

KARNATAKA POWER TRANSMISSION CORPORATION LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY:

Table of Contents:

- 1. Background**
- 2. Objective**
- 3. Terms of Reference to CSR Committee**
- 4. CSR Activities/Projects:**
- 5. CSR Amount**
- 6. Spending of CSR Amount**
- 7. Governance**
- 8. Dissemination of information**

1. BACKGROUND:

Corporate Social Responsibility is a company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large and building capacity for sustainable livelihoods. The Corporation believes in conducting its business responsibly, fairly and in a most transparent manner. It continually seeks ways to bring about an overall positive impact on the society and environment where it operates and as a part of its social objectives.

Karnataka Power Transmission Corporation Limited as a State Transmission Utility (STU) is vested with the functions of Transmission of power in the entire State of Karnataka through its Stations & Transmission Lines. KPTCL in its endeavor to serve general public has set its mission to ensure reliable quality power at competitive prices through:

1. Encouraging best practices in transmission;
2. Ensuring high order maintenance of all its technical facilities; and
3. Emphasizing the best standards in customer service.

2. OBJECTIVE:

This Policy lays down guidelines to make CSR a key business process. The Policy aims at enhancing welfare measures of the society based on social and environmental consequences of the Corporation's activities in India. This Policy specifies the projects and programmes that can be undertaken in terms of the Schedule VII to the Companies Act, 2013. Policy brings out the plans and projects proposed to be undertaken during the implementation years, specifies the modalities of execution in the areas/ sectors chosen and the implementation schedule. The scope of the Policy has been kept as wide as possible, so as to allow the Corporation to respond to different situations and challenges appropriately and flexibly, subject to the activities enumerated in Schedule VII of the Companies Act, 2013. However, no contribution will be made for any activities undertaken outside India.

3. TERMS OF REFERENCE TO CSR COMMITTEE:

Board of Directors of KPTCL have constituted a Corporate Social Responsibility (CSR) Committee of Directors with the following Terms of Reference:

- a) To formulate and recommend a CSR policy to the Board;
- b) To recommend amount of expenditure to be incurred on CSR activities;
- c) To monitor the CSR policy of the company from time to time; and
- d) To institute a transparent Monitoring Mechanism for implementation of the CSR projects/programs or activities undertaken by the Company.

CSR Committee will play the following role in fulfilling the Corporation's CSR objectives:

- Formulation and review of CSR Policy indicating the activities to be undertaken by the Corporation towards CSR initiatives;
- Recommendation of the amount of expenditure to be incurred on the CSR activities; and
- Formulation of a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the Corporation or the end use of the amount spent by it towards CSR activities.
- Monitor and implement this Policy from time to time
- Annually report to the Board, the status of the CSR activities and contributions made by the Corporation
- Any other requirements mandated under the Act and Rules issued thereto.

4. CSR ACTIVITIES / PROJECTS:

Schedule VII to the Companies Act, 2013 lists down the activities which may be included by companies in their corporate social responsibility policies. The said activities relate to:

- (i) Eradicating extreme hunger and poverty;
- (ii) Promotion of education;
- (iii) Promoting gender equality and empowering women;
- (iv) Reducing child mortality and improving maternal health;
- (v) Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- (vi) Ensuring environmental sustainability;
- (vii) Employment enhancing vocational skills;
- (viii) Social business projects;
- (ix) 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 Scheduled Tribes, other backward classes, minorities and women; and
- (x) Such other matters as may be prescribed.

The Corporation mainly plans to support and assist various CSR activities in the following areas :

1. Education

This would include partnerships with organisations working in the field of primary and secondary education, formal and non-formal,

literacy programmes, scholarships etc. The main focus of supporting these programmes is to ensure basic literacy, offer vocational training, and manage teaching societies and study centres.

2. Community Development

This would cover the areas of women empowerment, rehabilitation of destitute women and children, improving slum habitat, the provision of necessary amenities for economically disadvantaged persons, causes of the elderly.

3. Child Welfare

This would cover partnerships with organisations that work in the areas of rehabilitation of street children, orphans and destitute children trying to integrate them into mainstream society.

4. Differently abled

This would include partnerships with organisations working towards rehabilitation of physically and mentally challenged children/adults. Besides organisations that work towards providing vocational training and guidance to challenged individuals with an effort to make them economically independent and contributing members of society.

5. Health care and Sanitation

This would include partnerships with organisations supporting sanitation and health-care initiatives, awareness programmes and provision of basic / specialised medical facilities for the underprivileged sections of society.

6. 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 Scheduled Tribes, other backward classes, minorities and women;

7. Others

This would cover partnerships with organisations and any other development activity undertaken with the main objective of betterment of society.

7. CSR AMOUNT:

The Corporation shall ensure that it spends, in every financial year, at least 2% of its average net profits made during the 3 immediately preceding financial years, in pursuance of its corporate social responsibility and subject to Section 135 of the Companies Act, 2013 and the Rules made thereunder.

For the purpose of this Policy, the first CSR spending financial year would be 2014-15 and the net profit shall mean average of the annual net profits of the financial years 2011-12, 2012-13 and 2013-14.

Net profits mentioned herein above means, net profit before tax as per the books of accounts of the Corporation and shall not include profits arising from branches outside India.

8. SPENDING OF CSR AMOUNT:

The CSR Committee will decide on the following with regard to spending of CSR amount:

- Percentage of total amount to be used for funding various development organizations and grass-root level organisations; and
- Tranches of disbursement.
- Any surplus arising from CSR projects or programs or activities will not form part of the business profits of the Corporation

- Any income arising from the contribution received and surplus arising out of the CSR activities will be used for CSR only.
- The Committee shall recommend to contribute funds for building the CSR capacities of personnel for the Corporation, through which it may undertake its CSR activities.

GOVERNANCE:

1. Every year, the CSR Committee will place for the Board's approval, a CSR Plan delineating the CSR Programmes to be carried out during the financial year and the specified budgets thereof. The Board will consider and approve the CSR Plan with any modification that may be deemed necessary.
2. The CSR Committee shall review the implementation of the CSR Programmes and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy.
3. Once every six months the CSR Committee will provide a status update on the progress of implementation of the approved CSR Programmes carried out during the six month period. It shall be the responsibility of the CSR Committee to review such reports and keep the Board apprised of the status of implementation of the same.
4. At the end of every financial year, the CSR Committee will submit its report to the Board.

DISSEMINATION OF INFORMATION

The CSR Committee shall report to the Board of the Corporation, at least on an annual basis, the status of the CSR projects/ activities undertaken by the Corporation along with the report on the impact created by such projects/ activities.

The Corporation shall also upload this Policy on its website www.kptcl.com/ePrasarana. Further, a detailed status report on the CSR activities carried out by the Corporation would be disclosed every year as part of the Directors' Report in the Annual Report. The

said information would also be uploaded on the website of the Corporation.

The CSR Committee will also make a Responsibility Statement in the Annual Report stating that the CSR Policy implementation and monitoring thereof is, in letter and spirit, in compliance with its CSR objectives.