

**Corporate Social Responsibility Policy**  
**of**  
**NALCO**  
**(2019)**

## **PREAMBLE**

NALCO, as a responsible corporate citizen, is committed to address the issues related to People, Planet and Profit for sustainable growth of its business. Its endeavour is to ensure inclusive growth of the marginalised sections of the society through its Corporate Social Responsibility (CSR) interventions in its sphere of operations.

The philosophy of CSR is embedded in the business processes of the Company. Its core values “**BEST**” captures its commitment towards the development & wellbeing of the society and same are as follows:

**Benefitting Stakeholders:** We provide our customers, suppliers and other stakeholders with utmost level of value, service and satisfaction.

**Excellence and Quality:** We ensure that our products, manufacturing & business processes adhere to the highest quality levels and standards.

**Sustainability:** We relentlessly pursue sustainable practices and create a positive impact on the communities we engage with.

**Trust and Integrity:** We conduct ourselves with dignity, integrity, equity, transparency and accountability to build trust.

### **1.0 Definitions**

Unless there is anything repugnant to the subject or context, the following terms used in the policies are defined as under:

- 1.1 “Corporate Social Responsibility” (CSR) means and includes but is not limited to:-
  - (i) Projects or programs relating to areas or subjects specified in Schedule VII of the Companies Act, 2013 and any amendments thereto from time to time.
  - (ii) Projects or programs relating to activities approved by the Board of Directors of the Company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the Company subject to the condition that such Policy will cover areas enumerated in Schedule VII of the Act.
- 1.2 “Company” means National Aluminium Company Limited (NALCO);
- 1.3 “Board” means the Board of Directors of NALCO;

- 1.4 “Competent Authority” means the Chairman-cum-Managing Director or the authority empowered by him in this behalf by any general or special order to perform the functions and exercise the powers of the Competent Authority under this Policy;
- 1.5 “Act” means the Companies Act, 2013;
- 1.6 “RPDAC” means Rehabilitation and Periphery Development Advisory Committee.
- 1.7 “CSR Committee” means the Corporate Social Responsibility Committee constituted under Section 135 of Companies Act, 2013;
- 1.8 “N.F.” means NALCO Foundation registered on 28<sup>th</sup> July, 2010 under the Indian Trust Act, 1882;
- 1.9 “Local area” refers to the peripheral areas/direct impact zones within 15 KMs radius of the operational areas of the Company namely, S&P Complex at Angul, M&R Complex at Damanjodi and Port Facility at Visakhapatnam and such other areas where the Company has its operations.

## **2.0 Guiding Principles:**

These principles are in consonance with Section 135 of the Companies Act, 2013.

- 2.1 Integrating CSR initiatives with priorities of state and Central Government.
- 2.2 Undertaking CSR initiatives based on needs, priorities and expectations of the community residing in the local area ascertained through participatory process and also factoring inputs from local bodies, District Administration and opinion leaders.
- 2.3 Focus on such projects /programmes which leads in building capacities, empowering and raising the wellbeing of marginalised and deprived sections of the society as visible and sustainable outcomes having impact in the society.
- 2.4 Creating robust organizational structure and a system of monitoring and space for getting continuous feedback from stakeholders.

## **3.0 Scope of Corporate Social Responsibility (CSR) Policy**

- 3.1 The CSR Policy provides for formulation, implementation, monitoring, evaluation, documentation and reporting of CSR initiatives of NALCO.

- 3.2 This Policy which is in conformity with the provisions of Companies Act, 2013 will subsume any new provision arising out of amendments to Companies Act, 2013 or Rules made under the Act.
- 3.3 The policy intends to cover CSR initiatives of the Company in the areas specified in Schedule VII of the Act. Such initiatives will be taken up preferably in the local areas near to NALCO's area of operations. Depending upon strategic importance, initiatives may be taken beyond local areas also.
- 3.4 The Company shall abide by the instructions of State and Central Government for taking up CSR projects and this shall form a part of CSR Policy.

#### **4.0 Governance and Management:**

- 4.1 The Company shall constitute a Corporate Social Responsibility Committee of the Board consisting of 3 (three) or more Directors out of which at least 1(one) Director shall be an Independent Director.
- 4.2 The Corporate Social Responsibility Committee shall: –
- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which will guide the formulation of projects and programmes and indicate the activities to be undertaken by the Company in areas or subjects as specified in Schedule VII of the Act;
  - (b) Recommend the amount of expenditure to be incurred on the areas or subjects referred to in clause (a); and
  - (c) Monitor the effectiveness of Corporate Social Responsibility Policy of the Company and its implementation.
- 4.3 Company shall create a CSR Cell to oversee the planning, implementation and monitoring of the CSR initiatives undertaken by the Company.

#### **5.0 Budget & Expenditure**

- 5.1. The Board shall ensure that the Company spends in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years towards its CSR activities as envisaged in

schedule VII, Section 135 (5) of the Companies Act 2013 read with Section 198 of said Act & Rules made there under.

- 5.2 The CSR budget of the Company will be allocated among the local area and projects of strategic national importance. 80 percent of allocated budget would be for initiatives in local area and 20 percent would be for projects /programmes of strategic importance as deemed fit by CSR Committee. In budget allocation priority would be given to various instructions / guidelines given by the State or the Central Government from time to time.
- 5.3 Out of total budget allocation, 80 percent of the budget would be for long and medium term projects and 20 percent for others.
- 5.4 Any variation in budget allocation as indicated above may be done on the basis of recommendation of CSR Committee.

## **6.0 Implementation Framework:**

### **6.1 Planning:**

- 6.1.1 CSR projects/ programmes/ initiatives would be formulated based on Need Assessment Surveys (NAS) and/or inputs from various stakeholders that includes inputs from RPDAC, District Administration and local bodies etc.
- 6.1.2 At the time of sanction of any initiative, likely outputs /outcomes /impact would be clearly indicated with verifiable indicators.
- 6.1.3 Selection of projects /programmes/initiatives would be based on objective criteria having verifiable indicators and for which guidelines will be formulated by the Company.
- 6.1.4 Such CSR initiatives may be dovetailed with specific government programmes to achieve the desired targets. Adequate care will be taken that there is no duplication of CSR projects with that of Government's programmes.
- 6.1.5 While planning any CSR initiative, possibility of leverage of local available resources would be explored.

## **6.2 Implementation:**

- 6.2.1 The approved CSR projects of strategic importance are to be undertaken through NALCO directly and all other approved projects / programmes are to be undertaken through NALCO Foundation, Trusts, Government Agencies / Semi-Government Organizations, Non-Government Organizations (NGOs), and Section 8 Companies. NGO's and Trusts should be registered and these entities and Section 8 Companies must have an established track record of 3 years in undertaking projects or programs of similar kind. State based Local agencies meeting the criteria will be given preference.
- 6.2.2 NALCO may also consider participation in larger Projects / Programmes where more than one corporate / National / Multi-lateral / Bi-lateral / International Agency is involved. The collaboration should be in such a manner that the CSR expenditures are recorded separately by participating partners.
- 6.2.3 Due diligence would be carried out for selecting such implementing partners for which appropriate MoUs should be entered by the Company with the implementing partners.

## **7.0 Monitoring, Evaluation and Impact Assessment**

### **7.1 Monitoring**

- 7.1.1 There would be an IT enabled MIS system and monitoring would be done on the basis of well defined and verifiable indicators.
- 7.1.2 The following procedure would be adhered for monitoring of the CSR activities of the Company:
- i) Monthly review will be done by Head of CSR (Cell) of the Company.
  - ii) Apart from monthly review and monitoring by the concerned Functional Director, Director (Finance) will also review the CSR activities as well.
  - iii) The report on review of the CSR activities would be placed by the head of CSR (Cell) before the Apex Committee of the Company comprising all Functional Directors once in two months.

- iv) The report of CSR projects with the inputs of review by Apex Committee will be placed before the CSR Committee in every quarter and their recommendation would be placed before the Board.

7.1.3 Members of CSR Committee may also inspect projects periodically and report the same to the CSR Committee.

## 7.2 **Impact Assessment:**

7.2.1 After completion of any CSR project / programme, an end report covering salient features of the project, cost of the project and comments on overruns, start and completion dates and outcome / impact would be prepared and put up to the CSR Committee.

7.2.2 For projects / programmes having

(a) Costing INR 1.0 Crore or more, or

(b) Run for 3 years and more,

The impact assessment of such projects / programmes would be done by specialised independent professional institutions / agencies.

7.2.3 For projects / initiatives having outlay of INR 50 lakh and up to INR 1 Crore, a detailed impact assessment would be carried out by the CSR (Cell) of the Company and the same would be put up to the CSR Committee.

## 8.0 **Reporting and Communication:**

### 8.1 **Reporting**

8.1.1 An annual report on CSR initiatives would be brought by the Company and the same would be widely disseminated among the stakeholders and will also be uploaded on the website of NALCO.

8.1.2 A quarterly progress report of CSR activities shall be prepared by Head of the CSR (Cell) which will be submitted to CSR & SD Committee and Board after review by the Functional Director.

### 8.2 **Communication:**

8.2.1 The CSR Policy would be uploaded on NALCO's website, Mobile APP-NALCO NISARG and the intranet for access to external & internal stakeholders.

8.2.2 Formal mechanism would be created for dissemination of information and getting feedback from stakeholders.

**9.0 Review Mechanism:**

From time to time CSR Policy would be reviewed by CSR Committee and the Board.

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