

DFCCIL's CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY POLICY, 2014

1.0 Introduction

- 1.1** Corporate Social Responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business) is a form of corporate self-regulation integrated into a business model. It is the continuing commitment by business to perform ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms.
- 1.2** DPE has also been monitoring the implementation of CSR by CPSEs through an item in the MoU annually entered into by the CPSEs with their administrative ministries. DPE has been issuing guidelines on the subject from time to time.
- 1.3** The Government of India enacted the Companies Act 2013 in August 2013. Section 135 of the Companies Act 2013 (hereinafter referred to as 'the Act') deals with the subject of Corporate Social Responsibility (CSR). It lays down the qualifying criteria based on net worth, turnover, and net profit for companies which are required to undertake CSR activities and, inter-alia, specifies the broad modalities of selection, implementation and monitoring of the CSR activities by the Boards of Directors of companies. The activities which may be included by companies in their CSR policies are listed in Schedule VII of the Act. The provisions of sections 135 of the Act and Schedule VII of the Act apply to all companies including CPSEs.
- 1.4** The Ministry of Corporate Affairs has formulated CSR Rules (hereinafter referred to as the 'CSR Rules'), under the provisions of the Act and notified the same on 27.2.2014. The CSR Rules become applicable to all companies including CPSEs w.e.f. 1.4.2014. As per the CSR Rules "Corporate Social Responsibility (CSR)" means and includes but is not limited to: (i) Projects or programs relating to activities specified in Schedule VII to the Act or (ii) Projects or programs relating to activities undertaken by the board of directors of a 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 subjects enumerated in Schedule VII of the Act.

2.0 DFCCIL's CSR Vision

- 2.1** At DFCCIL, Corporate Social Responsibility is envisaged as a commitment to meet its social obligations by playing an active role to improve the quality of life of the communities and stakeholders on a sustainable basis, preferably in the project areas where it is operating. CSR activities would be executed in a time bound manner with full commitment and transparency.

3.0 DFCCIL's CSR Policy Statement

- 3.1** DFCCIL's Corporate Social Responsibility Policy is "To remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including shareholder, employees, local community and society at large".

4.0 Key results area to be covered under Corporate Social Responsibility

4.1 Generally the underprivileged and backward communities/areas where DFCCIL has its business operations would be covered under the policy. The focus is to address the basic needs of the deprived, under privileged, neglected and weaker sections of the society which comprise of SC,ST, OBC, minorities, BPL families old and aged, women/ girl child, physically challenged etc.

4.2 The list of various CSR activities has been updated and enclosed as Annexure-II by taking into account list of activities based on Schedule VII of the recently enacted Companies Act 2013. The list is only indicative in nature. New items may be added/modifications may be made as per the guidelines issued by DPE/Government from time to time. The entries indicated in the Annexure-II must be interpreted liberally so as to capture the essence of the subjects enumerated in the Annexure. The enlisted items are broad-based and are intended to cover a wide range of activities.

4.3 Activities not covered under CSR.

The following activities will **not** form part of CSR works:

- a. Mere funding or financing the programme for implementation of CSR activities
- b. Any form of donation, charity by DFCCIL
- c. Activities and expenditure related to staff benefit
- d. Contribution of any amount directly or indirectly to any political party U/s 182 of the Companies Act.

5.0 Implementation of CSR

5.1 Partnership Approach

As per the requirement, DFCCIL may carry out the identified activities on their own or engage specialized agencies/NGOs Trusts/ Missions/ Government/ Semi-Government/ autonomous organizations/ contracted agencies for work etc, which have requisite expertise of carrying out the identified activities. The agency/organization will be appointed to work singly or in collaboration with other agencies. DFCCIL will monitor and ensure delivery of services as planned in accordance with the needs of the community. The activities would be taken up in a project mode with milestone and deadlines.

5.2 Constitution of CSR Committees

A Sub Committee of the Board to be known as 'Corporate Social Responsibility Committee' consisting of three directors including at least one Independent Director, in line with section 135(3) of the Companies Act, 2013 has been constituted by BOD comprising of following as its members:-

- a) Shri H.D. Gujrati, Director/OP & BD, Convenor
- b) Shri. Girish Pillai, Nominee Director and
- c) Shri. R.S. Sharma, Independent Director, as its members.

5.3 Terms of Reference

The Corporate Social Responsibility Committee shall –

- a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII. (incorporated in Annexure-II);
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) monitor the Corporate Social Responsibility Policy of the company from time to time.

5.4 Quorum

Quorum shall be one third of the total strength or two, whichever is higher.

5.5 Chairman

The members may elect one among themselves to be the Chairman in line with the Articles of Association of the Company.

5.6 Broad guidelines and parameters :

- a. Discussion and interactions with Central and State Govt. officials be held to identify the areas for undertaking CSR activities to avoid duplicity of the same with the programmes run by Central, State and Local Government. Initiatives of Government and Self Help Groups (SHGs) etc. would be dovetailed / synergized with initiatives taken by DFCCIL.
- b. While identifying the CSR activities, emphasis is on the areas related to the business of DFCCIL. A survey may be got done to find out the needs and requirements of community first before planning a project.
- c. The target beneficiaries, the local authorities, institution etc. involved in similar activities if need be, may be consulted in the process of planning and implementation of CSR programme.
- d. Based on the need analysis, survey, prepare a detailed programmed report reflecting content, objectives, major milestones, time frame for implementation, budget thereof and implementing agency . The investment in CSR activity would be project based and for every project, time-frame and periodic targets would be finalized at the outset along with the modalities for the concurrent and final evaluation.
- e. Ensure that CSR activities are in accordance with the approved policy DFCCIL. Activities related to sustainable development will form a significant element.
- f. Assign the CSR projects to NGOs/specialized agencies under a MoU/Agreement reflecting the mutual terms and conditions. The committee should make all efforts to verify the reliability and post track record of the engaged agency and only agencies of good repute may be engaged.
- g. Compilation of information and preparation of annual reports etc.
- h. Coordinate with various other departments/PUSs for exchange on information for promotion of CSR and ensure harmony in activities by different agencies.
- i. Organize training workshops and seminars for the employees of DFCCIL for sensitization efficient implementation of CSR policies.

5.7 Allocation of funds :

- a. As per the Companies Act and the DPE Guidelines it is mandatory for all profit making CPSEs to undertake CSR activities. Even the CPSEs which are not covered under the eligible criteria based on threshold limits of net worth, turnover, or net profit as specified by Section 135(1) of the Company Act, but which make profit in any particular year, would also be required to take up CSR activities within the provisions of the Act, the CSR Rules, and the Guidelines. Such CPSEs are expected to spend at least 2% of the profit made in the previous year on CSR activities. Accordingly, funds may be allocated amounting to atleast 2% of the average net profit of the company made during the three immediately preceding financial years or MoU target whichever is higher.
- b. Allocation to CSR Fund can be increased with the approval of CSR Committee and would require subsequent ratification by Board of Directors.

6 Monitoring and Evaluation

- a) The impact of the CSR activities undertaken should be quantified to the extent possible with reference to baseline data, to be created before the start of any project. Therefore, Base-line surveys would be an integral part of CSR programme so that progress can be measured. Photographic record may be maintained wherever possible.
- b) For proper and periodic monitoring of CSR activities, if considered necessary, the programmes undertaken under CSR may be evaluated through a suitable independent external agency and the evaluation should be both concurrent and final.

7 Reporting of CSR Activities

- a. DFCCIL will include a separate paragraph in the Annual Report on the implementation of the CSR activities including physical and financial progress.
- b. The CSR activities will also be reflected in the Annual accounts of DFCCIL under the head 'Expenditure under CSR Activities'.
- c. The Board's Report of the company covered under these rules pertaining to a financial year commencing on or after the 1st day of April 2014 shall include an annual report on CSR containing particulars specified in Annexure-III.

8 Display of CSR activities on DFCCIL website

The CSR policy of DFCCIL, duly approved by the BOD shall be displayed on the company's website, as per the particulars specified in the Annexure-III.

9 Amendment

Any modification/amendment in the CSR policy may be carried out by CSR Committee with subsequent ratification by BOD.