



ECGC LIMITED

HEAD OFFICE, MUMBAI

Corporate Social Responsibility (CSR) Policy of ECGC Ltd.

1. Introduction

With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs.500 crore or a turnover of Rs.1,000 crore or net profit of Rs.5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act.

2. Vision

The Company, through its CSR Policy, will continue its services, conduct and initiatives to promote sustained growth for the society and community in fulfillment of its role as a socially responsible corporate entity with environmental concern.

3. Objectives

- To ensure an increased commitment at all levels, in the organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To directly/indirectly take up programs that benefit the communities in and around its various offices that enhance quality of life and well-being of the locals.
- To implement activities that empower weaker, less privileged and marginalized sections of the society.

- To generate, through its CSR initiatives, goodwill and pride for the Company among stakeholders and help reinforce a positive and socially responsible image of the Company as a corporate entity.

4. Organization of the Activities

The Company will have a Board Committee herein after referred to as CSR and Sustainable Development Committee (CSR & SD) consisting of three or more Directors out of which at least one shall be an Independent director.

A. CSR & SD Committee of the Board

The Committee is headed by the Chairman-cum-Managing Director and currently has seven other Directors as members. The Board may re-constitute the Committee as and when required. The quorum is one third of the total strength (any fraction contained in the one-third being rounded off as one), or two Directors, whichever is higher including Chairman of the Committee. A quarterly report is submitted to the Board. Following will be the role of the Committee.

- i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013.
- ii. Recommend the amount of budgeted expenditure to be incurred on the activities referred to in clause (i) above.
- iii. Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- iv. Monitor implementation of CSR activities on a quarterly basis.
- v. Recommend programs/projects/activities with monetary value above Rs.100 lakh in each case.
- vi. As per provisions of the CSR Rules, the Board may abandon or modify an ongoing project, partially or wholly, under exceptional circumstances, during the prescribed project period as per the recommendation of its CSR Committee, and by providing

reasonable justification to that effect. The maximum permissible period for an ongoing project is three years excluding the year of its commencement.

- vii. The budget outlay dedicated for one project can be used against another project by the Board as per recommendations of CSR Committee by appropriately recording the alteration in the target spending and modify the same in accordance with the actuals.

B. Internal Senior Executives Committee

A Senior Executives Committee will be constituted for planning, implementing and monitoring of CSR activities of the Company. The CMD is authorized to reconstitute the Senior Executives Committee depending on the need and availability of officials.

The role/responsibilities of the Internal Senior Executive Committee (ISEC) include:

- i. Propose CSR activities which align with the policy to CSR Department.
- ii. Institute a transparent monitoring mechanism for implementation of the CSR projects/programs/activities.
- iii. Approve programs/projects/activities with monetary value of not more than Rs.100.00 lakh in each case with overall budget limit of 50% of the overall CSR budget of the Company.

As of date, the composition of the ISEC is as follows:

- I. Chairman – cum – Managing Director, Chairperson
- II. Executive Director (Policy Matters) – Alternate Chairperson
- III. Executive Director (Operations) – Member
- IV. General Manager (CSR) – Member
- V. General Manager (HRD) – Member
- VI. General Manager (Finance) – Member
- VII. General Manager (ECIB) – Member

The quorum is of three members including the Chairperson of the Committee.

Chairman – cum – Managing Director, as Chairperson of ISEC will be authorized to extend the projects duly approved by ISEC or Board by another Six months.

5. Projects/Programs/Activities

Theme as decided by the Dept. of Public enterprises for FY, Development of children, women and weaker sections of the society and backward areas form the focus area of the policy.

Project/programs activities will be as per Schedule VII of the Act and in the areas of:

- i. Providing Drinking Water Facility
- ii. Education
- iii. Solar lighting System
- iv. Health and Family Welfare
- v. Sanitation and Public Health
- vi. Environment friendly technologies
- vii. Promotion of livelihood for economically weaker sections through forward and backward linkages.
- viii. Construction of Community Centers/Night Shelters/Old age Homes
- ix. Imparting Vocational Training
- x. Settling up of skill development centers
- xi. Scholarships to meritorious students belonging to SC, ST, OBC and disabled categories
- xii. Skill training, entrepreneurship development and placement assistance programmes for youth.
- xiii. Entrepreneurship Development Program (EDP)
- xiv. Providing assistance during natural calamities.
- xv. Contribution to the Prime Minister's National Relief Fund or the Swachh Bharat Kosh or the Clean Ganga Fund or any other fund set up by the Central Government for any project/programs relating to activities in areas or subject, specified in Schedule VII of the Companies Act, 2013 for CSR.
- xvi. PM CARES FUND

xvii. Any Projects/programs/activities other than the above will be taken with the approval of Board of Directors.

6. Implementing Agency (Duly registered on Darpan portal of NITI Aayog / Possessing CSR1 Registration Certificates)

CSR projects/activities shall be undertaken/implemented by/through the following agencies/entities:

- i. Community based organizations whether formal or informal.
- ii. Elected local bodies such as Panchayats.
- iii. Institutes/Academic Organizations
- iv. Trusts, Missions, NGOs etc
- v. Government, Semi-Government and autonomous Organizations
- vi. Standing Conference of Public Enterprises (SCOPE)
- vii. With effect from 01.04.2021 registration of entity shall be mandatory by filing form CSR 1. Unique CSR Registration Number shall be generated for each entity.
- viii. Only registered public trust now allowed as against any registered trust, except in case established by CG/SG.
- ix. In addition to registration under respective act, registration under the provision of Section 12A & 80 G of the Income Tax has been made mandatory.

7. Financial Resources

Annual Budget:

In alignment with the Companies Act, 2013, the Company shall earmark as CSR Budget, at least 2% of the average of net profits of the company made during the three immediately preceding financial years.

8. CSR Expenditure and Budgetary Allocation

The CSR activities undertaken in India only shall amount to CSR Expenditure. CSR Expenditure shall include all expenditure including contribution to approved funds (recognized by the Govt.) for CSR activities approved by the Board on the recommendation of the CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

- a) CSR expenditure for thematic programme should be around 60% of annual CSR expenditure.
- b) Aspirational Districts will be given preference.
- c) Any surplus arising out of the CSR Projects/programs/activities will not form part of the business profit of the Corporation.

9. CSR spending – Treatment of unspent amount

9.1 Unspent amount not relating to ongoing Project: Where amount not relating to any ongoing project, then in case of failure to spend the same, will require carrying forwarding of the same to a Fund specified in Schedule VII, within six months of close of financial year, in addition to disclosure of reasons for not spending in Board Report. So, amount remaining unspent (other than ongoing project) for the financial year 2023-24 shall be transferred to Schedule VII fund latest by September 30, 2024.

9.2 Unspent amount relating to Ongoing Project – To be transferred 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 Schedule Bank to be called the Unspent Corporate Social Responsibility Account (UCSRA). So, amount remaining unspent (ongoing project) for the financial year 2023-24 shall be transferred to UCSRA latest by April 30, 2024.

9.3 Extended time for spending unspent amount relating to ongoing Project:

Such amount shall be spent 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. So, amount remaining unspent transferred for FY 2023-24 to UCSRA, has to be utilized for the project up to FY 2026-27, otherwise shall be transferred to a fund specified in Schedule VII.

10. Monitoring

Monitoring process will be a two-tier mechanism through:

1. CSR Committee of the Board on quarterly basis.
2. CSR Senior Executive Committee on a quarterly basis.

If required, a professional monitoring/ impact evaluation agency will be employed to evaluate specified projects. The cost of professional monitoring / Impact evaluation agency will be included to the cost of the project. The expenses incurred (i) for employees for their official visit for monitoring purpose or (ii) for developing documents / records (Physical / Digital / Media) etc. will form part of administrative expenses.

11. Local Area

Local area means area in and around HO of ECGC and Regional and Branch offices of ECGC.

12. Government Guidelines:

The Company will be complying with applicable guidelines issued by the Department of Public Enterprises, Government of India from time to time in respect of CSR. Such guidelines will automatically form part of the policy.