

# **POLICY ON CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY**

**Indian Renewable Energy Development Agency Limited, New Delhi**

# **IREDA'S POLICY ON CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY**

## **1. INTRODUCTION**

Corporate Social Responsibility (CSR) is a company's commitment to operate in an economically, socially and environmentally sustainable manner.

It is a continuing commitment by business to perform ethically and contribute to economic development while sustainable growth for the society at large. CSR extends beyond philanthropic activity and entails the company to act beyond statutory requirements and to integrate social, environmental and ethical concerns into the company's vision and mission.

### **1.1 AIMS & OBJECTIVES**

IREDA shall continue to enhance value creation in society through its primary business of promoting self-sustaining investment in projects related to renewable energy, energy efficiency and clean technologies for sustainable development. The aim of CSR activities shall be to complement the primary business of the company with the overall social and environmental concerns related to its primary business.

IREDA may also take up other social welfare activities which may not be complementary to IREDA's primary business but fall under the eligible list of activities as per Schedule VII of the Companies Act, 2013 including all amendments issued.

#### **The key objectives of the CSR Policy shall be:**

- a. To ensure an increased commitment at all levels in the organization to operate its business in an economically, socially & environmentally sustainable manner.
- b. To directly or indirectly take up programmes that benefit communities and results, over a period of time, in energy efficiency/ conservation and enhancing the quality of life & economic well-being of the local populace.
- c. To generate, through its CSR initiatives, a community goodwill for IREDA and help reinforce a positive & socially responsible image of IREDA as a corporate entity.
- d. Encourage alignment with millennium development goals related to gender sensitivity, skill enhancement, entrepreneurship development etc.
- e. Encourage partnerships with National Disaster Management Authority (NDMAs) and other organizations at state and national levels to ensure preparedness of communities towards disaster resilience.

## 2. RESOURCES & ALLOCATION OF FUNDS

- a. Every year, with the approval of Board of Directors make a budgetary allocation for CSR and Sustainability activities / projects for the year. The budgetary allocation will be based on the profitability of the company i.e. 2% of PAT.
- b. The earmarked Annual CSR Budget will be transferred to the account called **'IREDA's CSR Fund'** which would be non-lapsable. The unutilised budget for CSR and Sustainability activities planned for a year will not lapse and will be carried forward to the next year. IREDA will disclose the reasons for not fully utilising the budget allocated for CSR and Sustainability activities planned for each year. Besides, the unspent amount of the budget allocated for CSR and Sustainability activities for a year will have to be spent within the next two financial years, failing which, it would be transferred to a **'Sustainability Fund'** to be created separately for CSR and Sustainability activities.
- c. Annual CSR budget shall be earmarked as per the following details:

Sr. No.	Activities (Broad Heads under Schedule VII of Companies Act	Mode of Implementation	%ge Budget Allocation
1	Ensuring environmental sustainability (by installing RE projects like Solar based Street Lighting Systems, PV Plants, Water Pumps, Water Purifiers, Solar Smart Classes etc.)	Project Mode (Implementing Agency)	60%
2	Promotion of Education by providing Desks, Benches, Libraries, School Bags, Books and Stationery	Project Mode (Implementing Agency)	10%
3	Employment Enhancing Skill Development Courses		
4	Emergency needs – including relief work for natural calamities / disaster, NDMA / PM Relief Fund Contribution	Grant / Donation (By IREDA)	5%
5	Promoting Healthcare, Sanitation and Safe Drinking Water	Project Mode (Implementing Agency)	15%
6	Other Activities for Social Welfare as per Schedule VII of companies Act	Project Mode (Implementing Agency) Or Grant / Donation (By IREDA)	10%

- d. Funds utilized for preparation of Need Assessment / DPRs, Impact Assessment Studies as well as towards documentation of CSR projects as well as the expenditure on the fee charged for participation in the CSR Training Programmes / Workshops would also be included under CSR budget.
- e. Such allocation of funds shall not act as a constraint in the event of a national calamity and the IREDA may contribute such amount as may be deemed necessary for a cause.
- f. CSR Budget may be enhanced by Board Level Committee, if found necessary. Such changes would subsequently be submitted to the Board of Directors.

- g. All requests received for CSR support will be categorized in different heads and shall be put up to the CSR Committee / Board.
- h. CSR activities directly related to IREDA's area of operation and its stakeholders will be taken up on priority.
- i. Support towards requests received under CSR shall not generally exceed 10% of the CSR budget for the Financial Year. However, activities identified / envisaged by IREDA may not be under any such ceiling.

**The Implementation Mechanism & Operating Procedures of CSR Programmes / Activities are mentioned in the Operational Guidelines placed at Appendix - 1.**

### **3. PLANNING & PROCEDURE FOR SELECTION OF PROJECTS**

- 3.1 **Identification of Thrust Area:** As a part of its CSR strategy, in line with the aims and objectives specified above, the thrust areas shall be as per MoU.
  - Identification of the Project / Activity to be undertaken which Shall be compliant with Schedule VII of Companies Act
  - Third Party Need Assessment
- 3.2 CSR and Sustainability projects may be located in any backward area (BRGF) of the country. IREDA as a Financial Institution has no specific geographical area of commercial operations and can take up CSR and Sustainability projects at any location of their choice within the country, including the backward regions.
- 3.3 At least one major project shall be taken up for development of a backward district which has the potential of contributing significantly in the long run to socio-economic growth in all the backward regions of the country and at least one project on Environmental Sustainability.
- 3.4 CSR and Sustainability shall be equally applicable to internal stakeholders (particularly, the employees of a company) and external stakeholders.

### **4. CONSTITUTION & MEETING OF BOARD LEVEL COMMITTEE**

The CSR functions of IREDA will be coordinated and monitored by Board level Committee for the successful implementation of the CSR policy of the Company. The Board level Committee will meet at least once in a quarter. The progress report of CSR Programmes under implementation shall be placed before the Board on quarterly basis.

- 1) We may constitute the two tier organization structure to steer the CSR & Sustainability agenda of the Company, as under:-
  - a) Board Level Committee headed by Chairman / Managing Director / Independent Director**
    - i) To oversee the implementation of the activities.
    - ii) To assist Board of Directors to formulate suitable policies and strategies to take CSR & Sustainability agenda forward in the desired direction.

**b) Team nominated by Board Level Committee headed by Senior Level Executive of not less than one rank below Board Level (to be named as CSR Unit)**

- i) To facilitate co-ordination of CSR and sustainability initiatives of different departments within the Organization.
- ii) To issue policy directives on the subject.
- iii) To devise an appropriate corporate communication strategy.

**5. MONITORING AND EVALUATION / IMPACT ASSESSMENT OF CSR ACTIVITIES**

The implementing agency shall be responsible for monitoring the project and shall provide periodic reports to IREDA and will ensure that the project gets completed within the specified time period. IREDA may also appoint specialized agency / consultants for monitoring the projects, if required.

The progress report of the activities undertaken shall be reported to Board Level Committee on Quarterly basis. The impact assessment would be conducted by an external agency, wherever applicable.

**6. APPOINTMENT OF AGENCY FOR IMPACT ASSESSMENT**

The specialized agencies like Govt. / Semi Govt. Organizations / PSUs, NGOs, Institutes and Academic Organizations etc. shall be selected as per requirement of the activity.

**7. DOCUMENTATION & DISSEMINATION**

The CSR approach including the base-line data (wherever applicable) made available at the start of the project and the impact so quantified on completion of the project shall be documented for record purposes and future use as well as for sharing of experience. The same shall be uploaded on IREDA website. CSR initiatives of the company will be reported in the Annual Report of the Company. Activities undertaken under CSR activities shall be reported to National CSR Hub for record purpose.

**8. MOU EVALUATION**

IREDA will submit details of only 2 projects for scrutiny for the purpose of annual MoU evaluation. At least one project for the development of any one backward district of the country and another project on environmental sustainability.

**9. GENERAL**

- The power to interpret & administer the rules shall rest with Board level Committee whose decision shall be final and binding, which is also empowered to make any supplementary rules/orders to ensure effective implementation of scheme.
- Any or all provisions of the CSR policy would be subject to revision / amendment

in accordance with the guidelines on the subject as may be issued by the Government, from time to time.

- The Corporation reserves the right to modify, add, delete or amend any of the provisions of this Policy.
- The policy will supersede / override any previous policy made in this regard.

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**APPENDIX - 1**

# **OPERATIONAL GUIDELINES OF CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY ACTIVITIES**

## **Implementation Mechanism:**

1. CSR activities/ programmes will be undertaken within the defined ambit of the identified thrust areas and shall be identified on basis of need identification studies (or) internal need assessment or receipt of proposals/requests etc.
2. The beneficiary organization / institution / Member of Parliament (MP) or Member of Legislative Assembly (MLA) shall contribute minimum 25% of the project cost from their own sources / Member of Parliament Local Area Development (MPLAD) fund / Member of Legislative Assembly Local Area Development (MLALAD) fund or similar funds on the requested project under the CSR initiative of IREDA.
3. Board level Committee will oversee the implementation of the CSR and Sustainability policies of the Company and to assist the Board of Directors to formulate suitable policies and strategies to take the CSR and Sustainability agenda of the company forward in the desired direction.
4. CSR Unit should identify and obtain suitable proposals in the identified thrust areas from various sources i.e. Central govt. agencies, State govt. agencies, PSUs, NGO, Trust, reputed organizations etc.
5. All proposal for CSR activities shall be first examined by the CSR unit and only after they are found suitable, proposals shall be put up to Board level committee following the due approval process in IREDA. The proposal then shall be put up for approval of the Board of Directors after the recommendation by the Board level Committee.
6. For any need based project, CSR Unit shall invite Expression of Interest (EOI) from prospective NGOs/Trust Implementing Agencies. The condition of calling for EOI shall be applicable in all cases except where the implementing agencies are Govt. / Semi Govt. Bodies. Similar provision shall be applicable in case of Baseline Survey / DPR & Impact Assessment Studies.
7. A Memorandum of Agreement (MOA) and other legal documents to safeguard the interest of the Company shall be signed with the implementing / coordinating agency duly selected. The legal documentation shall be signed by Nodal Officer, after the same is duly vetted by Legal Department.
8. For all CSR activities / programmes to be undertaken local agency / authority should be involved for the maintenance of work done under CSR activities.
9. All efforts must be made to the extent possible to define the following while identifying the CSR projects:
  - Programme objective
  - Baseline survey
  - Implementation schedule
  - Responsibilities and Authorities
  - Payment terms
  - Major results expected and measurable outcome
  - The designated nodal officer will regularly submit reports regarding the progress in the implementation of CSR and Sustainability activities to the Board level committee.

- At any stage, if the CSR Unit is of the opinion, they can opt for an expert member in the field to assist them in Evaluation or Selection of Projects etc.
  - The activities would be taken up in a project mode with milestones and deadlines.
10. IREDA shall follow the decision of the NITI Aayog, Govt. of India registration of NGOs with NITI Aayog for availing Grant-In-Aid from Government while considering the CSR proposal submitted by NGO. NITI Aayog issues the OM No. M-11/16(2)/15-VAC dated 24.08.2016 in this regard.
  11. Consent shall be sought, for release of CSR fund directly to the implementing agency, from the beneficiary organization / Institution / Member of Parliament (MP) or Member of Legislative Assembly (MLA) while considering the proposals.
  12. Up to 20% of the CSR budget shall be allocated for the CSR project located in any backward area / district of the country. IREDA shall identify such backward area / district at the beginning of the year.
  13. Status of completion report of the project sanctioned under CSR budget of IREDA shall be put up to the Board on quarterly basis.
  14. A Status report on all request received for CSR support by IREDA shall be put up to the CSR Committee / Board.
  15. After the implementation of the project, inspection shall be made by IREDA at regular intervals for monitoring the successful running of the project.
  16. Reasonability of cost of CSR project / rate shall be included in the Agenda note of CSR proposal.
  17. Photographs of CSR projects along with its coordinates shall be captured.

### **Roles and Responsibilities of Board level Committee:**

The key roles and responsibilities of the Board level Committee would be to implement the CSR policy within the DPE guidelines. Broadly the roles and responsibilities are the following:

- To assist the Board of Directors to formulate suitable policies and strategies to take the CSR and Sustainability agenda of the company forward in the desired direction.
- Formulation of broad guidelines for selection of the projects, planning, execution, monitoring & evaluation.
- Selection of projects in accordance with policy framework & guidelines.
- Submission of annual budgetary requirement for each project along with the targets.
- Formulation of strategies for efficient implementation of projects.



**Approving Authorities (Delegation of Power):**

Every proposal under CSR activity following the due approval process in IREDA shall be put up to the Board level Committee. Proposals approved by the Board level Committee shall be put up to the Board of Directors. All the CSR project proposals shall be approved / ratified by Board of Directors for implementation. Even, if the Board of Directors delegate the authority to approve the CSR and Sustainability activities to the Board level Committee, ultimately the ratification of such activities by the Board of Directors would be required.

**Delegation of Power for various activities:**

S. No.	Activity / Description	Approving Authority
1.	Sanction of Projects	Board of Directors / Board level Committee
2.	Appointment of external expert to assist the CSR unit for any activity	Full power – Board level Committee

**Roles and Responsibilities:**

1	CSR Unit	CSR Unit shall evaluate the project(s) / scheme(s) and put up its recommendations after due approval process in IREDA to the Board level Committee.
2	Board level Committee	The Committee shall consider the recommendations of the CSR Unit for approval or recommend the same to Board of Directors for approval.
3	Board of Directors (BoD)	Board of Directors shall consider the recommendations of Board level Committee for approval.