

**CORPORATE SOCIAL RESPONSIBILITY POLICY, PROCEDURES AND GUIDELINES**

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## **POLICY**

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

Section 135 of 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 the immediately preceding 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:**

1. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the Company in areas or subject, specified in Schedule VII;
2. formulate and recommend to the board, an annual action plan in pursuance of its CSR policy;
3. recommend the amount of expenditure to be incurred on the activities related to CSR; and
4. 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, and
3. The Board shall make every endeavor 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, and unless the unspent amount relates to any ongoing project referred to in sub-section (4), transfer such amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

4. The Board shall ensure that any amount remaining unspent under sub-section (3), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy,

shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

5. If a company is in default in complying with the provisions of sub-section (3) or sub-section (4), the company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupees, whichever is less, and every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less. The Board shall ensure that the penalty amount is transferred as required.
6. The Board shall satisfy itself that the funds disbursed to the implementing agencies have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
7. In case of ongoing projects, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

### **VISION STATEMENT**

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

### **MISSION**

1. To achieve our vision by integrating social, environmental and health concerns of the Indian society into Corporation's overall CSR policy and programs.
2. 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 at least 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 at least 3 members, two of which shall be General Managers.
3. Management lower level Committee – The Chairman-cum-Managing Director shall appoint a Committee consisting of at least 3 members. It shall be headed by General Manager of CSR Department and shall also have two Deputy General Managers.

### **Management level Committees**

#### **Functions:**

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

1. Identify the projects for CSR activities,
2. Estimate the amount of expenditure needed on each of the activities,
3. 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,
4. Submit reports regarding the progress in the implementation of CSR and Sustainability activities to the Board Level Committee on quarterly basis,
5. Monitor the Corporate Social Responsibility Policy of the company and review it annually, and
6. Implement projects which fall within its delegated authority.

### **Board level Committee**

#### **Functions:**

1. The Board Level Committee shall oversee the entire process of implementation of CSR related activities through review meeting on the reports of Management Level Committee, which shall be submitted to it Quarterly, and
2. The Committee shall review the CSR Policy annually.

## **PROJECT IDENTIFICATION**

1. Eradication of extreme hunger, malnutrition and poverty.
2. Promoting health care.
3. Promoting sanitation including contribution to Swach Bharat Kosh.
4. Making available safe drinking water.
5. Promotion of mid-day meal scheme.
6. Promotion of education, including special education.
7. Promoting gender equality and empowering women.
8. Setting up homes and hostels for women and orphans – setting up old age homes, day care centers and such other facilities for senior citizens.
9. Livelihood enhancement projects.
10. Providing infrastructure/ or patient care to government run/ or aided hospitals like TATA Memorial Centre, JJ Hospital etc.

11. Promoting plantation, protection of flora & fauna, Animal welfare, conservation of natural resources.
12. Watershed management.
13. Reducing carbon emission.
14. Contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga.
15. Measures for the benefit of armed forces veterans, war widows and their dependents.
16. Contribution of funds to Government run projects like Kendriya Sainik Board, Rail Sahyog etc.
17. Contributions of funds to technology incubators located within academic institutions which are approved by Central Govt.
18. And any other matter as per Schedule VII of Companies Act 2013.

### **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 programs 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**

1. 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.
2. The quarterly report shall be submitted by the Management level Committee to the Board level Committee.
3. The Board level Committee shall submit quarterly reports to the Board.

### **IMPLEMENTING AGENCIES**

1. Directly by the Corporation
2. Government Projects
3. Section 8 Company
4. NGOs

## **GUIDELINES**

### **NGO SELECTION NORMS**

NGO/Organization 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:**

1. Due Diligence Form
2. NITI Aayog No.
3. NGO Registration certificate
4. Form 12AA registration granted under IT Act for charitable purposes
5. Trust Deed
6. 80 G of I. Tax Act
7. Registration certificate under FCRA (if availing) (Foreign Contribution (Regulation) Act 1976)
8. Should submit last five years audited financial reports. If not in existence for 5 years, a minimum of 3 years financial audited reports is required.
9. Should register itself with the Central Government by filing the form CSR-1 electronically with the Registrar vide MCA.

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

To complete Due Diligence and Project Proposal action as per our SOP.

### **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:**

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

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

1. Project Planning,
2. Collating & documenting all India CSR related data,
3. Publishing various CSR reports on website and in-house magazines,
4. Quarterly presentations to the Board Members,
5. Identification of projects in thrust areas,
6. Documentation of procedures,
7. Budget grant & monitoring,
8. Reviewing & monitoring proposals,
9. Making visits to project sites,
10. Piloting new projects, replicable & scalable in nature, and
11. Review of Guidelines, policies, manual of authority.

## **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:

1. Any profit arising from any overseas branches or branches of the Company, whether operated as a separate company or otherwise, and
2. 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 delegation of Financial Authority to various levels is as below:

**CSR Management Lower Level Committee** – upto Rs. 25 Lakhs

(committee of GM, CSR & 2 other DGMs)

**CSR Management Higher Level Committee** – Rs. 25 Lakhs to Rs. 1 Cr

(committee of GM, CSR & 3 other GMs)

**CSR Board Level Committee** – Above Rs. 1 Cr

The policy is in conformity with all applicable statutory and regulatory norms.