
GUIDELINES
on
CORPORATE
SOCIAL
RESPONSIBILITY
&
SUSTAINABILITY

CHANGE IN APPROACH

- CSR and Sustainability in the present context, means not only investment of funds for social activities but also integration of business processes with social processes.

- CSR and Sustainable Development are now clubbed together in one set of guidelines for CSR and Sustainability.

Implementation

- CPSEs are required to have a CSR and Sustainability Policy approved by their respective Boards of Directors.

- CSR and Sustainability activities (i.e. having a clear start date, end date and a specifically allocated activity) undertaken should also have the approval/ratification of their Boards.

- Designated Nodal Officer (not less than one rank lower to Board level) will regularly submit reports regarding the progress on CSR & SD activities to Board level Committee.

Implementation

- It is mandatory for CPSE to select ,in each of the two categories of CSR and Sustainability activities, two projects pertaining to: i) inclusive growth of society, with special attention to the development of weaker sections of society and the backward districts of the country, and ii) environment sustainability.

Thrust Areas

- CSR : Healthcare,Education,Rural Development, Environment Protection and Conservation of Natural Resources ;

- SD : Renewable Energy, Waste Management, Carbon Management and Biodiversity Conservation etc ;

- Finalizing of time-frames and various milestones before commencement of a project.

Funding

- Mandatorily , Budgetary Expenditure range on CSR & Sustainability activities for CPSEs having PAT over Rs.500 crore in the previous year would be created in a slab of 1% - 2% of PAT of previous year .

- The CSR & SD Budget to be fixed for each financial year. This funding not to lapse – will have to be spent within the next two financial years, failing which,it would have to be transferred to a ***Sustainability Fund*** to be created separately for CSR & Sustainability Activities.

Funding

- **CPSEs will have to earmark 5% of their annual budget for CSR and Sustainability activities to meet the Emergency needs which would include relief work undertaken during natural calamities / disasters, and contributions towards Prime Minister's / Chief Minister's Relief Funds and/or to the National Disaster Management Authority. In case this amount is not utilised in the year of its allocation, it would be carried forward to the next year for utilization for CSR and Sustainability projects, which if not spent within two years would be transferred to the Sustainability Fund .**

- **In exceptional circumstances, supported by reasons recorded in writing and approved by the Administrative Ministry, the budgetary allocation under the provision of Emergency needs can be enhanced by 5% of the budget allocated for CSR and Sustainability activities in a particular year. However, such enhancement should not become a regular feature.**

- **At least 80% of the annual budget earmarked for CSR and Sustainability activities shall have to be spent on implementation of activities in the project mode.**

Monitoring

- The CPSE should bring a separate paragraph/chapter in the Annual Report on the implementation of CSR activities/projects including the facts relating to physical and financial progress.

- The CPSE should disclose their CSR and Sustainability initiatives on their official websites.

Monitoring Contd…

- In the MoU Guidelines , "CSR & SD" is included as a compulsory element under the 'Non-financial parameters" with a mandatory weightage of 8%.

- Implementation and monitoring of the CSR & sustainability activities will be overseen by a Board level committee decided by Board . It is mandatory to have at least one Independent Director as a member of this Committee.

ACTIVITIES THAT WILL COUNT NOW AS CSR

- Expenditure on employee welfare will not be considered as CSR expenditure. However, the revised guidelines allow the employees to avail the infrastructure facilities created by their company from CSR and Sustainability budget, provided the facilities by the company's employees (internal stakeholders) is only incidental and confined to less than 25% of the total number of beneficiaries.

ACTIVITIES THAT WILL COUNT NOW AS CSR

- 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.

ACTIVITIES THAT WILL COUNT NOW AS CSR

- Investment in an energy-efficient machine qualify as “ensuring environmental sustainability,”

(even if the Company firm made that investment on purely financial grounds.)

ACTIVITIES THAT WILL **NOT** COUNT AS CSR

- GRANTS TO ORGANIZATIONS/INSTITUTIONS (Exceptions being contributions made for natural calamites / disasters);
- EXPENDITURE ON MANDATORY COMPLIANCE WITH LEGAL REQUIREMNTS / RULES / REGULATIONS / LAWS ON SD & CSR ACTIVITIES

Records for Audit

- Documentary and other record of progress made or success achieved in implementing these projects / activities should be maintained for audit, and for Sustainability reporting and disclosure to all stakeholders.

Implementation Modalities

The Plan must clarify implementation guidelines involving:

- Participation of Voluntary Organizations, Specialist Organisations and Community Based Organizations;
- Base-line Surveys
- Documentation of the experience;
- Setting Up a ***CSR Hub*** with participation of Deptt of PE, SCOPE and CP Sector Enterprises;
- Monitoring and Evaluation
- Lessons learnt for future use.

IMPLEMENTATION MODALITIES

- CSR & SD Activities to be carried out by ***Specialist Agencies or through Own resources;***

- Specialist Agencies to include NGOs, Institutes, Academic Organizations, Civil Society/Community-based orgns., Trusts, Missions etc., who have requisite expertise.

- CSR projects should also be evaluated by an ***independent external agency***.

IMPLEMENTATION MODALITIES Contd…

- Utmost efforts to be made to find out the reliability, and track record of the NGOs/Orgns entrusted with CSR activities.
- Initiatives of State Governments as well as Central Government Departments /Agencies could be ***dovetailed***/ ***synergised*** with CSR activities.
- ***Avoidance of any duplication*** of CSR activities by the CPSEs, the State Governments and local level Programmes.