

## **CSR and Sustainability Policy**

### **1.0 Backdrop / Forwarding Note**

Numaligarh Refinery Limited (NRL) was established under the provisions of the “Assam Accord, 1985” with the objective of accelerating the socio-economic development of the region. Since its inception in 1993, NRL has been actively undertaking various initiatives under its Community Development Programme. NRL’s present CSR Policy was last revised in 2019. Since then NRL has been embarking on substantial growth drive of its business activity which is resulting in operation footprint of the Company expanding to several states of Eastern India.

Updated CSR policy proposed to be adopted is aligned with NRL’s operational presence in larger geographical area. Needless to mention that proposed Policy is aligned with requirements of the Companies Act, 2013 and the rules and guidelines made there under.

### **CSR Policy**

NRL’s Corporate Vision is to be a vibrant, growth oriented energy company of national standing and global reputation having core competencies in Refining and Marketing of petroleum products committed to attain sustained excellence in performance, safety standards, customer care and environment management and to provide a fillip to the development of the region.

Accordingly, Vision, Mission and Objective of CSR Policy is derived as under:

### **2.1 Vision, Mission, Objectives**

#### **Vision:**

To pursue CSR and Sustainability activities with a difference for ushering in inclusive development of the community.

#### **Mission:**

To identify and implement CSR schemes based on genuine needs of the people through baseline survey and in-house assessment, in consultation with village development committee, district authorities, stakeholders, and to assess effectiveness of implemented schemes through periodic evaluation.

#### **Objectives:**

- i) To formulate, implement and monitor CSR and Sustainability activities.
- ii) To earmark adequate resources for pursuing CSR and Sustainability activities as per the policy.
- iii) To ensure effective utilisation of allocated resources towards CSR and Sustainability.

## **2.2 Statutory Guidelines governing CSR activities**

CSR activities undertaken by Corporates are governed by Section 135 of the Companies Act 2013 and rules and guidelines framed thereunder. Notable Guidelines include CSR Rules, 2014. Further, NRL being a PSU is also required to adhere to applicable Guidelines on CSR and Sustainability issued by the MCA, DPE and other Ministries.

The Policy at all times shall conform to governing rules and guidelines, which are subject to revision from time to time, and such Guidelines, including revisions thereof, shall supersede this Policy, if there is any conflict.

## **2.3 Activities**

CSR activities are guided by the applicable provision in Section 135 of the Companies Act, 2013 and notifications issued by various Ministries from Time to time.

Most of the CSR and Sustainability activities of NRL are broadly categorised under five heads viz. (a) Livelihood Generation, (b) Promotion of Education and Skill Development, (c) Infrastructure development, (d) Promotion of Health Care (e) Promotion of Arts, Sports, Literature and Culture.

## **2.4 Implementation of CSR activities**

CSR projects are being implemented directly by NRL and also through beneficiaries directly or through implementing agencies. Also, NRL Foundation was created in August 2022 as a Public Trust to implement CSR activities. Apart from projects being implemented through NRL Foundation, the Company also gets identified CSR projects executed on its own or through other eligible Implementing Agencies.

## **2.5 Budget Allocation and Annual Plan**

The Annual Plan as well as Annual Budget is recommended by CSR & Sustainability Committee of the Board and approved by Board of Directors of NRL. Annual Plan comprises of Projects identified for implementation during a financial year, it can be noted that certain Projects gets spilled over across years and same is suitably accommodated Annual Plan with carryover from previous year as well as carry forward to next financial year.

Annual Plan is governed by DPE Guidelines to align CSR expenditure with national priorities by declaring common theme for CSR activities for a particular financial year. Further, new projects are identified through base line / need assessment survey. Certain flagship projects are being executed in arena of Healthcare, Education etc are also being continued across years.

Monitoring & Evaluation, Impact assessment of major projects to be carried out through independent external agencies. All CSR and Sustainability activities shall be executed by CSR team in a transparent manner with fairness of approach, maintaining highest ethical standards.

Annual budget allocation for CSR and Sustainability Activities for a given year shall be based on CSR Rule 2014 of Companies Act 2013. At present 2% of the average of previous three years profits computed as per Section 198 of Companies Act 2013 is considered for budget for CSR activities. However, this guideline may be subjected to change from time to time. Unspent amount/Excess amount from the CSR and Sustainability Activities shall be treated as per prevailing rules, with adequate justification.

## **2.6. Operational Area:**

Primary operational area of NRL is concentrated in Numaligarh wherein its refinery is located and also new train of refinery of 6 MMTPA as well as upcoming Petrochemical Complex is coming up. Hence, major focus areas for CSR activities of NRL will be the areas surrounding the 9MMTPA Refinery. However, CSR activities will also be taken up based on requirement in locations like Siliguri (SMTP), Paradip (COIT) and other operational areas of the company.

## **2.7 Organizational Structure**

NRL's CSR and Sustainability Activities shall be administered through a three-tier organizational structure, comprising a CSR and Sustainability Committee of the Board at apex level, CSR and Sustainability Steering Committee, and CSR Team at execution level.

The Board Level Committee: shall comprise three or more Directors, out of which at least one Director shall be an Independent Director. This Committee shall monitor approved policy, review performance of activities on half-yearly basis and keep the Board informed accordingly. The Annual Plan on CSR and Sustainability for every financial year shall be approved by this Committee.

The CSR and Sustainability Steering Committee: shall comprise of 8 to 10 cross functional employees of senior level (say SM/CM level and above) as members. This committee shall review, recommend and monitor CSR projects at regular interval.

CSR Team: shall comprise of officers who are from HR setup and shall be under the overall administrative jurisdiction of Head HR.

Responsibilities of CSR Team shall interalia comprise the following:

- i) Prepare CSR Annual Plan on approved CSR budget complying ministry guidelines.
- ii) Identify CSR and Sustainability schemes for implementation on the basis of base line surveys, need assessment surveys, proposals received from district authorities, discussions with local representatives, civic bodies and citizen forums.
- iii) Put up project proposal to CSR and Sustainability Committee for review and recommendation.
- iv) Assign or delegate CSR Projects to Implementing Agencies for execution and monitor the execution and implementation of CSR Projects with the approval of competent authority.
- v) Monitor execution of all CSR projects undertaken by Implementing Agencies, other implementing agencies and by the Company itself in line with approval of the individual CSR project.
- vi) Apprise CSR and Sustainability Steering Committee, CSR and Sustainability Committee of the Board of the CSR Projects at regular interval.

## **2.8 Communication Strategy**

The communication strategy on CSR and Sustainability shall be to facilitate smooth and easy flow of communication between the Company and various stakeholders, beneficiaries and the general public. Employees of the Company shall be sensitized about various ongoing and planned initiatives pertaining to CSR and Sustainability. Periodic advertisement and information brochure shall be released from time to time for augmenting the flow of communication. In general, communications shall emphasize on efforts made by the Company towards ensuring a sustainable future by addressing social, economic and environmental concerns of the society.

## **2.9 Expenditure on Administrative Overheads**

Expenditure towards administrative overheads shall be limited to 5% of Annual CSR and Sustainability budget as provided in Companies Act, 2013. This can be subjected to revision in Companies Act Guideline from time to time.

## **2.10 Delegation-of-Authority**

All CSR activities shall be carried out as per NRL DOA.