



CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY POLICY

APRIL 2016



RailTel Corporation of India Ltd.
(A Mini-Ratna Category-I Enterprise)

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Contents

1. Preamble	4
2. Vision, Mission & Focus Areas.....	5
3. Organizational Structure.....	7
4. CSR & SD Activities.....	9
5. Budget & Expenditure.....	12
6. Reporting and Disclosure	14
7. General.....	14

Abbreviations used

RAILTEL	RailTel Corporation of India Limited
CSR	Corporate Social Responsibility
SD	Sustainable Development
Act	The Companies Act, 2013 (and its amendments thereof)
Rules	CSR Rules, 2014 as issued by DPE for CPSEs
MCA	Ministry of Corporate Affairs
DPE	Department of Public Enterprises
BoD	Board of Directors of RAILTEL
SPOC	Single Point of Contact
PIU	Project Implementation Unit
MoU	Memorandum of Understanding

1. Preamble

- 1.1 The Corporate Social Responsibility & Sustainability Policy (hereinafter referred as CSR&S policy) of RailTel Corporation of India Limited (hereinafter referred as RailTel) is issued within the framework mentioned hereunder:
- a) Section 135 read with Schedule-VII of the Companies Act, 2013 and The Companies (CSR Policy) Rules 2014 along with amendments thereof (hereinafter referred as Act)
 - b) Guidelines on the Corporate Social Responsibility & Sustainability for CPSEs issued by DPE vide no. 15(13)/2013-DPE(GM) dt. 21.10.2014 (hereinafter referred as DPE Guidelines)
- 1.2 This Policy supersedes the previous “CSR and Sustainability Policy” approved by the Board of Directors (hereinafter referred as BoD) of RAILTEL at its 59th Meeting held on 17.09.2010 based on the guidelines/ circulars/ instructions issued earlier by the Department of Public Enterprises (DPE) on this subject.
- 1.3 This policy is consistent with the Act and Rules on CSR framed by MCA & DPE and the policy directions on the subject issued by the Government from time-to-time.
- 1.4 Whenever any amendments are made under the applicable provisions of Act & Rules framed thereunder on the subject, the same shall be duly incorporated in the policy document. As per the Act, modification/ amendment to the Policy will be approved by the BoD of RAILTEL on the recommendation of the CSR Committee of the Board.
- 1.5 In case of any conflict between this policy and Act or Rule made thereunder, the later shall prevail.

2. Vision, Mission & Focus Areas

2.1 Vision

To be a Company that sets a defined strategy for Social & Economic Development of communities in an inclusive manner and adhering to sustainable & transparent business practices.

2.2 Mission

To align CSR and Sustainability policy with the business policy so as to conduct business in a sustainable manner and to undertake high impact community development projects in the areas of rural development, education, skill development, health and other areas of national and local importance in consultation with stakeholders utilizing the ICT expertise developed in the Company.

2.3 Focus Areas

- 2.3.1 CSR&S policy is RAILTEL's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner which is transparent and ethical. Stakeholders include employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-government organizations, local communities, environment and society at large. It is essentially a way of conducting business responsibly and RAILTEL shall endeavor to conduct their business operations and activities in a socially responsible and sustainable manner at all times.
- 2.3.2 CSR&S policy is aligned and integrated with RAILTEL's business objectives, vision and mission. The philosophy and spirit of CSR&S policy shall be embedded in the core values of the company, be imbibed by the employees at all levels and it shall permeate into all the activities, processes, operations and transactions of the enterprise.

- 2.3.3 The focus sectors under CSR for the Company shall be in the areas of rural development, education, health, women empowerment, citizen centric services utilizing the ICT tools & technologies. The Company may choose to take up other areas based on need assessment of the local community and geographic areas. The activities proposed to be undertaken under CSR shall include all activities consistent with CSR provisions of the Act and Schedule VII of Act, Rules framed thereunder.
- 2.3.4 The CSR&S Policy addresses social, economic and environmental concerns; and the selection of specific activities shall focus on the social, economic and environmental impact thereof. RAILTEL will strive to contribute to inclusive growth and sustainable development by taking up development of rural areas, empowerment of communities which have since long been socially marginalized, upliftment of underprivileged sections deprived of resources even for fulfilling their basic needs in health, nutrition, clothing, shelter, education, etc.
- 2.3.5 For the CSR agenda to be internalized in the organization, the employees at all levels in RAILTEL will be educated to the need for conducting business in a manner that is economically, socially and environmentally sustainable. RAILTEL will devise internal communication strategies to spread awareness of CSR amongst the employees, providing them with education and training necessary for attitudinal change and their conversion to socially and environmentally sustainable methods and practices of doing business, and adopting motivational tools to provide just the right momentum to push all such initiatives.
- 2.3.6 Endeavour shall be made to promote sustainable development through initiatives by conducting business in a manner that is beneficial to both business and society. Sustainability initiatives would include steps to promote operations for environment sustainable areas, application of efficient and safe technology practices, abate pollution in all activities and operations, minimize energy losses and promote energy efficiency. Sustainability initiatives would also include activities for various stakeholders including Employees, Customers, Partners, etc. for increasing the capacity and capability in accordance with the policies of the Company.

3. Organizational Structure

3.1 For successful implementation of the CSR&S policy of the Company a well defined organization structure shall be followed as defined hereunder. As per the requirement the CSR Committee of the Board shall steer the CSR&S agenda of RAILTEL.

3.2 CSR Committee of the Board

The CSR Committee of the Board shall comprise of three or more directors, out of which atleast one director shall be an Independent Director. In case where there is no Independent Director available on the Board, the position may temporarily be occupied by a non-executive Director in place of independent director duly nominated by Chairman and with the approval of Board. The Board shall decide the Chairperson of CSR committee while constituting the committee who shall be the convener of the CSR Committee of the Board.

As per the provision of the Act, the broad functions of the CSR Committee of the Board shall be as under:

- a) To formulate, modify and recommend to the Board, a long term CSR blueprint which shall outline the canvas of activities to be undertaken by the Company as per the Companies Act, 2013;
- b) To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- c) To monitor the CSR policy of the Company from time to time;
- d) Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

The Company Secretary to the Company shall act as Secretary to the CSR Committee of the Board.

3.3 Nodal Officer - CSR

The CSR Committee of the Board will be assisted by a Nodal Officer, who will be nominated by CMD/RAILTEL, for all CSR related activities of the Company. The broad function of the Nodal Officer shall be as under: -

- a) To assist the CSR Committee of Board level in all the matters of CSR & Sustainability activities of the Company.
- b) To receive CSR proposals from regions/agencies complete with details and reason for taking up and process the same as per defined processing framework.
- c) To facilitate coordination among different departments and regions for planning and implementation of CSR and Sustainability programs.
- d) To plan, implement and monitor various CSR & Sustainability projects as approved by the Board.
- e) To collect and provide various reports, status, overview of the CSR programs to the CSR Committee of Board as and when required.
- f) To facilitate the audit of CSR projects through internal or external agencies time to time and report to the Management.

For taking care of day to day operations of CSR, he shall be assisted by two dedicated executives (regular/outsourced). The salary of these executives shall be charged under the CSR Head.

3.4 CSR Appreciation Committee & Regional SPOC

3.4.1 The CSR Appreciation Committee at CO level will be nominated by CMD/RailTel to assist the Nodal Officer. The Committee shall comprise of three members with at least one member from Finance. The broad functions of the CSR Appreciation Committee shall be as under:

- a) Identify CSR activities/ projects/ programs around RAILTEL project areas and forward project/ program proposals to the Nodal Officer for consideration of the CSR Committee of the Board.
- b) Monitor the implementation of CSR projects/ programs approved by the CSR Committee of the Board.
- c) Coordinating with external agencies and providing necessary support in surveys, studies, preparation of reports, audit and in implementation of the CSR activities.

3.4.2 The regional SPOCs shall also be nominated by CMD/RailTel in consultation with Regional EDs/RGMs. The role of the Regional SPOCs shall be to ensure timely

implementation of CSR projects, timely audit, interaction with local authorities, beneficiaries, various stakeholders and provide necessary reports/information as and when required pertaining to all CSR & sustainability activities in the Regions. Each SPOC shall be assisted by a dedicated CSR executive (regular/outsourced) whose salary shall be charged under CSR Head.

4. CSR & SD Activities

- 4.1 **Implementation in project or program mode:** As per sub-rule (1) of Rule (4) of the Rules, CSR activities will be undertaken as a project or programs mode (either new or ongoing). Implementation in project or program mode entails charting the stages of execution in advance through planned processes for achievement of fixed targets at different milestones, with mobilization of pre-estimated quantum of resources, and within the allocated budgets. It also involves assigning clear responsibility and accountability of the designated officials/ agencies that are entrusted with the task of implementation.
- 4.2 **Selection & Location of activities:** The decisions regarding the selection of a CSR activity will be taken with due diligence, and after taking into consideration the resource capabilities of RAILTEL, the expectations of the key stakeholders, the expected social, economic and environmental impact of the planned initiative. CSR activities/ projects/ programs will be undertaken preferably for stakeholders who are generally located in the periphery of project/geographical areas of RAILTEL. However, the CSR Committee of the Board may decide to locate CSR activities anywhere in the country. The CSR project processing framework would be separately issued by Nodal Officer to streamline the collection of proposals and its processing for approval.
- 4.3 **Type & Nature of activities:** As per the provision of the Act, RAILTEL will select its CSR project/ program as specified in the Schedule VII of the Act as amended from time to time. Priority will be accorded to broad thrust areas of rural development, education and healthcare and to activities pertaining to inclusive growth of society, with special attention to the development of weaker sections of society and in the rural areas of the country.

- 4.4 **Pooling of resources:** As per the provision of the Act, RAILTEL may also collaborate with other companies for undertaking project or program in such a manner that the CSR Committees of the respective companies can report separately on such project or program.
- 4.5 **External agency:** As per the provision of the Act, while engaging/ partnering with external agencies, care shall be exercised in selecting only such specialized agencies which have the necessary capabilities and expertise in the field and have an established track record of three years in undertaking similar activities or projects or programs. Specialized agencies may include non-government organizations (NGOs), autonomous organizations, professional consultancy organizations, Registered Trust, Registered Society, community based organizations, self-help groups, not-for-profit organizations, academic institutes etc. Wherever possible, engagement of external specialized agencies will be made from the available panels of such agencies maintained by the Government Ministries/ Departments, Planning Commission, Autonomous Organizations, NSDC, etc. The registered Trust would include Trusts registered under Income Tax Act, 1956 for those States where registration of Trust is not mandatory.
- 4.6 **CSR project or program proposal:** The CSR Appreciation Committee at CO will forward the detailed project or program proposal with its recommendations for consideration of the CSR Committee of the Board through the Nodal Officer. The project proposal prepared by the Committee or by the external agency will include, to the extent possible, the following:
- a) Objectives
 - b) Activities & Areas to be covered
 - c) Performance indicators to monitor the stated objectives
 - d) Expected benefits
 - e) Base line survey/ Needs assessment
 - f) Justification
 - g) Implementation schedule with timelines
 - h) Project cost covering project implementation cost and project expenditure on studies, reports, monitoring, audit, etc.
 - i) Year wise budget allocation
 - j) Payment schedule
 - k) Details of Project Execution agency

- 4.7 **Project sanction:** The project proposal shall be submitted by the Nodal Officer and will be put up for consideration and sanction of the CSR Committee of the Board. The sanction of the Committee/BoD will be communicated to the Nodal Officer for entering into necessary agreement/ MoU with the project implementation/ monitoring/ audit agencies. In order to meet routine/ day-to-day requirements pertaining to successful implementation of the sanctioned CSR activities in project or program mode, Nodal Officer shall be the authorized person to take up such decision as per the extant SOP.
- 4.8 **Needs Assessment/ Base Line Survey:** Before taking any final decision on the selection of any CSR activity/ project/ program, as far as possible, needs assessment study and/or base line survey will be done to assess the needs of the intended beneficiaries for a realistic assessment of the resource inputs required for the expected level of social/ economic/ environmental impact through the implementation of the activity/ project. The data/ information collected through this exercise/ study before the commencement of the project will be used in impact assessment after completion of the project or program. The needs assessment study may be done through RAILTEL's own resources/ through specialized agency based on the accessed reliable data in this regard from recognized authoritative sources.
- 4.9 **Implementation:** RAILTEL shall implement its CSR activities in project or program mode with the active involvement of regions wherever feasible or through external agencies (as defined under para 4.5) in case of need for special expertise as required for the project. CSR activities shall be a part of Key Result Areas (KRA) of the executives directly executing CSR projects.
- 4.10 **Monitoring:** Monitoring of CSR project or program goes concurrently with implementation, and is essential to assess if the progress is on expected lines in terms of timelines, budgetary expenditure and achievement of physical targets. Monitoring will be done periodically with the help of identified key performance indicators. Like implementation, monitoring too will be done in project mode with recourse always available for mid-course correction in implementation, whenever required. The external agency engaged for implementing a project shall not be considered for the task of monitoring because of the likely conflict of interest involved in the assignment. The Nodal Officer shall ensure proper monitoring of all

the programs being implemented by RailTel under its CSR&S policy. The CSR Committee of the Board shall periodically review and monitor the overall progress and implementation of the CSR activities of RAILTEL.

- 4.11 **Impact Assessment:** The ultimate test of the success of any CSR project or program is the social, economic or environmental impact thereof. Impact assessment has a wider connotation and is a cumulative effect of outcome(s) on the developmental process affecting society, economy and environment. Thus, as far as possible, impact assessment studies of the project or program will be made, after their completion and necessary minimum gestation period, to ascertain the degree of its success, or failure with reference to the project report prepared at the commencement of the project or program. Impact assessment study requires specialized skills and tools for associated research and is a task best carried out by specialized agencies. RAILTEL can utilize the services of specialized external agencies (ref clause #4.5) for impact assessment study also.

5. Budget & Expenditure

- 5.1 As per the provision of the Act, Company with the approval of BoD shall spend upon CSR activities for the year, which will be at least 2% of the average “net profits” of RAILTEL made during the three immediately preceding financial years. The computation of the “net profit” as defined under the section 135 of the Act shall be in accordance with section 198 of the Companies Act, 2013. RAILTEL shall strive to maximize its spending on CSR activities.
- 5.2 RAILTEL shall specify reasons, if it fails to spend the 2% of the average net profits of the last immediately preceding three financial years, in its Board Report. However, commitments / sanctions made during the year shall not lapse so as to ensure completion of sanctioned projects under CSR.
- 5.3 The Nodal Officer through CSR Appreciation Committee will prepare an Annual Plan of CSR activities and Budget (or Provisional Budget as the case may be) for the financial year and put it up for approval of the CSR Committee by June of each year. The CSR Committee should send its recommendations on the Annual Plan to the Board by July of each financial year for approval. In case of Provisional Budget, the final budget should be made available to the CSR Committee by Oct of each

financial year. The final budget approval must be got sanctioned from the BoD by DEC of each year.

- 5.4 All direct expenditure for implementation of the BoD approved CSR projects shall be booked under the CSR Head.
- 5.5 CSR expenditure shall also include contribution to corpus of a Trust/ society/ Section 8 companies created exclusively for undertaking CSR projects or programs approved by BoD and which are directly relatable to subjects covered in Schedule-VII of the Act.
- 5.6 All expenditure incurred on the activities involved in the need assessment / baseline study, planning, implementation, monitoring and impact assessment of the projects will also be included in the CSR expenditure.
- 5.7 Salaries paid by RAILTEL to its regular CSR staff as well as to volunteers, in proportion to time/ hours spent specifically on CSR, can be factored into CSR project cost as part of the CSR expenditure as per the recommendation of the CSR Committee of the Board and approval from the BoD.
- 5.8 Expenditure on building CSR capacity of personnel of RAILTEL as well as implementing agencies through Institutions with established track records of at least three financial years shall be considered as valid CSR expenditure. However, such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.
- 5.9 Any surplus/income arising out of CSR projects or programs or activities shall not form part of the business of the Company and shall be automatically ploughed back into CSR budget over and above the mandated CSR funds as defined under the Act.
- 5.10 The Sustainability budget shall also be sanctioned from the BOD as per the requirement of the proposed program in line with the CSR process. However at all times necessary demarcation of budget must be made available between CSR and Sustainable programs.

6. Reporting and Disclosure

6.1 As per clause (o) of sub section (3) of section 134 of the Act, RAILTEL shall report and disclose the contents of CSR&S Policy and CSR activities implemented by RAILTEL for the benefit of all stakeholders through the following:

- (i) Official website: www.railtelindia.com
- (ii) Annual Report

6.2 AS per the requirement all available media shall be used for broader communication with the stakeholders on the CSR programs implemented by the Company. Display in website, Newsletter, Annual Report, Social Media, etc. will be key instruments to decipher the CSR initiatives of the Company. However no cost towards the same should be booked under the CSR expenditure.

7. General

7.1 This CSR&S policy shall stand modified by the provisions of the Companies Act / Companies (CSR) Rules as amended from time to time and Government guidelines as and when these are in place and made enforceable.

7.2 This policy would serve as the referral document for planning and selection of CSR & Sustainable activities, though, whenever in doubt, cross reference to Companies Act & Companies (CSR) Rules is advised to avoid any inconsistency with the latter.

7.3 The power to modify /amend the CSR Policy will rest with the Board of Directors.

7.4 The Chairman and managing Director will be responsible for framing the rules/procedure in accordance with and in furtherance of the CSR Policy 2016, as approved and as amended by the Board from time to time and also for the overall implementation of the CSR Policy, 2016, in RailTel.
