

# **CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILTY POLICY**



**ISO 9001:2008**

**NATIONAL SAFAI KARAMCHARI FINANCE AND DEVELOPMENT CORPORATION**

**2016**

## CSR & Sustainability Policy

### 1. Corporate Profile and main objects

1.1 NSKFDC is a Government of India Undertaking under the aegis of Ministry of Social Justice & Empowerment. The Corporation was incorporated on 24<sup>th</sup> January, 1997 under Section 25 of the erstwhile Companies Act, 1956 (now Section 8 of the Companies Act, 2013) as a Company 'Not for Profit' with the primary objective of socio-economic development of Safai Karamcharis, Scavengers and their dependants. The Company has an Authorized Share Capital of ₹ 600 crore and Paid-up Share Capital of ₹594.99 crore as on September 30, 2016.

The primary objective of NSKFDC is to eradicate inhuman practice of Manual Scavenging and to promote socio-economic development of Safai Karamcharis/Scavengers and their dependants by providing financial assistance under its various Loan based Schemes and Training Programmes through State Channelizing Agencies (SCAs) nominated by State Governments/Union Territory Administrations, Regional Rural Banks (RRBs) and Nationalized Banks across the Country.

1.2 The major objectives of the Corporation are as under:-

- To promote self-employment ventures for the benefit of Safai Karamcharis/ Scavengers & their dependants.
- To extend loans to students from the community of Safai Karamcharis/Scavengers for pursuing professional or technical education at graduation or higher levels.
- To promote training, quality control, technology up gradation and common facility centers for carrying out sanitation work.
- To assist self-employed individuals or groups of individuals from the community of Safai Karamcharis/Scavengers including their dependants or units/co-operatives set up by them, in procurement of raw materials or other inputs and marketing of finished goods or services.
- To work as an Apex Institution for coordinating and monitoring the work of all Corporations, Boards set up by the State Governments/Union Territory Administrations for assisting Safai Karamcharis/Scavengers and their dependants for their economic development.
- To help in strengthening the policies and programmes of the Government for socio-economic development of Safai Karamcharis/Scavengers and their dependants.

## **2. Background & Preamble**

- 2.1 The Ministry of Corporate affairs vide notification dated 27<sup>th</sup> Feb., 2014 has notified the enforceability of Section 135 of the Companies Act (i.e. provision for CSR) and Companies(Corporate Social Responsibility Policy) Rules, 2014 with effect from 01.04.2014. In addition DPE has issued guidelines on CSR and Sustainability for CPSEs to be followed from 01.04.2014.

Pursuant to the same & subsequent guidelines issued by Dept. of Public Enterprises, the Board has constituted a Committee called as "Corporate Social Responsibility Committee" having Managing Director as its Chairman.

The Corporate Social Responsibility Policy to be pursued by the company has been approved by Board of Directors (BoD) in its meeting held on 30.11.2016.

This policy is made in accordance with the notification issued under Section 135 of the Companies Act, 2013 read with Schedule VII issued by Ministry of Corporate Affairs (MCA) with effect from 1<sup>st</sup> April, 2014 and DPE guidelines.

- 2.2 NSKFDC is primarily a Corporation involved in Socio-economic upliftment of the persons belonging to Manual Scavengers/Safai Karamcharis and their dependants. In line with the Companies Act, 2013 and DPE guidelines this policy aims at developing company specific social responsibility strategies in long, medium and short term period with built in mechanism for implementation and monitoring towards all-round development of Manual Scavengers/Safai Karamcharis and their dependants.

## **3. Policy Statement**

To be a Responsible Corporate Citizen committed to Socio-Economic development through social innovation and to build a better sustainable way of life for the weaker sections of the society through projects or programs.

## **4. Short Title Applicability**

This policy may be called the Corporate Social Responsibility & Sustainability Policy 2016. It shall come into force with effect from 30.11.2016.

## **5. CSR Objectives**

- 5.1 NSKFDC will lay focus on CSR activities especially on communities for and where notified Manual Scavengers/Safai Karamcharis/Waste Pickers and their dependants are located. NSKFDC is committed to allocate significant part of its CSR budget for these communities.
- 5.2 NSKFDC will specify focus on intervention for improving working conditions and providing health safety to the Manual Scavengers/Safai Karamcharis/Waste Pickers which are not normally covered under the NSKFDC schemes.
- 5.2 NSKFDC will implement CSR activities to empower weaker, less privileged and marginalized sections of the society to create Social Capital.

## 6. Organisational Structure

- 6.1 The CSR policy will be approved by the Board of Directors (BoD). The Board will also ensure that the activities included in the CSR policy are implemented by the Corporation.
- 6.2 **CSR Committee:** Subject to the applicable provisions of the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014, the CSR Committee shall Consist of three or more Directors. As per the approval of the Board of Directors, presently, the CSR Committee of the Corporation is as under:
1. MD, NSKFDC
  2. Representative from IFD of the MOS&JE
  3. Representative of city Corporations/Municipalities
- 6.3 It will oversee the implementation and monitoring of the CSR Policies and all related activities in NSKFDC. It will assist the Board of Directors to formulate suitable policies and strategies to take the CSR agenda of the Corporation forward in the desired direction.
- 6.4 The reconstitution of CSR Committee may be done with the approval of the Board.
- 6.5 **CSR Management Committee:** CSR Management Committee shall comprise of senior officials of the Management of NSKFDC, who will assist the CSR Committee in putting up proposals and monitoring progress of CSR projects undertaken as part of CSR initiatives of the Corporation. Presently, Company Secretary, Manager Finance and Manager Project are members of the CSR Management Committee. The CSR Management Committee will assist in preparation of annual budget, documentation and screening and putting up of CSR projects as per delegation, facilitate coordination of CSR initiatives in the Corporation and will take initiatives within the organization and outside. The CSR Management Committee shall also monitor the progress, implementation and guide the initiatives in any manner it may deem fit and necessary. The reconstitution of CSR Management Committee may be done with the approval of the Managing Director.

## 7. CSR Focus area Project/Programs/Activities:

- 7.1 The activities to be covered and the projects to be undertaken shall be the activities laid down in Scheduled VII of the Companies Act, 2013 as amended from time to time. Schedule VII is enclosed at **ANNEXURE-I**.
- 7.2 Other projects, programmes/Activities as may be permitted under the applicable Laws and Government Guidelines, as amended from time to time, and with the approval of the Board of Directors.
- 7.3 Significant part of the budget will be spent for the communities in and around the areas having significant concentration of Manual Scavengers/Safai Karamcharis and their dependants.

## **8. Budget**

- 8.1 The Budget for CSR & Sustainability activities will be as per the relevant sections of the Companies Act, 2013, as amended from time to time. Section 135 read with Section 198 of the Companies Act, 2013 states that a company shall spend at least 2% of the Average Net Profits (surplus) for the preceding three financial years for its CSR Activities of current year.
- 8.2 CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR & Sustainability activities approved by the Board on the recommendations of its CSR Committee, but shall 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 Act.
- 8.3 Contribution of any amount directly or indirectly to any political party under Section 182 of the Companies Act, 2013, shall not be considered as CSR activity. Activities which are for the benefit of employee of the company or their family members shall not form part of CSR activities.
- 8.4 The Expenditure on CSR capacity building and monitoring/evaluation of CSR project/activities etc. may be met from CSR budget, as may be permitted within the CSR government laws/rules/guidelines issued from time to time.
- 8.5 CSR Budget with broad break up heads of the areas of CSR initiative will be approved by the Board of Directors on recommendation of the Board Level CSR Committee.
- 8.6 Any re-appropriation between the sub-heads may be done with approval of Managing Director with intimation to CSR Committee subject to same being within overall CSR budget for the year.
- 8.7 Any surplus arising out of the CSR activity shall not form part of the business surplus /profits of NSKFDC. In case NSKFDC fails to spend the budget towards CSR, the reason thereof shall be recorded in its annual report. Further in terms of DPE guidelines, the unspent amount will be carried forward to the next financial year.

## **9. Assessment and approval of Projects**

- 9.1 The CSR Management Committee shall examine and recommend the projects/program to the CSR Committee for its approval and largely adhere to the following:
  - a) Appraisal of the project especially the cost estimates, the funding arrangement and its impact on target population and areas.
  - b) Time chart/project schedules and funding requirements for each stage.
  - c) Payment terms and its linkage with the physical progress and contribution of share from other parties, if any.
  - d) Finalizing the terms of Letter of Intent.

e) Draft MoU, if required especially for large projects, with the implementing agency/ organization detailing the roles and responsibilities of the agency, NSKFDC and any other party.

#### **10. Competent Authority**

Subsequent to assessment and suitability of the individual proposal, recommendation of the CSR Management Committee will be forwarded for approval for taking up, execution, disbursement, etc. as mentioned hereunder:-

- a) The proposal of individual values upto Rs. 10.00 lakhs falling within the BOD approved CSR budget heads will require approval of Managing Director.
- b) All proposals of value above Rs. 10.00 lakhs and upto Rs. 20.00 lakhs falling with the BOD approved CSR Budget heads will require approval of CSR Committee.
- c) All Proposals above Rs. 20.00 Lakhs and those not covered under the approved CSR budget heads will require approval of the BOD.

#### **11. Implementation and Executing Agency/Partner:**

- a) Implementation of CSR projects can be through suitable partnerships with State Governments, NGOs, PSUs, Private Companies, Panchayats, Trusts; Self help Groups, Mahila Mandals, Professional consultancy organization, SCOPE, joining the ongoing programs of these agencies etc. As far as possible, NSKFDC manpower should be committed only for monitoring and supervision.
- b) The CSR Management Committee will identify the projects and after its approval, arrange its implementation and monitor the CSR activities in the company. It will regularly monitor the progress, implementation of various projects and guide the initiatives in any manner it may decide.
- c) While identifying project, the external agency who would execute the same would be identified. In case of project execution by NGOs/Voluntary organizations, the following minimum criteria need to be ensured:
  - i) It has an office/address in India.
  - ii) It is registered entity under the relevant statute.
  - iii) It possesses a PAN no.
  - iv) Its antecedents are verifiable/subject to confirmation. Inspection by an individual/body nominated by CSR management committee & approved by the Managing Director, NSKFDC is essential before the first sanction to the organization is considered.
  - v) It has documented track record of atleast three years in executing similar project.
  - vi) Audited accounts of last three years are available.

## **12. Project Monitoring, Evaluation & CSR Reporting**

12.1 In general the following shall be applicable for all the project/ programs under Implementation:

- i) The chairman of the CSR Committee shall appraise the progress of the CSR activities to the Board of Directors.
- ii) CSR Management Committee shall monitor the execution and progress of the project / program and submit a quarterly report to the CSR Committee.
- (iii) The implementing agency/organization shall submit monthly report of physical and financial performance of the project in terms of the sanction letter.
- (iv) NSKFDC may consider appointing an independent external agency for monitoring of CSR Projects and its implementation as per terms of sanction/MoU.
- (v) CSR projects of NSKFDC/implementing agencies are subject to scrutiny and test check audit by NSKFDC/external agencies, as may be decided by the CSR Management Committee with the approval of the Managing Director.
- vi) CSR Management Committee shall recommend for payment as per terms of Letter of Intent/MoU.
- vii) CSR Management Committee shall coordinate and record progress of work as per the agreed time schedule.
- viii) NSKFDC and the implementing agency shall jointly prepare a time schedule for the project execution.
- ix) Finance shall be provided by NSKFDC in suitable instalments on recommendation by CSR Management Committee. 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 (as per GFR) submitted by the respective Agency. Final instalment will be released after receipt of audited statement of income and expenditure by a Chartered Accountant.
- x) The CSR Management Committee, wherever required and with the approval of the Managing Director, may arrange impact assessment studies of major projects on its own/NSKFDC employees or through an independent professional third parties/professional institutions or through executing agency in such manner as it may deem fit. However, the expenditure incurred on baseline survey and impact assessment study should be within the overall limit of 5% of administrative overheads of CSR spend as provided for under the CSR Rules.

### **12.2 CSR Reporting in Annual Report**

The Company shall report the details of the CSR initiatives in the Directors' Report and Companies website in the prescribed format (enclosed at ANNEXURE – II) as per the provisions of section 135(1),(2) & 469 of the Companies Act, 2013.

### 13 General

In case of any doubt with regard to any provision of CSR policy and also in respect of matters not covered therein, the interpretation & decision of CSR Committee shall be final. The Company reserves the right to modify, cancel, add or amend any of the provisions contained in the CSR policy with the recommendation of CSR Committee and approval of Board of Directors of NSKFDC.

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## ANNEXURE-I CSR Projects/Programmes/Activities

1. The activities that a company can undertake as its CSR activity is laid down in Schedule VII of Companies Act which has been notified and is reproduced as under:
  - i. Eradicating hunger, poverty and malnutrition: promoting health care including preventive health care 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, agro forestry, 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 recognized sports, Paralympics 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 Manual Scavengers/Safai Karamcharis and their dependants
  - ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
  - x. Rural development projects.
  - xi. Slum area development

**Explanation-** For the purpose 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.

[Item no (xi) and phrases in italics under items no.(i) and (iv) have been inserted in Schedule VII of the Act through amendments subsequent to gazette notification on Schedule VII dated 27.02.2016]

## ANNEXURE-II FORMAT OF THE ANNUAL REPORT ON CSR ACTIVITIES

(Also forming part of 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	CSR Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads:	Cumulative expenditure upto to the reporting period	Amount Direct or through implementing agency
1							
2							
3							
	TOTAL						

\*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.

 (Chairman, CSR Committee)	 (Member, CSR Committee)
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