Company employed in India.

"Policy" means Corporate Social Responsibility Policy.

Words and expressions used and not defined in this Policy but defined in the Act and rules and regulations made there under shall have the meanings respectively assigned to them in the Act and rules.

### **4. Objectives & Scope**

#### **Objectives**

- Promote organizational integrity and ethical business practices through transparency in disclosure and reporting procedures.
- Adopt green technologies, processes and standards that contribute to social and environmental sustainability.
- Contribute to inclusive growth and equitable development through capacity building measures, empowerment of marginalized and underprivileged sections/communities.
- Promote welfare of employees and labour (casual/contractual), by addressing their concerns of safety, security, professional enrichment and healthy working conditions.

#### **Scope**

- TUL will undertake implementation of schemes in the vicinity of the project. Nevertheless, as part of GOI's/GOS's Policy, TUL may also undertake schemes for implementation in the identified backward districts of the Country.

- Schemes/activity chosen under CSR/Sustainability should primarily benefit stakeholders other than the staff of TUL. In case the benefits of the initiative are extended to TUL employees also, it should not exceed 25 % of the total beneficiaries.
- TUL will have an appropriate organization structure both at corporate level and TUL's project for identification & selection of CSR & Sustainability programs/schemes, guidance in implementation, monitoring and review of the programs /schemes/ activities.
- TUL will take steps to sensitize and impart training to its employees regarding CSR & Sustainability policy and to bring about the desired attitudinal change towards environmental protection, social development & the need to adopt ethical business practices.
- TUL will take up schemes/activities which would give visible social, economic or environmental benefits to the society.
- TUL will also make efforts, to the extent possible, to involve the Suppliers and Contractors associated in the adoption of sustainable technologies as a part of its CSR & Sustainability endeavors.

## **5. Planning**

5.1 For Planning of project, available data will be used by TUL for identification of Projects/Schemes in the thrust areas. TUL will prepare short term projects (1month – 1 year), medium term (1-3 year) projects for CSR & Sustainability activities which will be reviewed from time to time.

5.2 Priority will be for activities contributing to benefits of needy section of the society and environmental sustainability.

5.3 The stakeholders residing in the vicinity of the project area and who are directly impacted by its operation and activity will be given priority as beneficiary of CSR & Sustainability activities.

5.4 The TUL's project is situated Sikkim. Hence, the TUL's thrust will be to undertake CSR & Sustainability activities primarily near to the project power station. However, other locations can also be chosen, based on the needs for the larger benefit of people and environment. However, it will be ensured that at least 80% of the CSR & Sustainability schemes/activities are executed in and around the TUL's project preferably within 25 Km from the Project and in the Block/District in which the Project is located. It should be finalized in consultation with Government of Sikkim (GoS).

5.5. Choice of the CSR & Sustainability programs/schemes for implementation will preferably be made in consultation/association with the Administrative authorities of District/Sub-division/Block in which the TUL's Unit is operating. This will help to avoid overlapping of the works/initiatives being undertaken by these authorities so that the genuine requirements of the targeted segments of the society are addressed by the chosen schemes.

5.6 The TUL will Endeavour to concentrate its CSR & Sustainability efforts in the following thrust areas:

- I. Facilitating Community Development.
- II. Support Environmental protection and conservation of Biodiversity.
- III. Creation of Education, training infrastructure including upgrading existing educational institutions.
- IV. Creation of Sustainable livelihood generation opportunities.
- V. Improvement in Health and Family Welfare infrastructures.
- VI. Creation & improvement of Sanitation facilities, drinking water schemes.
- VII. Adoption of innovative methods of irrigation, conservation of water, management of energy requirements and waste management.
- VIII. Promotion of Indigenous methods of agricultural farming techniques and conservation of indigenous knowledge on medicinal plants.
- IX. Preservation & promotion of sports, heritage, art, music & culture in keeping with the Indian tradition.
- X. Promoting welfare of employees and labour (casual & contractual) by addressing issues of safety, security, professional enrichment and healthy working conditions, apart from those already mandated.
- XI. Sikkim Organic Mission Promotion.
- XII. Sikkim State Green Mission (Swatch Sikkim).

5.7 In accordance with Schedule –VII of the Companies Act 2013, the items of CSR & Sustainability activities, which may be undertaken by the TUL is placed under the head of CSR & Sustainability Activities. Expenditure on any other activity/item not in conformity with the list of items given under the head of CSR & Sustainability Activities will not be accounted towards CSR expenditure.



5.8 While planning projects, budgetary provisions to meet cost of each project till its completion will be ensured. Each project will be broken up into annual targets and activities to be implemented each year and budget be allocated for the implementation of these activities and achievements of targets set for each successive year till the completion of the project.

5.9 The CSR & Sustainability programs/schemes may be implemented through external specialized agencies for execution of such schemes/activities except in cases, where the planned CSR & Sustainability activity is closely aligned with the TUL's business processes and core competencies.

5.10 Panels of specialized agencies/NGOs maintained by Government Ministries/Departments, Planning Commission, National/Regional CSR Hubs and Organizations empanelled by TUL will be considered for the above purpose.

5.11 Services of reputed and recognized institutions having expertise and professional competence for conducting training & skill development under CSR & Sustainability initiatives can also be taken. Such organizations will have a track record of at least 3 years in undertaking similar programs or projects.

## **6. CSR & Sustainability Activities**

- a) Eradicating extreme hunger, poverty and malnutrition, promoting health care and including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Govt. for promotion of Sanitation and making available safe drinking water;
- b) Promotion of education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- c) Promoting gender equality, empowering women, setting up homes and setting up hotels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- d) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga in consultation with GoS;

- e) Protection of national and Sikkim State heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- f) Measures for the benefit of armed forces veterans, war widows and their dependents.
- g) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- h) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women;
- i) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- j) Rural development projects;
- k) Slum Area Development; &
- l) Such other activities/schemes/programs/ as may be prescribed by the Central Government/GoS from time to time as per the provisions of the Act.

## **7. Management Structure for Implementation**

7.1 The Management structure for CSR & Sustainability will be as follows:

- a) The Board level Committee headed either by an Independent Director or ED to allocate budget, review the progress and guide various CSR & Sustainability initiatives. The majority members of such Board Level Committee shall be the nominees of GoS.
- b) Nodal Officer would be PCE cum Secretary, Energy & Power Department, Government of Sikkim, assisted by his team, who will co-ordinate the identification and selection of CSR & Sustainability schemes/activities and also exercise an effective oversight on progress of implementation of the same.
- c) Project Head/Unit Head and his team for identification, implementation & monitoring of CSR & Sustainability schemes/activities etc.

## **8. Roles & Responsibilities**

### **8.1. Board Level Committee on CSR & Sustainability**

- a. To oversee formulation of broad guidelines for selection of projects, planning, execution, monitoring, evaluation and strategies for efficient implementation of CSR & Sustainability schemes.
- b. Allocation of budget to CSR & Sustainability schemes/activities.
- c. Selection and approval of projects in accordance with the policy framework of the TUL.
- d. Periodic monitoring of implementation of CSR & Sustainability activities.
- e. Sustainability Reporting of CSR & Sustainability schemes annually.
- f. The Board level Committee will submit report to the Board of Directors for their information, consideration and necessary directions.

### **8.2 Nodal Officer**

- a. To co-ordinate with the Project site to finalize and shortlist the CSR & Sustainability schemes to be taken up during the year along with the annual targets to be achieved for consideration of the Board level Committee. The list of activities to be finalized each year by PCE cum Secretary, Energy & Power Department, Government of Sikkim, in consultation with local area representative.
- b. To compile the annual budgetary requirement for each project keeping in view the financial targets in terms of the policy and getting it processed for approval of competent authority.
- c. To coordinate with other departments/PSUs for exchange of information related to promotion/collaboration of CSR & Sustainability schemes.
- d. To organize training workshops and seminars for the employees of TUL for Sensitization and education of the internal stakeholders for efficient implementation of CSR & Sustainability Initiative.
- e. To submit quarterly, yearly report on the progress of CSR & Sustainability initiatives to the Board level Committee.
- f. To prepare annual CSR & Sustainability Report indicating progress and achievement of the activities and impact assessment reports of activities, wherever feasible, to be undertaken annually or at any other suitable time intervals.

### **8.3 Project Head/Unit Head**

- a. To get Baseline/Need Assessment studies conducted wherever feasible and required.
- b. To identify CSR & Sustainability schemes, and prepare project proposal with physical and financial targets.
- c. To co-ordinate with Nodal Officer for approval of scheme and allocation of budget, implementation, monitoring & sending the monthly progress report of the CSR/SD Scheme along with photographs, video clippings and/or documentary proofs.
- d. To get Impact Assessment studies done for the long term and other scheme wherever feasible and required.
- e. Imparting training to stakeholders.

### **9. Resource Allocation**

9.1 To achieve the goals set forth under the CSR Policy, TUL will set apart an amount specified under sub-section (5) of section 135 of Companies Act 2013, which is at present, at least two percent of the average net profits of the company made during the three immediately preceding financial years, as the annual budget for CSR works during the year and approved by the Board of Directors

9.2 At least 80% of the annual budget earmarked for CSR and Sustainability activities shall have to be spent on implementation of activities in the project mode.

9.3 Up to 5% of the annual budget for CSR and Sustainability activities will be earmarked for meeting the Emergency needs, which may arise on account of any relief works to be undertaken due to natural calamities/ disasters and contributions towards Prime Minister's or any other fund set up by the Central Government/GoS for socio-economic development and relief and welfare of Scheduled Caste, the Scheduled Tribe, other backward classes, minorities and women.

9.4 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 and Sustainability agenda of a company, would be accounted for as CSR expenditure from the budget allocated for this purpose.

9.5 (a) Based on the proposals recommended for implementation by Project/Unit, a consolidated proposal in the form of CSR Plan/Budget will be prepared & submitted with the recommendations of the Nodal officer for CSR works for approval of Board level Committee.

b) In respect of Works/Projects not included in the approved annual plan, the same will be processed for approval of the Board level Committee through the Nodal Officer.

c) CSR & sustainability works approved as above will be executed in accordance with a set of delegations for CSR & sustainability works to be drafted and got approved from the competent authority.

9.6 All out efforts should be made by the Unit to utilize the allocated budget to achieve the targets fixed for the year, though the unutilized funds will be permitted to be carried forward to the next year for utilization. However, in case, the fund allocated for a particular year is not utilized, the reasons for the non-utilization will be specified in Board's Report.

9.7 Reasons for delay / shortfall in utilization of CSR & sustainability Budget, if any, will be supported with appropriate justifications by the Unit, which will also be submitted at the time of evaluation against the agreed MoU targets.

9.8 TUL will build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year.

## **10. Implementation**

10.1 While engaging or partnering with the external agencies, apart from availability of necessary capabilities and expertise for the planned CSR & Sustainability works, credentials of reliability, integrity of such agencies should be got verified by the awarding authority. Such organizations will have a track record of at least 3 years in undertaking similar programs or projects.

10.2 Specialized agencies may include:

- a) Community based organizations whether formal or informal.
- b) Elected local bodies such as Panchayat raj institutions.
- c) Voluntary Agencies (NGOs).
- d) Not-for-Profit organizations.

- e) Institutes/Academic Organizations.
- f) Registered Trusts, Missions etc.
- g) Self help groups.
- h) Government, Semi-government and autonomous organizations.
- i) Mahila Mandals/Samitis and the like.
- j) Contracted agencies for civil works.
- k) Engage unemployed educated youth of the project area.
- l) Professional Consultancy Organization etc.

10.3 Panels of specialized agencies/NGOs maintained by Government Ministries/Departments, Planning commission and National/ Regional CSR & Sustainability Hubs should be considered for finalizing the external specialized agencies for implementation of CSR and Sustainability projects. Such organizations will have a track record of at least 3 years in undertaking similar programs or projects.

**Steps in implementation:**

- i. Memorandum of Understanding will be signed with the implementing partners with specific deliverables.
- ii. Detailed Annual Plan of implementation of approved projects will be drawn up with key performance indicators/ milestones both with regards to physical and financial targets.
- iii. The required budgetary allocation for the project will be approved by the Management.

**11. Monitoring**

11.1 Nodal officers along with others closely monitor the progress of CSR & sustainability schemes.

11.2 In case of schemes/activities, that require specialized subject knowledge, the committee will comprise of experts from suitable external agencies including representative from TUL.

11.3 Regular monitoring of progress will be done in respect of all key performance indicators covering physical and financial parameters.

11.4 The progress of CSR & Sustainability schemes under implementation at each of the location will be reported by Nodal Office to CSR Committee. The Records will be maintained along with photographs/videos to show progress of works.

11.5 Effective oversight & implementation of CSR & Sustainability Projects/Activities will also be exercised by the Nodal Officers with the assistance of the team working with him. The designated Nodal Officer will regularly submit reports regarding the progress of implementation of CSR & Sustainability activities to the Board level Committee on CSR & Sustainability.

11.6 The TUL will also obtain feedback from beneficiaries about the implementation of activities and its outcome from time to time wherever possible and would take necessary actions, if required, for improvement.

## **12. Evaluation of Performance, Impact Assessment and Reporting**

12.1 The CSR & Sustainability projects/activities undertaken for implementation will be evaluated under the MoU framework for the achievement of Physical and Financial targets wherever required.

12.2 Impact assessment studies by external agencies will be undertaken after completion of long-term and for other schemes wherever possible. The impact will be assessed and compared against the planned benchmarks fixed at the time of planning to measure the degree of success or failure of the CSR & sustainability initiatives.

12.3 Video-graphic / Photographic records of the progress / achievements and impacts are systematically documented apart from the routine monitoring and field progress reports for the purposes of organization's own appraisal as well as for evaluation of performance against the MoU commitments.

12.4 Disclosure of CSR & Sustainability Policy and initiatives undertaken by TUL will be posted on TUL's website in line with the existing practices and guidelines of Government of India/MCA.

12.5 A brief summary of CSR & Sustainability initiatives and achievements, among other things which are statutorily be mentioned, will be included in the Annual Report of TUL.