

CSL CSR IMPLEMENTATION
STANDARD OPERATING PROCEDURES

1. All policies, decisions and activities relating to Corporate Social Responsibility (CSR) of CSL shall be in line with and in total compliance with the extant relevant statutory provisions applicable to CSR with particular reference to Section 135 and Schedule VII under Companies Act 2013.

2. CSR Projects of CSL including contribution to any approved Corpus are classified under:

(a) MINOR PROJECTS: CSR proposals valuing within Rs.10 lakhs. C&MD is authorized to approve these projects based on the recommendation of the Executive committee limited to 10% of the total CSR expenditure for the year.

(b) MAJOR PROJECTS: All projects other than minor projects.

(c) INDIRECT EXPENDITURE: This includes the administrative overheads including capacity development limited to 5% of the total CSR expenditure.

(d) EXPENDITURE ON IMPACT ASSESSMENT: This expenditure could be a maximum of 5% of the CSR spent or INR 50 Lakhs – whichever is lesser.

3. Towards creation of assets in line with national priorities, **theme based approach** is adopted, as identified and communicated by the Department of Public Enterprises. **The district of Wayanad**, is adopted by CSL as the priority district as per the aspiration district programme of the Government of India.

CSR PROJECTS SELECTION – MODUS OPERANDI

4. CSL accepts CSR proposals from the entitled qualified agencies in the prescribed format made available in the Company website. Projects are also identified on its own as approved by the Board.

5. PROCESSING APPLICATION

6. All applications/ requests/ proposals for CSR support/projects from various sources, received at CSR Cell shall be recorded in a register and a serial number is assigned.
7. A checklist is prepared on each project covering all aspects of checkpoints in the application.
8. A statement of the proposals received, complete in all respects, as per checklist, is prepared in spreadsheet format and this is presented to the Executive Committee during the next meeting.

SELECTION OF PROJECTS

9. CSR in the company is Board Driven. The company has adopted a 3- tier mechanism towards project selection and implementation, viz. (a) Executive committee consisting of officers of major functions of the company; (b) CSR committee of the Board, Chaired by a Director in the company and (c) The Board.
10. As per policy, preliminary selection of projects happens at the Executive Committee which meets normally once in two months depending upon the requirement.

Executive Committee

11. The preliminary selection of projects happens at the Executive Committee level, which reviews the progress of projects, payment status and **recommends/ rejects new applications** as presented to them.

12. The Executive Committee will adopt the following criteria while recommending new projects:

- (a) The project is in line with the CSL's CSR Policy (refer website)
- (b) The legal qualification, Management competency, their track record, Financial stability; assets owned, beneficiary profile, and the visibility to the company are the major factors considered by the Executive committee.
- (c) The national theme will get preference over other projects.
- (d) High value Civil construction projects will be referred to Company's Civil Engg Deptt for verification and advice before taking it up further.
- (e) Local area of the company will be the State of Kerala, wherein the District Ernakulam will have maximum priority over other districts.
- (f) Projects from Aspirational district 'Wayanad' will get priority over other districts in Kerala.
- (g) Upto 20% of the total budget can be earmarked for projects across the country, depending upon the business interests and social status in those areas.
- (h) Repeated requests from the same agency for the same set of beneficiaries is discouraged.

13. The minutes of the meeting, signed by all members who attended the meeting, issued at the end of each EC meeting shall indicate list of projects recommended by the EC along with reason for selection / rejection.

14. The CSR Cell will submit minutes of the Executive Committee to the C&MD along with the detailed list of applications for consideration and approval of the minutes, approval of minor projects and recommendation of major projects to the CSR committee of the Board.

15. The minor projects approved by C&MD is taken up by the CSR cell as per the procedure (detailed in the subsequent paragraphs). The major

projects are taken up to the CSR committee of the Board for their consideration.

CSR & SD Committee and the BOARD – 2nd and 3rd Tier.

16. Thereafter CSR and SD committee of the Board reviews the progress, accepts / rejects the project proposals presented to them. The report of the CSR and SD committee is presented to the Board for its approval. Once Board approves the new project proposals, the projects are taken up for implementation.
17. In case of high value projects the applicants / implementing agencies are given an opportunity to make a presentation before the CSR committee of the Board, depending upon the requirement.

PROJECT IMPLEMENTATION

18. The implementing agencies are informed of the approval of the project and are invited to enter into an agreement. The agreement in a Rs.200 stamp paper, consists of the role and responsibilities of the parties, the timelines for completion and payment terms. The agreement could be bipartite in case the implementing agency and executing agency are the same. A tripartite or a multiple party agreement is used in case the beneficiary, implementing agency and executing agency are different.
19. A personal guarantee in Rs.100 stamp paper, in case of any advance sought by the Implementing Agency to commence the project is obtained.
20. The Officials from CSR Cell will undertake site visits, involving the concerned Executive Committee Members, as required, to assess and verify the facts provided by the Applicant and shall file reports.

PAYMENT

21. Payments will be effected to the agency based on the agreement. There is a provision to make advance payment in the following ways:

- (a) In case of high value civil construction projects payment is recommended at the rate 30:30:30:10 ratio; viz. 30% in advance, and subsequent payments upon utilization of money advanced earlier. The final instalment of 10% is paid upon completion of the project.
- (b) In case of other high value projects payment is recommended at the rate of 50:40:10 depending upon the requirement and progress.
- (c) For purchase of ambulance / vehicle, there is a provision to pay 90% in advance for making advance payment to the vehicle dealer.

COMPLETION / UTILISATION CERTIFICATE

- 22. Final payment of 10% is recommended upon completion of the project after submission of the Fund utilization certificate duly certified by a Registered Chartered Accountant and a Project completion certificate by an independent relevant certified engineer in case of construction / equipment. For other projects, completion certificate is to be signed by the Head of the institution along with an affidavit.

IMPACT ASSESSMENT

- 23. CSR Cell will be responsible to undertake impact assessment of certain number of projects each year, by engaging outside agencies, The Executive Committee will recommend agencies, including reputed management institutions.

REPORTING

- 24. A list of projects considered in each Executive Committee is published in the CSR website. The projects undertaken each year, the annual report published for CSR are also published in the website for the sake of transparency.
