



# **IFCI INFRASTRUCTURE DEVELOPMENT LIMITED**

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

(As amended upto June 18, 2020)

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

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## **Corporate Social Responsibility Policy**

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### **1. Introduction**

Corporate Social Responsibility is strongly connected with the concept of Social Service; an organization should make decisions based not only on financial factors, but also on the social and environmental parameters. Therefore, it is the core corporate responsibility of any organization to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

IIDL recognizes that business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The company endeavours to make CSR a key business process for sustainable development. IIDL is committed to conduct its business in an accountable manner that creates a sustained positive impact on society. Our company is committed towards aligning with nature; and has adopted eco-friendly practices.

The Ministry of Corporate Affairs has notified section 135 and schedule VII of Companies Act 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 to come into effect from April 01, 2014.

This CSR Policy of IIDL has been prepared pursuant to section 135 of the Companies Act, 2013 and the notified CSR Rules, 2014. This CSR policy should serve as the referral document for all CSR related activities of IFCI Infrastructure Development Limited.

The CSR activities may be undertaken by IIDL directly and/or through IFCI Social Foundation (ISF), a trust created by IFCI Limited for carrying on CSR activities by transferring CSR Funds to ISF.

### **2. DEFINITIONS:**

- a) "Act" means the Companies Act, 2013.
- b) "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 IIDL in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy of IIDL subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.

- c) "CSR Policy" relates to the, activities to be undertaken by IIDL as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of IIDL;
- d) "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-
  - i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
  - ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:

### **3. CSR Vision Statement and Objective**

#### **3.1 Vision Statement**

To promote development of human capital and rural areas as a key contributor to the growth of India and to support sustainable developmental activities aimed at creating a cleaner, greener and healthier environment.

#### **3.2 Objectives**

The objectives of IIDL CSR policy:

1. To support activities including creation of social & physical infrastructure aimed at inclusive development of human capital thereby enhancing the quality of life and well-being of the people.
2. To support CSR activities which help create a cleaner, greener and healthier environment and thereby also enhance IIDL's perception as a socially responsible entity.

### **4. CSR Expenditure**

Every year, IIDL shall, with the recommendation of CSR Committee and approval of its Board of Directors, make a budgetary allocation for CSR and Sustainability activities / projects for the year. The budgetary allocation will be at least two percent of the average net profits of the company made during the three immediately preceding financial years.

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act, 2013. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of IIDL.

## **5 Governance Structure**

The Board will have an oversight on the adherence of this policy. The Corporate Social Responsibility Committee ("CSR Committee") of the Board comprising of minimum three Directors shall assist the Board in overall governance of the policy. The CSR committee shall work under superintendence and control of the Board.

### **5.1 CSR Committee**

In pursuance to Section 135 of the Companies Act 2013, a Corporate Social Responsibility Committee has been constituted by the Board and shall comprise of three or more directors.

The terms of reference of the CSR committee shall be as follows:

- a) To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b) To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c) To monitor the CSR policy of the Company from time to time;
- d) The quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.

### **5.2 Role of the Board**

In pursuance of the section 135 of the Companies Act, 2013, the Board of IIDL shall:

- a) After taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for IIDL and disclose the contents of such policy in its report and also place it on the company's website, if any, in such manner as may be prescribed.
- b) Ensure that the activities as are included in Corporate Social Responsibility Policy of the IIDL are undertaken by the company.
- c) The Board of IIDL 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, in pursuance of its Corporate Social Responsibility Policy, provided that the company shall give preference to the local area

and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

- d) If the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 of Companies Act 2013, specify the reasons for not spending the amount.

## **6. Planning and Strategy**

The Company shall endeavour to integrate their CSR and Sustainability plans with the business plans and strategies. For easy implementation, any long-term CSR and Sustainability plans may be broken down into medium-term and short-term plans. Each plan must specify the CSR and Sustainability activities planned to be undertaken for each year, define the responsibilities of the designated authorities to be engaged in this task, and also may prescribe the measurable and the expected outcome and social/environmental impact of such activities.

### **6.1 CSR activity areas**

The CSR activities shall be undertaken by IIDL, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding the activities undertaken in pursuance of its normal course of business.

CSR activities can be undertaken by IIDL either directly or through “IFCI Social Foundation” (ISF), a trust formed by Parent Company for such activities.

CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.

IIDL may build CSR capacities of their own personnel as well as those of their implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year.

**Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.**

As per the Schedule VII under section 135 of the Companies Act, 2013, the following activities would be allowed as a part of CSR activities:

- i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swachh 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 centres 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 art 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 Prime Minister's Citizen Assistance and Relief in Emergency Situation Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the scheduled caste, 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), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT), 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.

Explanation:- For this purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

- xii) Disaster management, including relief, rehabilitation and reconstruction activities.

Any addition/ deletion/ modification in the Schedule VII of the Companies Act, 2013 will be applicable with immediate effect in the above list as and when made effective.

All projects/proposals to be sanctioned shall have to be approved by the CSR Committee.

## **6.2 Contribution to IFCI Social Foundation**

IIDL may transfer its total CSR Fund for any financial year to IFCI Social Foundation which has completed its three years of track record in undertaking CSR programs/ projects/ activities on September 26, 2017. Provided that the projects or programs to be undertaken, the modalities of utilisation of funds of such projects or programs and the monitoring and reporting mechanism shall be specified.

## **7. Theme Areas and Geographies**

**Theme Areas:** On recommendation of CSR Committee, the Board may decide on a theme for CSR activities for a particular financial year at the beginning of that financial year.

**Geographies:** Efforts shall be made to undertake CSR projects/programs within the geographical boundaries where IIDL has a presence by virtue of its office/ residential project/ commercial projects/ land etc.

However, for compliance requirements the above may be changed and the same may be reported to the CSR Committee/Board.

## **8. Implementation, Monitoring and Evaluation**

### **Implementation**

Activities which are selected under CSR and Sustainability agenda, as far as possible, shall be implemented in a project mode, which entails charting the stages of execution in advance through planned processes, with mobilisation of pre-estimated quantum of resources, and within the allocated budgets and prescribed timelines. It shall also assign clear responsibility and accountability of the designated officials/agencies who are entrusted with the task of Implementation.

### **Monitoring**

Monitoring shall be done periodically with the help of identified key performance indicators; the periodicity being determined largely by the nature of performance indicators. Monitoring mechanisms should have periodic feedbacks with recourse to mid-course correction in implementation, whenever required.

Actual disbursements shall be linked to the progress on the ground.



## **Evaluation**

- I. MIS for monitoring mechanism and, evaluation plan will be put in place.
- II. Expected outcomes, outputs and inputs will be clearly defined for each program.
- III. There shall be clarity about the scope of the, programs and the need before evaluations are undertaken.
- IV. Third parties may be engaged to ensure objective assessment across baseline and end line parameters.
- V. Managing Director will be authorized to decide whether it will be internal, external or third party Evaluation.

The above will be applicable when the CSR activities are undertaken by IIDL on its own.

## **9. Reporting and Disclosure**

### **9.1 Annual Reporting**

The Board's Report of IIDL for a financial year shall include an annual report on CSR containing particulars as specified in the Annexure.

### **9.2 Company Website**

The Board of Directors of IIDL shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy, in its report and the same shall be displayed on the company's website, if any, as per the particulars specified in the Annexure.

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## Annexure

### FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)
5. Details of CSR spent during the financial year.
  - (a) Total amount to be spent for the financial year;
  - (b) Amount unspent, if any;
  - (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified.	Sector in which the Project is covered.	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs <b>Sub-heads:</b> (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency
1							
2							
3							
	<b>TOTAL</b>						

\*Give details of implementing agency:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman CSR Committee)	Sd/- [Person specified under clause (d) of sub-section (1) of section 380 of the Act]  (wherever applicable)
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