

# **Corporate Social Responsibility (CSR) and Sustainability Policy, 2015**



## **Engineering Projects (India) Limited (EPI)**

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## **1. INTRODUCTION-**

- i. Department of Public Enterprises vide its O.M. No. 15 (13)/2013-DPE(GM) dated 21<sup>st</sup> October, 2014 has released "Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises" in supersession to the earlier guidelines on Corporate Social Responsibility and Sustainability issued by DPE vide OM No 15(7)/2012-DPE (GM)- GL-104 dated 12<sup>th</sup> April 2013. It has also provided that the guidelines will supplement CSR Rules under Companies Act 2013 notified by Ministry of Corporate Affairs.
- ii. The Companies Act, 2013 provides specific provisions for Corporate Social Responsibility (CSR) under Section 135 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Ministry of Corporate Affairs vide notification dated 27.02.2014. These have been made applicable from 1<sup>st</sup> April 2014 necessitated the changes in EPI's CSR Policy & Plan.
- iii. Accordingly, CSR & Sustainability Policy of EPIL has been amended and approved by the Board of Directors in its 242<sup>nd</sup> Meeting held on 29<sup>th</sup> September 2015 in supersession to the earlier CSR Policy and SD Policy and all other related documents.
- iv. The Company's existing CSR Policy and Plan has been amended to make it in compliance with the Revised DPE Guidelines and in accordance with the Section 135 of the Companies Act 2013. This policy shall be named as "EPI's Corporate Social Responsibility and Sustainability Policy 2015" and shall become applicable from 2015-16 onwards. This policy is in supersession to all earlier policies of the Company on CSR/Sustainable Development.
- v. The CSR and Sustainability Policy of the Company has been drafted in light of the following:-
  - (a) Section 135 of the Companies Act 2013;
  - (b) Companies (Corporate Social Responsibility Policy) Rules 2014;
  - (c) The circulars and notifications issued by the Ministry of Corporate Affairs from time to time;
  - (d) "Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises" issued by the Department of Public Enterprises vide O.M. No. 15 (13)/2013-DPE (GM) dated 21<sup>st</sup> October, 2014.
- vi. Whenever any amendments are made in DPE's guidelines and provisions of Companies Act, 2013 and rules made there-under on the subject, the same shall be duly incorporated in the policy document. Any modification/ amendment in the policy document would be carried out by Board Level CSR & Sustainability Committee subject to approval of Board of Directors.
- vii. This policy shall be called EPI's Corporate Social Responsibility and Sustainability Policy 2015 and will regulate the CSR activities of the Company.

## **2. CSR POLICY STATEMENT-**

### **CONCEPT-**

CSR is an effective tool that synergizes the efforts of Corporate and the social sector agencies towards sustainable growth and development of societal objectives at large. CSR Policy of EPI provides for the welfare measures for the community at large. The contribution to society at large by way of social & cultural development and sensitizing towards the need of socially and economically underprivileged class.

### **VISION-**

“To work for society at large and improve their quality of life and build a positive & socially responsible image of EPI as a corporate entity”.

### **OBJECTIVE-**

The objective of EPI CSR policy is adherence to the ethical and responsible behavior of a Company towards the community and society and undertakes the Programmes for welfare & sustainable development of the community at large.

### **SCOPE-**

This Policy relates to the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013 and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the Company. CSR activities as per Schedule VII of the Companies Act, 2013 are enumerated at **Annexure- I.**

As clarified by the Ministry of Corporate Affairs vide General Circular no. 21/2014 dated June 18, 2014, CSR activities mentioned in Schedule VII are to be interpreted liberally.

### **3. PLANNING OF CSR & SUSTAINABILITY ACTIVITIES/ SELECTION OF PROJECTS-**

**A.** As per Rule 4 (1) of the Companies (Corporate Social Responsibility) Rules, 2014, following parameters will be taken care of while planning of CSR and Sustainability activities and selection of projects thereof:

- i. The CSR activities shall be undertaken by the Company as per this policy framework as projects, programs or activities (either new or ongoing) excluding activities undertaken in pursuance of its normal course of business.
- ii. The Board of a company may decide to undertake its CSR activities approved by the CSR committee, through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise:

Provided that-

- a. 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;
  - b. 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
- iii. A company may also 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 in accordance with these rules.
  - iv. All the CSR projects or programs or activities shall be undertaken in India only.
  - v. Companies 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.

**B.** 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.

**C.** Every care should be taken to avoid duplication of CSR activities undertaken with that of programmes run by Central, State and Local Governments. However EPI will

contribute/participate in any Programmes/ initiatives of Government of India (GOI) covered under Schedule VII of the Companies Act 2013.

#### **Activities not covered under CSR-**

As per Rule 4 of Companies (Corporate Social Responsibility Policy) Rules 2014 and General Circular No. 21/2014 issued by MCA the following activities are not covered under CSR-

- i. One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not qualify as CSR activities.
- ii. Any expenses incurred for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure.
- iii. 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.
- iv. Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.

#### **4. CSR STRUCTURE-**

The Company has a two tier structure to steer CSR and Sustainability agenda and to ensure implementation, monitoring & reporting of activities, utilization of annual budget in a time bound manner etc.

**Tier I : *Board Level CSR and Sustainability Committee (BLC)*** headed by an Independent Director and

**Tier II: *Below Board Level CSR and Sustainability Committee (BBLC)***headed by the Nodal Officer along with the team of officials to assist him / her in co-ordination of CSR work

#### **Role of Board Level CSR & Sustainability Committee(BLC) [Tier I] :**

The Board Level Corporate Social Responsibility (CSR) & Sustainability 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;

- (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.
- (d) Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities.

**Role of Below Board Level CSR & Sustainability Committee(BBLC) [Tier II]:**

- (a) The Committee shall consist of minimum 4 members out of them one shall be the Nodal Officer. The BBLC provides necessary support and assistance to the Board Level Committee in selection, finalization, implementation, monitoring etc of various activities/ programmes/ projects under CSR and Sustainability initiatives. Role of such committee may be increased, from time to time, subject to need and the approval of BLC.
- (b) Submission of periodic progress reports to the Board and Board Level CSR & Sustainability Committee (BLC) on the implementation and progress of the CSR and sustainability activities/ programmes.

**5. Budget and Expenditure-**

- ✓ In line with the provisions of Section 135 of the Companies Act 2013, Companies (CSR Policy) Rules, 2014 and DPE Guidelines on CSR and Sustainability for Central Public Sector Enterprises- at least two per cent of the average net profits of the company made during the three immediately preceding financial years will be allocated towards CSR and Sustainability Activities every year.
- ✓ "Net Profit" means the net profit of a company as per its financial statements prepared in accordance with section 198 of the Act or any other applicable provision, 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:
- ✓ CSR and Sustainability budget for the relevant financial year shall be approved by the Board on the recommendation of Board Level CSR and Sustainability Committee (BLC).
- ✓ Every effort would be made to spend at least 2% of the average net profits of the three immediately preceding financial years on Board approved CSR activities. In case company fails to spend such amount, EPI will specify the reasons for not spending the amount in its Board Report. Any unutilized amount shall be carry forward to the next year i.e. the CSR budget will be non- lapsable in nature.

- ✓ The expenditure incurred on baseline survey/need assessment study, on capacity building programs such as training, workshops, seminars, conferences, etc. and on corporate communication strategies for engagement of all stakeholders, whether internal or external, to implement the CSR and Sustainability agenda of a company, would be accounted for as CSR and Sustainability expenditure from the budget allocated for this purpose.

## **6. IMPLEMENTATION, MONITORING AND IMPACT ASSESSMENT -**

- It is desirable to get a baseline/ need assessment survey done prior to the selection of any CSR activity. It is also desirable to get an impact assessment study done by external agencies of the CSR activities / projects undertaken by them.
- CSR and Sustainability activities will be implemented in and around the EPI offices/ Project site locations by engaging specialised agencies or through contractors etc. after following due and transparent procedure. Specialised agencies may include Community based organization whether formal or informal, Elected local bodies such as Panchayats, Voluntary Agencies (NGOs), Institutes/Academic organisation, Trusts, Mission, Self-help groups, Government, Semi Government and autonomous Organizations, Standing Conference of Public Enterprises (SCOPE), Mahila Mandals/ Samitis, Contracted agencies for civil works, Professional Consultancy Organization etc.
- The Board Level Committee on CSR & SD will keep a check on the implementation of the CSR projects or activities.
- The ultimate test of the success of any CSR and Sustainability activity / project is the social, economic or environmental impact thereof. Every such activity/ project is planned and implemented with some anticipated impact on society or environment.
- Impact assessment shall become mandatory for one project as may be decided by the Board Level CSR and Sustainability Committee.
- Impact assessment study requires specialised skills and tools for associated research it may be carried out by engaging specialised agencies. EPI will utilize the services of specialized external agencies for impact assessment study.

The expenditure incurred on baseline survey and impact assessment study should be within the overall limit of 5% of administrative overheads of CSR spent.



## **7. DOCUMENTATION AND REPORTING**

- ✓ EPIs Board's report will disclose the composition of the Corporate Social Responsibility Committee
- ✓ The Company shall include a Report in its Annual Report on every CSR and Sustainability initiatives undertaken during the year in accordance with the Rule 8 of Companies (Corporate Social Responsibility) Policy Rules, 2014. The format of Report is at **Annexure- II**. The Report has to be signed by Functional Director and Chairman of CSR and Sustainability Committee
- ✓ The policy on CSR and Sustainability is to be uploaded on the website of the Company i.e. [www.epi.gov.in](http://www.epi.gov.in)

## **8. AMENDMENT**

- i. The policy will be subject to changes as per Government Guidelines and Regulations and provisions of Companies Act, 2013 and rules made there under.
- ii. The modification/amendment in the CSR policy will be approved by the Board of Directors as and when recommended by the Board level CSR and SD Committee.
- iii. The Policy would serve as the Referral document for planning and selection of CSR activities. However, in case of any doubt/issue, cross reference to the Companies Act 2013 and corresponding rules is advised to avoid any inconsistency with the latter. However in an event of conflict between the CSR Rules and Guidelines issued by DPE, the CSR Rules and the Companies Act shall prevail.

**Schedule VII of the Companies Act 2013**

**(As notified on 27<sup>th</sup> February 2014)**

- (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 Caste, 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.

**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

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*

\*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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