

**CORPORATE SOCIAL RESPONSIBILITY (CSR) STRATEGY**

**THE TATA POWER SOLAR SYSTEMS LTD**

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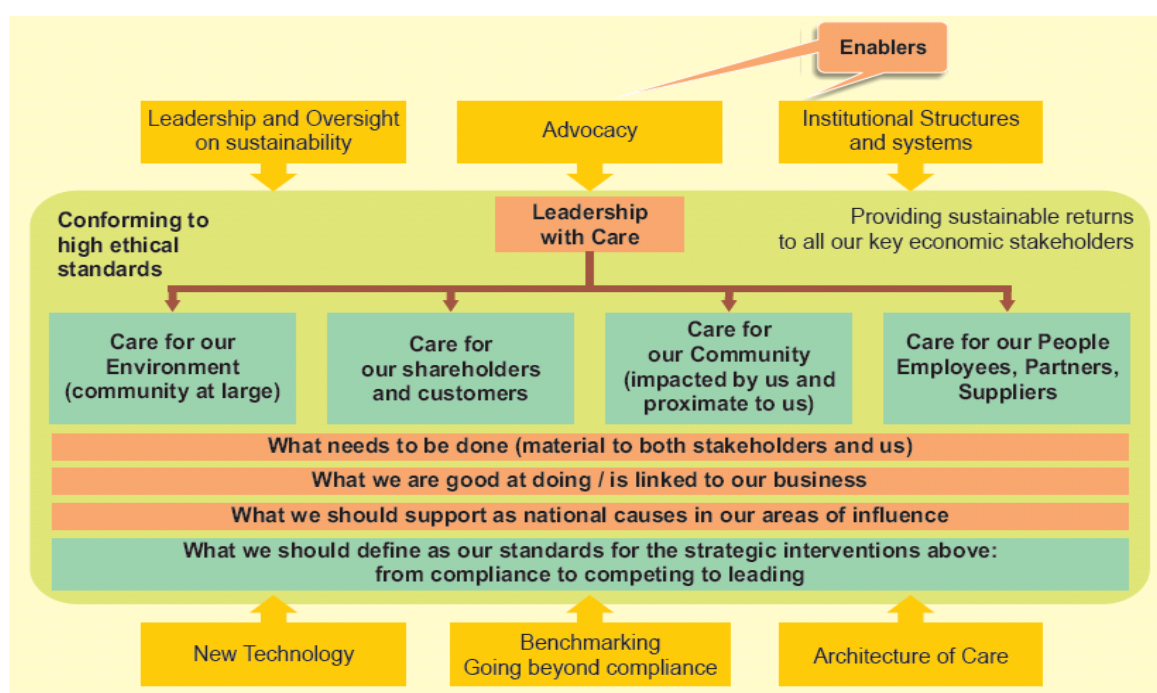
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## 1.0 Guiding Philosophy to CSR

Tata Power Solar in this pursuit and commitment towards sustainability has chosen the overarching vision of delivering sustainable value to all stakeholders. The thought process adopted by Tata Power Solar is captured in the **Tata Power Sustainability Model**, which has the over-arching objective of **Leadership with Care**. This dovetails well with the Tata Power Group philosophy of *improving the quality of life*.

Tata Power Solar aims to achieve its sustainability intent of **Leadership with Care**, by having leading and best practices on Care for the Environment, Care for the Community, Care for the Customers and Shareholders, and Care for the People. Tata Power Solar has also instituted “CARE” as one of the values of the organization.



**The guiding philosophy of CSR** at Tata Power Solar shall be to pursue our Sustainability Model i.e. Leadership with Care in letter & spirit as outlined below:

### 1. Contributing to the transition to sustainable development

Tata Power Solar being in existence for almost hundred years, has realised that there is a continuous change in the external circumstances through several set of social, legislative and market driven factors. So as a business leader, it becomes imperative for Tata Power Solar to lead the way and facilitate this process in pursuit of sustainable development in the nation’s interest.

### 2. Building sustainable relationships with our neighbouring community

It is in our best interests to contribute to the sustainability of stakeholders. Building sustainable relationships with the neighbouring community allows social harmony and mutual co-existence. It is therefore essential that we approach the communities around us with sensitivity to develop alliances for sustainable development programs

that substantially improve the quality of life. It is with this humility & attitude that Tata Power Solar must approach the subject of CSR & social co-existence so that it contributes to the element of nurturing social development as a collective responsibility among stakeholders with whom Tata Power Solar interacts. The engagement principles will thus act as a navigator to the business to respect the dignity of the community and establish and maintain continuous dialogue for arriving at innovative solutions.

3. Remain aligned to Tata Power Group Social Policy and continue to incorporate the global practices of development for organizational learning and reputation management

Tata Power Solar will continue to imbibe the Tata Power Group Social Policy and values to maintain the common thread of uniformity in its words and actions. The cross linkages will be leveraged to learn from each other and contribute to the overall reputation of the Group. At the same time, Tata Power Solar will offer to share its learning and practices to its overseas partners to encourage them to promote community development from a global footprint perspective. Also, the company will assess and take advantage of the innovations of its partners for replication as per need.

4. Proactively respond to the well assessed Social Impacts arising from business pursuits and integrate to the mitigation plans and processes with long term objectives

Keeping in mind the growing footprint of the company, the ab-initio need to assess the social impacts arising from our presence is well integrated within the business processes. The company through its CR Initiatives will establish and maintain a channel of transparent communication and through a process of consultation will develop a mitigation plan which involves participation and ownership of key stakeholders. The adherence to the mitigation plan will be guided by the engagement principles of the company while balancing the overall interests of the stakeholders.

## **2.0 CSR Vision**

Corporate Social Responsibility (CSR) is embedded in the Tata Power Solar ethos. Working for the larger good is inextricably tied with our core business of manufacturing and promoting economically and environmentally sustainable solar power products. At Tata Power Solar, we go that extra mile to empower the communities we touch, with more than just solar power.

## **3.0 CSR Mission**

To work with communities in the vicinity of its operations or as specially identified, to gain their acceptance of co-existence by addressing salient development imperatives of (i) Education, (ii) Health (iii) Infrastructure (iv) Livelihood & Employability (v) Inclusive growth.

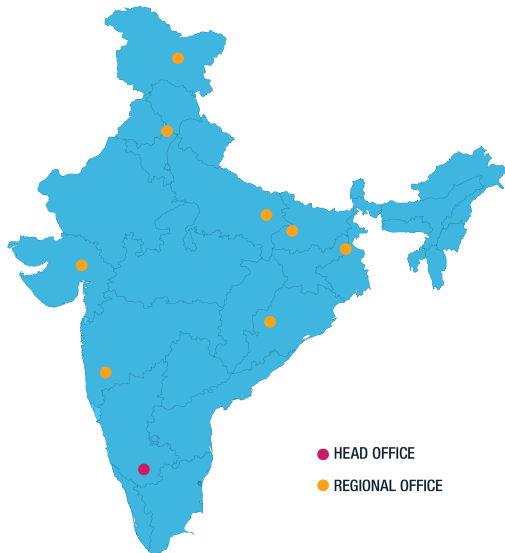
The company will, inter alia, also address special local needs, through continuous engagement to achieve effective & sustainable improvement in quality of life of communities. This will be done through well designed & smartly executed programs, which would become

sustainable in maximum period of five years from the launch of the program with least to nil monetary & managerial support from Tata Power Solar. The programs will be driven through the efforts of the community and become a testimony to the inclusiveness of Tata Power Solar with the community.

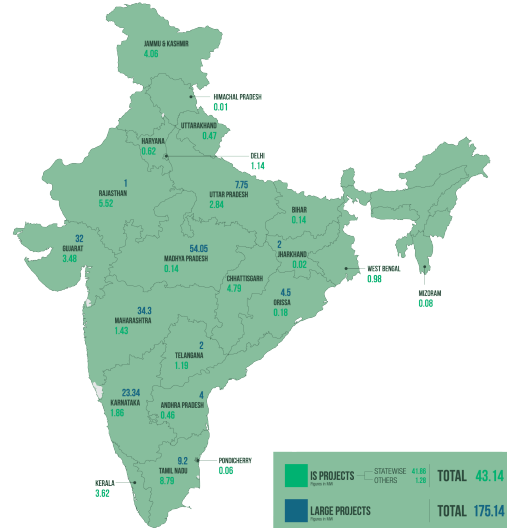
#### 4.0 Strategic Approach and Choices made by Tata Power Solar on CSR

Tata Power Solar has made following choices on multiple dimensions about how it will drive Corporate Social Responsibility (CSR).

- 1. Geographical focus:** Tata Power Solar has chosen that it will focus on the majority of its CSR efforts in their immediate business presence.



**Tata Power Solar Offices**



**Tata Power Solar Business Presence**

In view of its long presence in the state of Karnataka in terms of its manufacturing facilities as well as large customer base and installed capacity, Tata Power Solar has chosen to concentrate its CSR interventions in Karnataka. However, appropriate decisions for extending the interventions to other geographies will be taken after considering future emergent needs of the business after taking approval of the CSR committee.

- 2.** While CSR efforts in areas beyond its operations is feasible and will be undertaken in special situations (such as in the case of natural disasters, etc), the priority will be on maintaining a geographical focus in the vicinity of operations. **Thrust Areas:** In a country such as India, a significant part of the population is marginalized and also power projects are located largely in remote areas where levels of economic and social development are generally a challenge. Hence it is critical to focus the CSR resources on thrust areas which will have the largest impact.

In order to develop a better understanding of CSR and areas where the company should focus, the company worked towards understanding its CSR programs and its alignment to the country's CSR framework (Companies Act 2013) and United Nations Millennium Development Goals (MDG). This exercise has helped Tata Power Solar to be better prepared to demonstrate the preparedness and proactive approach towards defining the boundary and material aspects which will be pivotal to setting goals and plans, deployment of resources, forging partnership on common objectives and delivering results. While the company realised that there are many

avenues in delivering its social commitment, however the analysis of country level and global development reports provided following insights:

- Health, education, drinking water and sanitation are considered as the social services in India as well as globally.
- India has targeted a public expenditure on education of 6% of GDP, however the actual spend is in the range of 4.0 % of GDP which is lesser than the global weighted average of about 5%.
- Access and service provider availability for health services in remote locations has remained a constant challenge. In India, the doctor patient ratio is 1:1800 while the World Health Organization stipulates minimum of 1:1000 as Doctor Patient ratio.
- While 20% of Indian population is in the age group of 15-24 years, the workforce basic skills is relatively low in this age with rural areas particularly less better than urban
- The overall agricultural yield and landholding pattern is low with critical masses being most affected and still resorting to old agricultural practices
- In addition, The Tata Power Group Focus Initiatives identified are Health, Education and Water in CSR domain.

Based on these insights, Tata Power Solar believes that Health, Education, Livelihood, Infrastructure and Inclusive Growth would be the broad areas to undertake social initiatives.

The next step entailed undertaking deep dive assessment through baseline socio-economic studies across the locations to identify specific aspects within the broad areas. This provides insights on strengthening education at primary level, working towards gender equity in education, enhancing employability skills among rural youth and access to basic health facilities and social amenities to name a few. Eventually this led to identification of five Thrust Areas under which CSR programs/activities would be undertaken as follows:-

1. Augmenting Primary **Education** System with emphasis on girl child education
2. Building and Strengthening **Healthcare** Facilities including safe drinking water
3. Enhancing Programs on **Livelihood** & Employability
4. Building Social Capital and **Infrastructure**
5. Nurturing Sustainability for **Inclusive Growth**

**3. Across locations, there will be common alignment to CSR Programs** of Tata Power Solar. This is important to ensure common focus and synergy in efforts across different locations.

- Over long term, CSR programs of Tata Power Solar will largely be strategic and with sustainable, long term impact in mind. This would be called **Tata Power Solar 80:20 Paradigm of CSR**. This implies programs will have the following characteristics:
  - Programs are designed with long term impact in perspective as opposed to only addressing a tactical short term need

The extent of efforts and resources deployed in strategic programs shall constitute 80% and the balance 20% could be tactical/operational based

on short-term local area needs. However, during first few years of Tata Power Solar's presence in an area (not exceeding 5 years), the tactical initiatives could be allowed up to 40% share of resources, efforts.

- Programs address a significant need of the community at large (as opposed to a very narrow section of the population)
  - Programs become self-sustainable in the long term and are driven by the community and that the Tata Power Solar's monetary and physical support to the program would NOT be needed to run the initiative and that the program would thereafter be run by locals & community & it shall be their internal pride.
  - Programs are driven by collaboration through a blend of volunteering from own employees, knowledge from other companies in the Tata Power Group, participation from NGOs which bring local and functional expertise and pooling of resources (time from people, material, funds, etc) from neighboring companies/ industries.
  - Programs will have a learning approach through a structured budgeting process, social impact assessment, periodic reporting to the Board.
4. CSR programs and initiatives will be aligned to deliver Affirmative Action (AA) goals with a focus on SC/ST communities & geographies with predominant SC/ST population.

#### **5.0 Guiding principles for design and implementation of CSR programs**

Tata Power Solar's approach for Community initiatives shall be to:

- Remain aligned to the Tata Power Group Sustainability Policy & mandated initiatives by engaging proactively on programs, initiatives and co-creating for enhancing learning and reach
- Assess the need profile of subject community with a view to designing programs and initiatives
- Discuss program profile with key stakeholders to evolve consensus & provide/ agree on budgets or resources
- Pursue common and mandated flagship initiatives across all locations on long term basis, for relevant and significant impact of efforts
- Allocate CSR resources keeping in mind the common initiatives across all locations while also providing scope for specific local needs
- Work with Tata Power Community Development Trust (TPCDT, established in 2009) for implementing community development initiatives across locations, in line with the requirement of law



- Foster alliance and synergy with Civil Society/Academia/Government/ NGOs for Knowledge Management, External Evaluation and Resource Sharing
- Benchmark efficacy and results both internally and externally at appropriate national and regional forums
- Enhance competencies & upgrade skills within CR Team and associates about CSR Global Practices and awareness among employees.
- Develop and strengthen professional team across all locations to demonstrate a scientific approach to institutional building and competency within organization
- Accelerate employee participation through volunteering, deputation and recognition. This is one of the most critical aspects to ensure the organization as a whole is sensitive to the needs of communities that are not privileged
- Tata Power Solar also operates through its subsidiaries and joint ventures. The policies of the subsidiaries and joint ventures (where Tata Power Solar has management control) will be aligned to the Tata Power Solar strategy and policy.

## **6.0 Corporate Social Responsibility at Tata Power Solar: Institutional approach**

Tata Power Solar has adopted an institutional approach to formulate policies, design programs, engage and interact with the community. Tata Power Solar has adopted the Approach-Deployment-Review (ADR) philosophy for designing this structure.

- The Board CSR Committee would guide, steer, monitor through the Corporate Social Responsibility team towards designing policies, guidelines, effectiveness measures and the overall focus, themes and direction for Tata Power Solar's Corporate Social Responsibility initiatives.
- The Company through TPCDT as its implementing partner would drive the need assessment/ identification and implementation of the programs that will address the identified needs, implement Board / Corporate approved policy(s) & initiatives. The efforts undertaken shall be an agreed mix of strategic (read mandated) initiatives & tactical/operational initiatives, which are needed for short-term sustenance.
- Independent monitoring, effectiveness of implementation, impact assessment shall be undertaken to provide feedback and to refine, realign the programs so that the extent and effectiveness of the initiatives can be improved in pursuance of Tata Power Solar's objective to improve the quality of life of the Community & to get community's tacit or implied acceptance of our co-existence.
- Corrective & preventive actions & continuing improvements shall be facilitated based on the feedback & inputs that are received through independent surveys & formal/informal interactions with various participants.
- The Board would be kept informed on Policies, implementation & compliance of the policies & on the effectiveness & impact of the Company initiatives.