

## Corporate Social Responsibility Policy, Procedures & Guidelines

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## **Corporate Social Responsibility Policy, Procedures & Guidelines**

### **POLICY**

#### **OVERVIEW OF THE COMPANIES ACT 2013**

Section 135 of the The Companies Act 2013 has made CSR as a mandatory provision for prescribed companies to add a sense of responsibility and contribution among corporates. The said section has to be read along with the Rules prescribed by the Act for implementation of CSR.

#### **Salient Features of the Proposed Law**

Every Company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more

OR

a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an Independent Director.

#### **Corporate Social Responsibility Committee**

##### **Functions,-**

- i. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the Company as specified in Schedule VII;
- ii. recommend the amount of expenditure to be incurred on the activities related to CSR; and
- iii. monitor the Corporate Social Responsibility Policy of the Company from time to time.

## **Board of Directors**

### **Functions,-**

1. Approve the Corporate Social Responsibility Policy for the Company after taking into account the recommendations made by Corporate Social Responsibility Committee, and disclose contents of such Policy in its report and also place it on the Company's website, if any, in such manner as may be prescribed;
2. Ensure that the activities as are included in Corporate Social Responsibility Policy of the Company are undertaken by the company and that Company spends in every financial year, at least two per cent. of average net profits of the Company made during three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

The Board shall make every endeavour to ensure that the Company spends, in every financial year, at least two percent. of average net profits of the Company made during three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy, however if the Company fails to spend such amount, the Board shall in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

### **VISION STATEMENT**

To strive to transform India into a risk- aware society from being a risk-averse society

### **MISSION**

To achieve our vision by integrating social, environmental and health concerns of the Indian society into Corporation's overall CSR policy and programmes.

GIC Re's CSR Policy would strive to achieve a balance between the expectations of the stakeholder and its social obligation as a socially responsible corporate.

### **THRUST AREAS**

The thrust of CSR activities is 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 marginalized and under-privileged sections of the society.

## **PROCEDURE**

### **INTERNAL STRUCTURE**

1. Board level committee – The Committee shall consist of atleast 3 members. It shall be headed by the Chairman-cum-Managing Director and shall also have an Independent Director.
2. Management level Committee – The Chairman-cum- Managing Director shall appoint a Committee consisting of atleast 3 members, two of which shall be General Managers.

### **Functions of the Committees**

#### **Management level Committee –**

The General Manager heading the Committee shall be assigned a team of officials to assist him / her.

The Committee shall

- *identify the projects for CSR activities .*
- Estimate the amount of expenditure needed on each of the activities
- oversee the implementation of CSR and Sustainability agenda of the company within the organization and also outside, i.e. covering internal as well as external stakeholders.
- submit reports regarding the progress in the implementation of CSR and Sustainability activities to the Board level Committee on quarterly basis.
- monitor the Corporate Social Responsibility Policy of the company and review it annually
- Implement projects which fall within its delegated authority.

#### **Board level Committee –**

The Board level Committee shall oversee the entire process of implementation of CSR elated activities through review meeting on the reports of Management level Committee , which shall be submitted to it Quarterly.

The Committee shall review the CSR Policy annually.

## **PROJECT IDENTIFICATION**

1. CSR and Sustainability initiatives shall focus on skill development and infrastructural development for the benefit of the marginalised and under privileged sections of the local communities and also in the backward regions so that avenues are created for their employment and income generation, and they also experience empowerment and inclusion in the economic mainstream.

The backward districts referred to here are those which have been identified by the Planning Commission, Government of India for its Backward Region Grant Fund (BRGF) Scheme.

Weaker sections would include SC, ST, OBC, minorities, women and children, Below Poverty Line families, old and aged, physically challenged, etc.

2. GIC Re's CSR activities would primarily focus on promotion of disaster management capabilities of the Indian Society in the long run.
3. Our CSR initiatives shall also plan to work on environmental sustainability and shall initiate projects for creation of awareness of risk management, water conservation and biodiversity conservation.
4. Our CSR policy will also strive to work for reduction of our carbon footsteps through energy efficient and renewable energy technologies, greening the supply chain and innovation in products and services which have a clear and tangible impact on environmental sustainability.
5. Central / State Government and/or District / local administration shall be consulted to obtain their views on area specific needs or the priorities of the intended beneficiaries of the CSR projects planned for the areas under the jurisdiction of these authorities. Gram Sabhas and Panchayati Raj institutions at the village level are important and reliable sources for assessing the social, economic and environmental needs in rural areas. Therefore, as far as possible they would be consulted in planning for CSR and Sustainable projects involving them.
6. Upto 20% of the annual budget for CSR and Sustainability activities shall be earmarked for 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. Such contributions would count as valid CSR and Sustainability activities.

### **EXECUTION**

1. For promoting risk management, educating the various sections of the society would be the best option available to further the cause.
2. Our endeavor would also be to promote learning and knowledge at every stage with special stress on management of risk through system of educational Institutions.
3. In Health care our goal would be to render quality health care facilities to people, especially those living in the villages through health Insurance mechanism.
4. In Sustainable Livelihood our programmes will aim at providing livelihood in a locally appropriate and environmentally sustainable manner through NGO's.
5. In Infrastructure Development we endeavor to set up essential services that will form the foundation of sustainable development through NGO or Government machineries active in the area chosen.

### **MONITORING, REVIEW & REPORTING**

Each activity shall be reviewed quarterly by the Management level Committee to see that the financial inputs provided to either the executing agency or the Corporations department for a specific purpose is utilized in the best possible manner.

The quarterly report shall be submitted by the Management level Committee to the Board level Committee.

The Board level Committee shall submit quarterly reports to the Board.

### **IMPLEMENTING AGENCIES**

1. Directly by the Corporation
2. External well reputed Agencies
3. NGOs

## **GUIDELINES:**

### **NGO SELECTION**

NGO/ Organisation for executing the chosen Project shall be selected through a transparent process of evaluation and shall be based on merit cum experience cum track record.

Process for selecting NGO/organization for extending financial support

NGO's affiliated to political or religious organization will not be supported by GIC Re

#### ❖ Documents required

- NGO Registration certificate
- Form 12AA registration granted under IT Act for charitable purposes
- Trust Deed
- 80 G of I.Tax Act
- Registration certificate under FCRA (if availing) (Foreign Contribution (Regulation) Act 1976)
- Should submit last three years audited financial reports

#### ❖ Other criteria

- Should be a registered organization.
- The organization should have been in existence for at least a minimum of three years.
- It should be working in any one or more of the CSR thrust areas of the Corporation.
- It should not have any religious or political affiliation.
- The trustees or the board members should not have any religious or political affiliation.
- Other funding sources have to be declared.
- Social credibility of the NGO should be above par.

### **Guidelines for Role holders on NGO selection**

- The criteria mentioned above has to be met
- The proposed NGO has to be already working in the geographical area, where the work is proposed

- The objective of the NGO for working in a said geographical area has to be understood
- The role holder has to make a physical presence to the NGO's office to ascertain the physical presence & staff strength.
- In case of specialized work (viz. agro based, health, water), the NGO's resources in terms of qualified manpower to undertake the task has to be verified.
- In case the NGO has undertaken projects for other Corporates/ Organizations, then their referrals can be considered for understanding the NGO's orientation and approach.
- Regularity of the trust meetings has to be checked.
- The approach of the organization has to be studied. Whether it's heavily funding based, or does their approach have the sustainability factor.
- Their relations with government have to be evaluated.
- Their way of planning the project, execution / delivery mechanism has to be reviewed.
- Their effort towards capacity building of their staff and career ladder for existing staff has also got to be understood.
- Inputs and direct feedback has also got to be obtained from the target population, the NGO is already working with.

### **EMPLOYEE VOLUNTEERING**

Employee volunteering is a powerful tool through which we as a company express our 'commitment' towards social issues. It's a powerful tool which gives an opportunity to employees to contribute in their areas of strength for the betterment of society. Also a process of orienting employees with the 'Haves & Have not's divide' that exist in society. More important, the whole process of volunteering is a silent transformation within an organizations culture, towards positivity and sharing.

Employee Volunteering will form a critical part of every project proposal submitted for approval to central CSR Cell and will be reviewed in the light of the nature of project

#### **Employee volunteering will have the following parameters:**

- Has to necessarily meet a definite objective
- Employee will not be eligible for any form of remuneration how so ever
- Has to be in the personal time of the employee, however, the employees would be given due credit for such volunteering activities.
- The learning's of the volunteers can be captured for bringing about improvements in the project / replication.



## **ROLES AND RESPONSIBILITIES OF CORPORATE CSR CELL:**

- Project Planning
- Collating & documenting all India CSR related data
- Publishing various CSR reports
- Quarterly presentations to the Board Members
- Identification of projects in thrust areas
- Documentation of procedures
- Budget grant & monitoring
- Reviewing & monitoring proposals
- Making visits to project sites
- Piloting new projects, replicable & scalable in nature
- Training & capacity building
- Review of Guidelines, policies, manual of authority
- Organise Quarterly meetings of various role holders for project status review

## **FINANCIALS**

### **BUDGET**

The corpus shall include the following:

1. 2% of the average net profits made by the company during every block of three years. *(For the purpose of First CSR reporting the Net Profit shall mean average of the annual net profit of the preceding three financial years ending on or before 31 March 2014)*
2. any income arising therefrom.
3. surplus arising out of CSR activities.

"Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:

- i) any profit arising from any overseas branches 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.

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provision of the Companies Act, 1956, (1 of 1956) shall not be required to be recalculated in accordance with the provisions of the Act:

Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit & loss account prepared in terms of clause (a) of sub section (1) of Section 381 read with section 198 of the Act.

(2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

### **DELEGATION OF AUTHORITY**

The Board shall decide the delegation of Financial authority to various levels under its supervision.