

Karnataka State Industrial And Infrastructure Development Corporation Limited

Karnataka State Industrial And Infrastructure Development Corporation Limited (KSIIDC)

“KSIIDC Corporate Social Responsibility(CSR) Policy”*

**This policy has been instituted based on the Corporate Social Responsibility (CSR) philosophy of KSIIDC and provisions of Section 135 of the Companies Act, 2013, read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and the notifications and circulars issued by the Ministry of Corporate Affairs from time to time.*

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1. PREAMBLE :

Corporate Social Responsibility (CSR) is a Company's commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders. CSR extends beyond philanthropic activities and reaches out to the integration of social and business goals.

KSIIDC being a Company which is engaged in providing infrastructure and technical know-how for implementation of infrastructure in the State, has to play a meaningful role providing its support for the overall development of the State.

2. SHORT TITLE AND APPLICABILITY:

This Policy is titled as '**KSIIDC CSR Policy**' and has been designed in compliance with the provisions of the **Companies Act, 2013** (*hereinafter to be known as Act*) read with **Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021** (*hereinafter to be known as Rules 2021*). It encompasses the Company's philosophy for pursuing its role as a Corporate citizen and lays down guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan basis the approach and direction given by the Board, taking into account the recommendations of its CSR Committee.

The policy shall apply to all CSR initiatives and activities taken up by the Company at various locations in the state of Karnataka for the benefit of different segments of the society.

3. CSR VISION STATEMENT :

In alignment with the Company's Vision , KSIIDC through its CSR initiatives strives to create value by addressing critical social, environmental and economic needs of the society by which to promote sustained growth for society in fulfilment of its role as a Socially Responsible Corporate. It aims at complementing the role of the Government in enhancing welfare measures of society.

4. OBJECTIVES:

This CSR Policy shall be read in line with Section 135 of the Companies Act 2013 , Companies (Corporate Social Responsibility Policy) Rules 2022 and such other rules, regulations circulars and Notifications as may be applicable and as amended from time to time and will inter-alia provide for the following :

- Establishing a guideline for compliance with the Regulations etc. to dedicate a percentage of Company's profits for Social Projects.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and Reporting.

5. SCOPE OF ACTIVITIES :

The following activities as specified under Schedule VII to the Companies Act, 2013 will be considered as CSR activity -

- i. Eradicating hunger, poverty and malnutrition, 'promoting health care including preventive health care" and sanitation including contribution to the Swach Bharat Kosh set-up by the Central

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- Government for the promotion of sanitation and making available safe drinking water.
- ii. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
 - iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
 - iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water; including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
 - v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional art and handicrafts;
 - vi. Measures for the benefit of armed forces veterans, war widows and their dependents; Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widow
 - vii. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports; construction, renovation, maintenance of stadiums, gymnasiums and rehabilitation centres.
 - viii. Contribution to Prime Minister's National Relief Fund/Prime Minister's Citizen Assistance and relief in Emergency Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, Tribes, other backward classes, minorities & Women;
 - ix. a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and Located within academic institutions which are approved by the Central Government;
b) Contribution to Public Funded Universities; Indian Institute of Technology (IITs); National Laboratories and Autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defence Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable
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- DevelopmentGoals(SDGS).
- x. Rural development projects;
 - xi. Slum area development. the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
 - xii. Disaster management, including relief, rehabilitation and reconstruction activities.

The following **will not be included** as a CSR activity –

- Activities undertaken in pursuance of normal course of business of the Company;
- Activities undertaken outside India except for training of Indian Sports personnel representing State or Union Territory at National Level or India at International Level;
- Contribution of any amount, directly or indirectly, to any political party under section 182 of the Act;
- Activities benefitting employees of the company as defined in clause(k) of the section 2 of the code on wages, 2019(29 of 2019);
- Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services like One-off events such as marathons/awards/charitable contribution/advertisements/sponsorships of TV programmes, etc.;
- Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

6. PRIORITY / FOCUS AREAS:

KSIIDC has identified the following thrust areas for various CSR related activities :

i. Literacy and education. In this the following needs special attention:

- a) Construction / repair of school buildings and facilities including boundary walls, separate toilets for boys and girls and provision of drinking water.
- b) Provision of uniforms, books, stationery, computer and Laboratory equipment etc., to schools.
- c) Scholarships/fellowships to deserving students to encourage education.
- d) Promotion of adult education with focus on women's education etc.
- e) Reducing the drop-out rate of students and absenteeism through
- f) counseling and other means.

ii) Safe Drinking Water / Health Care and Sanitation:

- a. Provide safe drinking water by sinking bore wells, tube wells, establishment of water treatment plants, etc.

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b. Offering specialized support services to the physically handicapped and mentally challenged people.

c. Promotion of sanitation through proper drainage system and construction of toilets.

d. Assistance for establishment of Hospitals / Medical Colleges, etc.

iii) Women, Girl child and Transgender empowerment programmes:

iv) Infrastructure Development:

a. To assist critical infrastructure development in project affected areas.

v) Promote rural sports, nationally recognised sports, paralympic sports and Olympic sports:

vi) To promote and conserve environment, ecology and wildlife.

Provided that the areas of work and thrust mentioned above are only illustrative and not exhaustive. If, at a later date board deems it fit, new subjects can be added or deleted.

7. AREA OF OPERATION :

The Company is a State Govt Public Sector Undertaking operating in the state of Karnataka. The main focus for the CSR Activities will be in the state of Karnataka.

8. BUDGET :

Board shall ensure that the Company spends in every Financial Year, at least Two per cent of the Average Net Profits of the Company made during the three immediately preceding financial years in pursuance of its Corporate Social Responsibility , Provided that the company shall give preference to the local area and areas around it where it operates , for spending the amount earmarked for CSR Activities .

The Surplus arising out of CSR Activities and funds in balance due to cancelled Projects (duly approved by the Board) , and other such income , may be included in the CSR Corpus

9. FINANCIAL COMPONENT :

The Company shall spend in every Financial Year at least 2 (two) percent of the Average Net Profits of the Company made during the 3 (three) immediate preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

a) **TREATMENT OF UNSPENT AMOUNT** : If the Company fails to spend 2% of the Average net profit, then the unspent amount shall be in accordance with the Rules prescribed under the Companies, Act, 2013 as amended from time to time.

b) **ONGOING PROJECT** : **[Rule 2(1)(i)]** Ongoing Project means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having **timelines not exceeding three years** excluding the financial year in which it was commenced, and **shall include** such project that was initially not

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approved as a multi-year project but whose **duration has been extended beyond one year** by the board based on reasonable justification.

c) 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.”

d) **SURPLUS :**

Prior to end of Financial Year, CSR Committee shall place for Board consideration and Approval, details of the Completed Projects (with Utilisation Certificates) and the surplus amount generated with reasons thereof. Any SURPLUS arising out of CSR expenditure shall not form part of the business profit of the Company.

The Surplus amount shall be:

(i) Ploughed back into the same project OR

(ii) transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company OR (iii) Transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

e) **SET OFF OF EXCESS :**

In the event of the Company spending an amount in excess of requirement provided under sub section 5, such excess amount may be set off against the requirement to spend under this subsection for the immediate succeeding three financial years subject to the conditions that the excess amount available for set off shall not be included in the Surplus arising out of CSR activities. Company's Board shall pass a resolution to that effect.

f) **CAPITAL ASSET:**

A capital asset acquired or created by the Company through CSR funding shall be held only by entities as specified in Section 7(4) of the Rules 2021.

10. CSR COMMITTEE AND RESPONSIBILITIES OF THE COMMITTEE:

"CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

RESPONSIBILITIES OF THE COMMITTEE

To achieve the above objectives, CSR Committee will have, inter alia, the following roles, powers and responsibilities: -

i). To 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 and the rules made thereunder and make any revisions therein as and when decided by the Board;

ii). To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

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- iii). To recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
- iv). To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- v). To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and

11. ANNUAL ACTION PLAN FOR CSR

The Committee shall formulate and recommend to the Board, an annual action Plan in pursuance of its CSR Policy which will include the following

- (a) The List of CSR Projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) The manner of execution of such Projects or Programmes;
- (c) The modalities of the utilisation of funds and implementation schedules for the projects or programmes;
- (d) Monitoring and reporting mechanism for projects and programmes;
- (e) Details of need and impact assessment, if any, for the Projects undertaken by the Company:

Provided that the Board may alter such a plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to the effect. Appropriate documentation of KSIIDC CSR Policy, Annual CSR Activities, executing partners and expenditure will be undertaken on a regular basis.

12. SELECTION OF THE PROJECT:

All Proposals/projects submitted/referred by Institutions/statutory authorities/government agencies and other eligible intermediaries will be examined by the CSR Committee. Once shortlisted, a physical Inspection shall be conducted by the designated team of the KSIIDC. In case of a positive feedback, the proposal shall be placed before the CSR sub-committee of the Board for their onward recommendation to the Board for consideration.

13. IMPLEMENTATION OF PROJECTS : ELIGIBILITY CRITERIA

Board shall ensure that CSR activities are undertaken by the Company itself or through –

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government;

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or

(c) any entity established under an Act of Parliament or a State legislature; or

(d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities

(e) Every entity, covered under sub-rule (1), who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01st day of April 2021

To avoid Conflict of interest, CSR Funding may not be extended to Institutions/eligible intermediaries where an employee of our Company or a Board Member is associated in an Official capacity or otherwise.

14. MONITORING PROCESS:

KSIIDC CSR Committee shall monitor the implementation of various programs, projects and activities in such manner as it deems fit. KSIIDC CSR Committee shall also determine the manner of submission of information, reports, files, etc. by third parties as a part of the monitoring process. KSIIDC CSR Committee shall ensure that a transparent monitoring mechanism is put in place.

In the event the Company wishes to implement the CSR activities undertaken by it through implementing agencies, a report on the progress made by such implementing agencies are to be submitted to the CSR Committee for its review. The CSR Committee shall periodically report to the Board on the progress made by the Company in implementing the CSR activities undertaken by it.

15. EFFECTIVE DATE :

This Policy will be effective from the date of adoption/review by the Board

16. REPORTING:

- I. The Board's report shall include an annual report on CSR (containing particulars as required under the CSR Regulations), projects, programs and activities undertaken by the Company in the relevant financial year;
- II. The KSIIDC CSR Committee shall provide a responsibility statement on the implementation and monitoring of the CSR Policy and that it is in compliance with CSR philosophy of KSIIDC, which statement shall form part of the Board's Report;

17. AMENDMENTS/CONCLUSION

This Policy will form the framework for functioning of the CSR activities of the Company. Any or all provisions of the CSR Policy will be subject to revision/amendment in accordance with guidelines issued by the Appropriate Authority, from time to time.
