IIFCL CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Preamble:
Corporate Social Responsibility (CSR) is the responsibility of the corporate entity towards the society in consideration of the support given and sacrifices made by the society by sharing part of its profit.

IIFCL, a premier Infrastructure Finance Company in the country, is financing infrastructure projects across the country.

IIFCL, a Public Sector Undertaking, has taken its obligation to the society and the people in need especially in under developed areas including tribal villages with special emphasis in the surrounding areas of the projects financed by IIFCL. While the States have been carrying out a number of development projects, IIFCL on its part likes to participate/contribute and makes its presence in social, economic, infrastructural, educational, cultural activities etc., development for augmenting the quality of life of people across the country.

IIFCL on its part will not only have the satisfaction of being a part of the larger society, which has created it but also to create an environment, which ultimately would be providing IIFCL the much needed resources from an economically productive society including employable people to the projects and the company as well as peace loving community.

IIFCL, will act in a socially responsible manner at all times. Even in the normal business activities, IIFCL would try to conduct business in a manner that is beneficial to both, business and society and would not lose sight of its social responsibility and commitment to sustainable development even in their normal business activities. Rather, IIFCL will use social responsibility initiatives for business gains as well as social value creation through adoption of “shared value” approach, wherever possible in the routine business operations.

1. Objectives:

The objective of these efforts are not only to help people by providing facilities for health, education, civic amenities etc. but also to create opportunities for development of skills, employment including self-employment, to promote greater environmental responsibilities and encourage the development and diffusion of environmentally friendly technologies for sustainable development.

Accordingly, the activities that may be taken up to fulfil the objectives are given below:

i. eradicating hunger, poverty and malnutrition, promoting preventive health care and 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;

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 arts and handicrafts;

vi. measures for the benefit of armed forces veterans, war widows and their dependents;

vii. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

viii. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

x. rural development projects.

The thrust of CSR is clearly on capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions, and upliftment of the marginalised and under-privileged sections of the society.

2. Areas of Focus

2.1 Skill Development for sustainable income generation & Livelihood

   a. Capacity Building through Skill development training for unemployed youth for better employability & to promote self-employment.
   b. Vocational/technical/professional training for youth for ultimate support to the projects for hiring skilled youth.
   c. Promote enterprise development
   d. Promote self-help groups

2.2 Literacy/Education

   a. Construction/repair of school buildings & facilities including boundary walls, separate toilets for boys & girls and provision of drinking water.
b. Provision of uniforms, books, stationery, computer & Laboratory equipment etc., to schools.
c. Scholarships/fellowships to deserving students to encourage education.
d. Promotion of adult education with focus on women’s education etc.
e. Reducing the drop-out rate of students & absenteeism through counselling & other means.
f. Promote computer literacy and technology assisted learning.
g. To set up/ promote higher education through special coaching/inputs to bridge the gap.
h. To promote Technical/ professional/ medical education by giving financial assistance / opening institutions through Organizations/ infrastructural support.

2.3 Safe Drinking Water, Health care & Sanitation

a. Provide safe drinking water by sinking bore wells, tube wells, establishment of water treatment plants etc.
b. Preventive and promote health care through mobile medical vans etc.
c. Nutritional supplements to lactating mothers, children, adolescent girls and pregnant women.
d. Health awareness campaigns on serious/chronic diseases.
e. OP/IP treatment including operations at project hospitals
f. Organising periodic health camps
g. Offering specialized support services to the physically handicapped and mentally challenged people
h. Veterinary medical support
i. Promotion of sanitation through proper drainage system and construction of toilets
j. Assistance for establishment of Hospitals/Medical Colleges etc.

2.4 Agriculture & Infrastructure Development

a. To promote water shed development /water harvesting /water conservation measures.
b. Development of roads, bridges, markets, transport facilities, community welfare centres beautification of towns, cities, other civic amenities etc.
c. Promote use of non-conventional energy.
d. Electrification of Public buildings in villages.

2.5 Preservation and promotion of heritage, art, music and culture in keeping with Indian tradition.

2.6 Promotion of green and energy efficient technologies.

2.7 Empowerment of communities.

2.8 Development of Backward Regions.
2.9 Upliftment of the deprived and marginalised communities.

2.10 The areas of work and the thrust areas under each item as indicated above are only illustrative and not exhaustive.

3. **Budget**

As per the provisions of Section 135 of the Companies Act, 2013, the Company shall spend in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy. (“average net profit” shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013).

Further, considering that IIFCL has nationwide operations, shall give preference to the good projects across nation, for spending the amount earmarked for Corporate Social Responsibility activities.

Accordingly, IIFCL with the approval of its Board of Directors may each financial year allocate a budget for CSR activities based on average net profits of the company made during the three immediately preceding financial years.

Further, with regard to the spending of the CSR budget, it be kept in view that the budget allocated for CSR activities/projects planned for each financial year would be spent within that year. If due to some reason, the budget of a year remains unutilised, the same would not lapse and would be carried forward to the next year for expenditure on CSR activities, which were planned for implementation in the previous year, but could not be completed due to some reason. However, every endeavour should be made to spend the unutilised budget of any year within that year.

4. **Organizational Mechanism**

4.1 **CSR Committees:**

In terms of Section 135 of Companies Act, 2013, a Board level Committee for CSR with the following members is proposed to be constituted:

1. Chairman & Managing Director, IIFCL - Chairman of the Committee  
2. A Govt. Nominee Director  
3. A Whole Time Director  
4. An Independent Director

Further, a CSR implementation Committee is proposed to be constituted consisting of the following members:

1. Chief General Manager – CSR (Nodal Officer)  
2. Chief General Manager (Credit)  
3. Chief Financial Officer  
4. General Manager - CSR
4.2 Scope of Work of CSR Committee of Board of Directors

a. All the proposals of CSR projects will be placed before the CSR Committee of Board of Directors for consideration and approval.
b. The committee will formulate suitable policies and strategies to take the CSR agenda of the company forward in the desired direction.
c. The committee will recommend the allocation of funds to be included in annual CSR budget and get the final approval from the Board of Directors for the annual budget of CSR.
d. The committee will review and monitor the progress of the execution of projects and will carry out any other associated activity which the committee may consider appropriate.
e. The committee will meet as and when required and the minutes will be placed before the Board for each such meeting held. The quorum for the CSR committee of Board of Directors will be 2 members.

4.3 Scope of Work of CSR Implementation Committee

a. To facilitate co-ordination of CSR initiatives of different departments within the organization.
b. To report on various endeavours undertaken by the organization.
c. To devise an appropriate corporate communication strategy pertaining to the subject matter.
d. To regularly submit reports regarding the progress in the implementation of CSR activities to the Board level committee.
e. The quorum for the CSR implementation committee headed by a Nodal Officer will be 3 members.

4.4 CSR Cell:

A CSR cell is already working under the Corporate Communications Department.

All the proposals for CSR activities will be placed by the CSR cell to the CSR Committee headed by the Nodal officer for consideration and deliberations. On merit, the committee will recommend each CSR initiative /scheme for approval by the CSR Committee of Board of Directors.

The Board of IIFCL after taking into account the recommendations made by the CSR Committee of Board of Directors shall approve the Corporate Social Responsibility Policy for the Company.

5. Guidelines for consideration of proposal and allotment of funds for CSR projects and activities.

i. IIFCL to take up at least one project for the development of any one backward district of the country and at least one project on environmental sustainability.
The backward districts referred above are those which have been identified by the Planning Commission, Govt. of India for its Backward Region Grant Fund (BRGF) scheme.

ii. Further, individual proposals have to be within the framework of the CSR Policy.

iii. Every CSR proposal has to be implemented in the project mode which entails defining activities, time frame, financial requirement, organizational responsibilities, outcome / expected results and sustainable aspects. The CSR cell will evaluate the proposals and give its recommendations.

iv. Further, the selection of any CSR project shall be based on the baseline survey/exercise or study undertaken to assess the needs of the intended beneficiaries. IIFCL may carry out any need assessment study through its own in-house expertise and resources or through some specialised agency, or having accessed reliable data in this regard from recognised authoritative secondary sources. The need may be assessed by getting the feedback on the expectations of the key stakeholders, consulting Central/State Government and/or District/local administration or consulting Gram Sabhas and Panchayati Raj institutions at the village level.

v. In case of selection of CSR projects involving skill development, the preference shall be given to projects of the Govt. entities.

vi. The releasing of funds in phased manner shall be clearly defined in the proposal to ensure proper utilization and submission of periodical progress reports before release of instalments.

vii. Project proposals can be prepared by IIFCL on its own or through a Consultant as may be necessary. The CSR Projects prepared by State/District Authorities or Local Bodies or reputed NGOs within the purview of CSR policy may also be considered for implementation with the approval of Competent Authority. However, such projects submitted by NGOs shall be approved only after verification of their credentials, capability and preparedness to work in the specified locations.

viii. In view of the fact that large projects have greater visibility, more number of beneficiaries and wider and long lasting visible impact, IIFCL may consider joining hands with other public sector companies for planning, implementing & monitoring mega projects for optimal use of resources and synergy of expertise and capabilities for maximum socio-economic or environmental impact. However, IIFCL may collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs.

6. Implementation Strategy for CSR projects/Activities

Provided that-
i. if such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;

ii. The company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

The Board of the company may decide to undertake its CSR activities:-

A) Through IIFCL itself.
B) Through Registered Trusts/Societies
C) Through a company established by IIFCL or its holding or subsidiary or associate company
D) Through Concerned State/District Authorities

Every Project will specify the implementation schedule indicating the starting date, date of completion, likely benefits etc.

Implementation of the CSR activities shall be overseen by the CSR Board level committee.

The methodology of implementation shall be as follows:-

A) Directly by IIFCL –

i) The activities which can be implemented by IIFCL either directly or by engaging Contractors for infrastructural development shall be taken up by IIFCL through CSR cell.

ii) The periodical activities such as conducting medical camps, distribution of uniforms to schools, and also activities like donation of Ambulances/medical equipments to hospitals etc. shall also be taken up by IIFCL.

iii) The activities which cannot be taken up by IIFCL because of its nature, size and other limitations shall be considered for implementation through other alternatives such as external specialised agencies etc.

iv) The CSR works executed through contractors shall adopt the same procedure as followed for award of contracts for other IIFCL works.

v) For the purchase of materials connected with CSR activity, a local purchase committee shall be constituted to carry out the purchases as per the purchase procedure depending upon the value of the purchases.

B) Through Registered Trusts/Societies:-

i) The proposals of the CSR Projects of long duration focusing on overall sustainable development in a given time frame requiring a dedicated team
and full time attention shall be considered for implementation through reputed Registered Trusts/Societies functioning in similar activities.

ii) Registered Trusts/Societies shall be identified based on their credentials and long standing performance in respective fields and shall have an established track record of three years in undertaking similar programs or projects. Registered Trusts/Societies with proven performance and tax exemption benefit shall be given preference.

iii) Registered Trusts/Societies may also come forward on their own with specific proposals in the field of their expertise, within the purview of CSR Policy. Such proposals should be complete in all respects and supported by their credentials and capabilities.

iv) Every claim/instalment of Registered Trusts/Societies for the work completed should be supported by proper bills and receipts/documents in support of the claim.

C) Through State/District Authorities Concerned

i) The CSR works which cannot be taken up by IIFCL directly or through Registered Trusts/Societies or through a company established by IIFCL or its holding or subsidiary or associate company due to various reasons/constraints shall be carried out with the help of respective State/District Authorities.

ii) The State/District Authorities may also submit specific CSR proposals. In such cases, IIFCL may release funds to the respective authorities for initiation and implementation, provided the schemes match with that of IIFCL.

iii) Such CSR works implemented through the local bodies/Agencies nominated by the District Authorities/District or State Authorities the funds shall be released in suitable instalments based on the progress and Utilization Certificate

7. Monitoring Strategy for CSR projects/Activities

All CSR Projects/Activities shall be monitored directly or indirectly by IIFCL and shall be overseen by the CSR Board level committee.

The monitoring strategy shall be as below:-

A) Projects directly taken up by IIFCL/a company established by IIFCL or its holding or subsidiary or associate company

   i. The CSR Projects taken up by IIFCL or through Contractors shall be monitored directly by CSR cell.
ii. The award of contract for CSR works shall be finalized within the time frame set by the CSR cell for timely initiation of the activity. Release of funds to contractors shall be defined in the work order itself.

iii. The on-going activities such as distribution of uniform to schools, medical camps etc. shall be coordinated by CSR cell.

iv. The CSR cell shall draw a time frame from the date of initiation. Any delay noticed while monitoring the activity, remedial measures may be taken for timely completion of the Project.

B) Through Registered Trusts/Societies

i. The CSR Projects taken up through Registered Trusts/Societies shall be monitored and evaluated through an external agency to avoid any likely conflict of interest involved in the assignment and for sake of objectivity and transparency. It is advisable to use the services of the agency engaged for doing the need assessment study prior to the commencement of the project, to perform the task of monitoring and eventual evaluation of outcome.

ii. The periodicity of evaluation shall be decided based on the identified key performance indicators. Though at times, any official from CSR cell or any other official may be directed to review the performance by visiting the sites.

iii. Release of funds after commencement of the activity shall be invariably linked to the evaluation and achievement of results against the targets till date.

iv. In case, the progress is not as per the target and proportionate to the funds released, a higher level committee may be constituted by CMD/WTD to review the evaluation and submit the report/recommendations.

v. Release of funds shall be made after fulfilling the targets, proportionate to the funds released earlier. The self-sustainability of the activity shall be established after its implementation in the given time frame.

C) Through State/District Authorities at the respective Projects

i. The Projects taken up through State/District Authorities shall be monitored by both IIFCL and the respective departments either jointly or independently or through an independent external agency.

ii. Finance shall be provided by IIFCL in suitable instalments. After release of the first instalment for initiation of the work, further release of fund shall be based on progress of the work /utilization certificate submitted by the respective Agency.
D) IIFCL may also utilize the service of institutions such as Department of Social Work (DSW), Delhi University, TISS etc. for monitoring and evaluation of the CSR activities.

However, CSR Implementation Committee shall oversee the implementation of CSR agenda of the company within the organisation and also outside, i.e. covering internal as well as external stakeholders. The designated nodal officer will regularly submit reports regarding the progress in the implementation of CSR activities to the Board level committee. The Board level Committee will in turn, periodically submit the reports to the Board of Directors for their information, consideration and necessary directions.

8. Audit:

All CSR activities and expenses made thereon will be subject to audit by the Company’s auditors.

The Company will undertake Social Audit of Projects implemented under its CSR programme through an independent agency after 2-3 years of completion of the project so as to assess the effect of CSR intervention.

9. General:

i. IIFCL is to act in a socially responsible manner at all times. Even in the normal business activities, IIFCL is to conduct business in a manner that is beneficial to both, business and society.

ii. CSR policy of IIFCL is equally applicable to external stakeholders and internal stakeholders (particularly the employees of a company), and its routine business operations and activities.

iii. The contents of CSR policy shall be displayed on the company's website.

iv. Emphasis of CSR projects would be on creation of assets for which, as far as possible, payments would be made directly to vendors.

v. IIFCL’s officials would be present at the time of handing over of the assets.

vi. Preference would be given to government entities for conducting skill development programmes under CSR.

vii. The activities undertaken in pursuance of normal course of business of a company shall not be included under CSR activities.

viii. 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.

ix. All administrative expenses including expenditure on wages & salaries, tours and travels, training & development of personnel deputed on CSR activities would be borne from CSR funds.
x. If it is observed that any CSR activity taken up for implementation is found not properly implemented, IIFCL at its discretion may discontinue funding the project at any time during the course of implementation.