

NUMALIGARH REFINERY LIMITED

CSR and Sustainability Policy

1.0 Backdrop

Numaligarh Refinery was Setup by Numaligarh Refinery Limited (NRL) under provisions of the “Assam Accord” for providing the required thrust for socio-economic development of the region. NRL has completed 14 years of operations with sustained profitability every year, the Company’s net worth having risen to Rs. 2,991 crores as on 31st March, 2014. By virtue of such credentials, the Company has been able to spend part of annual profits on CSR activities.

The Company has been implementing various schemes under Community Development Programme since inception. The community, particularly around the refinery at Numaligarh has witnessed perceptible improvement on socio-economic front on account of initiatives taken by NRL. Such developments have been instrumental in promoting goodwill and ensuring sustainable development of the organisation. However, much more is desired to be achieved. With this objective, the exercise of formulating an updated “CSR and Sustainability Policy” for the Company has been initiated. The new CSR and Sustainability Policy of NRL shall be aligned with stipulations under the Companies Act 2013, the CSR Rules of the Ministry of Corporate Affairs and Guidelines on CSR and Sustainability published by the Department of Public Enterprises (DPE) with effect from 1st April, 2014.

2.0 The Policy

NRL’s new ‘CSR and Sustainability Policy’ (hereinafter referred to as ‘The Policy’) shall incorporate the following salient points:

2.1 Vision, Mission, Objectives

Vision: The CSR and sustainability Vision shall be:

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

Mission: The Mission shall be:

“To identify and implement welfare 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: The Objectives shall be:

- i) To formulate, implement and monitor CSR and Sustainability activities through a three-tier organisational structure.
- 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 Conformity to statutory requirements

The Policy shall conform to stipulations under Section 135 of the Companies Act 2013, the CSR Rules issued by the Ministry of Corporate Affairs and applicable Guidelines on CSR and Sustainability issued by the DPE.

2.3 Activities

Activities pursued by NRL under CSR and Sustainability shall interalia relate to suitable activities specified under Schedule VII of the Companies Act 2013, stated at **Annexure-I**.

CSR and Sustainability activities of NRL is to be pursued along five broad-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, which will cover the activities specified under schedule VII of the Companies Act 2013.

NRL's flagship schemes such as 'Niramoy' on healthcare, 'Prerona' on girl-child education, 'Pariccannata' on construction of toilet blocks, 'Xokha' for assistance to differently-abled persons, among others, shall continue to be pursued with increased emphasis.

Interests of under-privileged, neglected and weaker sections of society, particularly those belonging to SC, ST, OBC, minority community, below-poverty-line (BPL) families, girl child, aged women and physically challenged persons shall be accorded due priority while formulating schemes under CSR and Sustainability.

Activities undertaken in pursuance of normal course of business shall be excluded from consideration under CSR and Sustainability.

2.4 Modalities of Execution

All major CSR and Sustainability schemes shall be executed in project mode and preferably completed within a financial year. New projects shall be identified preferably through base line / need assessment survey. Periodic and year-end evaluation of major projects shall be carried out through independent external agencies. Actual project execution shall be carried out by the CSR Steering Committee. As far as possible, projects identified for implementation during a financial year should be incorporated in the 'Annual Plan on CSR and Sustainability' for that year with all pertinent details including implementation schedule, execution methodology, monitoring and evaluation. All CSR and Sustainability activities shall be implemented in a transparent manner with fairness of approach, maintaining highest ethical standards.

2.5 Budget Allocation

Annual budget allocation for CSR and Sustainability activities for a given year shall be based on minimum 2% of the average profit-before-tax of three preceding financial years, as per stipulations in the Companies Act 2013.

Unspent amount from the CSR and Sustainability budget shall not lapse and shall be carried forward to next year for utilization against the purpose for which it was allocated. Adequate justification for unspent amount shall be recorded.

2.6 Manpower Structure

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

The CSR department shall release a monthly MIS covering the progress of ongoing projects.

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 recommend 'CSR and Sustainability Policy' for approval of the Board. The annual budget for CSR and Sustainability activities shall also be recommended for Board approval every year henceforth by this Committee. 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. This Committee shall advise and guide the other two committees on matters related to CSR and Sustainability.

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. The CSR and sustainability steering committee shall be chaired by Head of HR. This committee shall be responsible for planning, actual implementation and monitoring of CSR and Sustainability activities. Responsibilities of this Committee shall inter alia comprise the following:

- i) Identify CSR and Sustainability schemes for implementation on the basis of base line surveys through engagement of independent external agencies, need assessment surveys through in-house expertise, proposals received from district authorities, discussions with local representatives, civic bodies and citizen forums.
- ii) Identify competent agencies capable of undertaking implementation of CSR and Sustainability activities on behalf of the Company, as and when required.
- iii) Liaise with government authorities, public and private agencies.
- iv) Monitor implementation of schemes under CSR and Sustainability and inform CSR Committee quarterly
- v) Any other jobs related to CSR and Sustainability.

The Officer-in-charge of CSR shall carry out the following activities:

- (a) Compile the annual CSR and Sustainability budget and obtain necessary approval of the Company's Board.
- (b) Document CSR programmes, maintain books of account on expenditure, ensure availability of information in public domain, publish 'Annual Report on CSR and Sustainability'.
- (c) Compile and obtain approval from the Board level committee on the "Annual Plan for CSR and Sustainability". The Plan shall highlight major activities planned for the year, resource allocation, implementation timelines, execution and evaluating methodology and intended outcomes.
- (d) Carry out structured review of performance on quarterly basis and submit half yearly performance appraisal report to the CSR and Sustainability Committee of the Board.

2.7 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. The members of the CSR Steering Committee shall be easily accessible to public, their contact details uploaded at the Company's web site and communication literatures. Links shall be available at the Company's web site to solicit views and suggestions from the general public and grievances, if any, shall be addressed promptly. 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.

2.8 Local Area

Focus of NRL's CSR and Sustainability activities shall be in the area within 10 km radius of the refinery at Numaligarh and the Company's marketing terminal at Siliguri. These two areas shall be deemed as 'local areas' in the parlance of pursuing CSR and Sustainability initiatives. Around 60% of the total CSR and sustainability budget would be spent in the local area.

2.9 Expenditure on Administrative Overheads

Expenditure towards administrative overheads shall be limited to 5% of Annual CSR and Sustainability budget.

2.10 Delegation-of-Authority

All CSR activities shall be carried out as per approved DOA for CSR jobs.

2.11 Amendment to the Policy

Based on emerging requirements, the CSR and Sustainability Policy shall be amended from time to time. Approval to the Policy shall be sought from the Board with due recommendation from the Board Level CSR and Sustainability Committee over specific points on amendment.

Annexure-I

Schedule VII of Companies Act 2013

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently-abled and livelihood enhancement projects.
- iii. Promoting gender equality, empowering women, setting up homes and hostels 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.
- iv. 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
- v. Protection of national 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.
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents.
- vii. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.
- viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, Tribes, other backward classes, minorities and women.
- ix. Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defense Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- x. Rural development projects.
- xi. Slum area development.
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.
