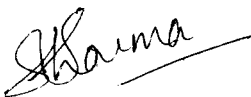


CSR and Sustainability Policy

1. General

- 1.1 Corporate Social Responsibility (CSR) is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical concept whereby organizations serve the interests of society by taking responsibility for the impact of their activities, and it includes Sustainability. This CSR Policy is treated as CSR cum Sustainable Development Policy as CSR includes Sustainability matters as per Schedule VII of the Companies Act. This also fulfills the requirement of DPE Guideline on CSR and Sustainability and is to be treated as CSR and Sustainability Policy in compliance with DPE Guidelines.
- 1.2 Stakeholders include employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-government organizations, local communities, environment, and society at large.
- 1.3 The thrust of CSR will clearly be 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, neglected and weaker sections of the society which comprise of SCs, STs, OBCs, minorities, BPL families, old and aged, women/girl child, physically challenged etc.
- 1.4 IRCON would generate awareness among all levels of its staff about CSR activities and the integration of social and environmental processes with business process, by adequate training/seminars and re-orientation.
- 1.5 CSR-SD Committee of the Board shall comprise of three or more directors out of which at least one shall be independent director. Independent Director shall be the Chairman of the committee.
- 1.6 A Nodal Officer, not below the rank of General Manager (to be called Nodal Officer/CSR-SD) will facilitate coordination of CSR initiatives of all the departments as per policy directives. The designated nodal officer shall regularly submit the progress report of implementation of CSR activities to the board level committee (i.e. CSR-SD Committee).
- 1.7 The Nodal officer will be assisted by a team of officials, to be nominated by the CSR-SD Committee.



- 1.8 At each project of IRCON, a Project level CSR implementation committee would be constituted that would be headed by Project Head and supported by other two senior officers from the project. This committee shall submit proposals to the Nodal Officer for undertaking CSR projects based on need assessment survey. These proposals would be placed before the CSR-SD committee / Board of Directors (BoD). After approval by the BoD, the project level committee shall arrange to implement the approved CSR projects and shall also submit periodic reports to the Nodal Officer for monitoring.
- 1.9 Pursuant to the gazette notification dated 27th February 2014, the provisions of Section 135 of the Companies Act 2013 (hereinafter referred to as 'the Act') and the Companies (Corporate Social Responsibility Policy Rules, 2014, which has come into force w.e.f. 1st April 2014. Thus, this CSR Policy shall be effective from Financial Year 2014-15 onwards.

2. Planning/selection of projects

IRCON would consider the following parameters for identification/selection of CSR activities / schemes / projects:

- 2.1 In selection of activities the focus should be on the social, economic and environmental impact thereof, rather than mere output or outcomes. While selecting projects, priority will be accorded to the stakeholders directly impacted by the Company's operations & activities located in the periphery of the project areas.
- 2.2 Locating CSR projects around project sites would provide an opportunity to connect with the people, environment & other stake holders who are closely impacted by construction activities. Not only it makes easier to mobilize resources required for execution of CSR projects, but it also offers an advantage of executing regular progress in implementation of planned activities.
- 2.3 As a part of stakeholder engagement, at the initial stage of planning & selection of CSR activities, consultation with State Govt. /Local Administration and Gram Sabhas at village level in rural areas, may be held.
- 2.4 Investment in CSR would be project based. While making selection or choice of CSR projects, the Company shall avoid taking up ad-hoc, one time, philanthropic activities, which does not contribute in any way to social value creation, environment protection or sustainable development. The Company shall select at least one CSR project from each of the following categories:-
- 2.4.1 First category: CSR initiatives focusing on capacity building, skill development and infrastructural development for the benefit of the marginalized and under privileged sections of the local communities and also in the backward regions so that avenues are created for their employment and income generation, and they also experience empowerment and inclusion in the economic mainstream.

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2.4.2 Second category: Projects for safe drinking water, waste or energy management, promotion of renewable sources of energy, biodiversity conservation, etc. Projects for reduction re-use and recycle of waste materials, rain-water harvesting and replenishing the ground water supply, protection, conservation and restoration of eco-system, reduction of carbon emissions through energy efficient and renewable energy technologies, greening the supply chain, and innovation in products and services which have a clear and tangible impact on environmental sustainability shall be taken up.

2.5 The Company shall take up at least one major project for development of a backward district which has the potential of contributing significantly in the long run to socio-economic growth in all the backward regions of the country.

2.6 For optimal use of resources, the Company may join hands with other CPSEs for mega projects which would have greater visibility, more number of beneficiaries, and long terms visible impact.

The Company can supplement the efforts of the Government in crossing the 'last mile' for achieving the targets / goals, if it is accurately assessed that the resource gap and inadequate capacities are critical constraints in achieving the targets / goals of a particular government scheme / initiative / welfare project. Here also, there should be no duplication in allocation of funds.

3. CSR Budget and Expenditure

3.1 The CSR Budget shall be fixed for each financial year with the approval of the BoD. The CSR spending shall be at least 2% of the average net profits (from Indian projects) of the company made during the immediately preceding three financial years. Every endeavor shall be made to spend the entire yearly budget on CSR activities in that year itself.

3.2 "Net Profit" means the net profit of a company as per its financial statements prepared in accordance with section 198 of the Act or any other applicable provision, but shall not include the following namely:-

- (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
- (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

3.3 The expenditure incurred on brochures, Surveying, Sustainability reporting, capacity building programmes such as training, workshops, seminar etc. and on communication strategies for engagement of all stakeholders shall be accounted under head 'CSR'. However, the expenditure incurred on baseline survey and impact assessment study should be within the overall limit of 5% of administrative overheads of CSR spend as provided for under the CSR Rules.

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- 3.4 CSR Expenditure shall also include contribution to corpus, for projects or programs relating to CSR activities approved by the BoD on recommendation of CSR-SD Committee.
- 3.5 The Company may build CSR capabilities of its personnel or implementation agencies through institutions with established track records of at least three years, provided that the expenditure for such activities does not exceed 5% of the total CSR expenditure of the Company in a financial year.
- 3.6 In case of failure to spend the allocated budget amount for CSR of any particular Financial Year, the reasons for not spending the amount shall be specified in the Board's Report. *However, such unutilized amount would not lapse and shall be carried forward to next year to utilize for the purpose for what it was allocated.*
- 3.7 The following expenditure shall not be considered CSR Expenditure for the purpose of the Act and Rules made thereunder:
- (i) Expenditure on CSR projects / programs / activities undertaken outside India
 - (ii) the CSR projects / programs / activities that benefit only the employees of the company and their families
 - (iii) Contribution of any amount directly or indirectly to any political party.

4. Baseline Survey & Documentation

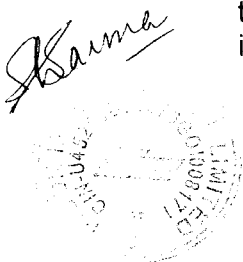
- 4.1 Although baseline surveys are generally considered to be very useful scientific tools for a fairly exact measurement of such needs, baseline surveys will not be insisted upon in all cases, provided credible documentary evidence of having got the need assessment study done through their own resources, or through some specialized agency, or having accessed reliable data in this regard from recognized authoritative secondary sources is available.
- 4.2 **Meticulous documentation relating to proposals for CSR projects / programs / activities**

The proposals for CSR activities for next financial year would be prepared by Project heads and sent to the Nodal Officer, by end of November month, for processing and for approval, before it is placed before the CSR-SD Committee.

5. Approval of CSR Activities

- 5.1 CSR-SD Committee will approve the areas and activities to be undertaken. The activities approved by CSR-SD committee shall be further ratified / approved by the BoD.

However in specific circumstances activities can be taken up based on the areas and activities identified by a sub-committee of Directors, nominated by the CSR-SD committee. This shall be ratified by the CSR-SD committee at its immediate next meeting.



- 5.2 The nodal officer shall assist the CSR-SD committee in selection and approval of the CSR activities.

6. Monitoring of CSR Activities

6.1 Functions of the CSR-SD Committee

- (i) Formulate and recommend to the BoD, CSR Policy (or any amendment thereof) which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Act.
- (ii) Recommend the amount of expenditure to be incurred on the CSR activities.
- (iii) Monitor the CSR Policy and implementation of the CSR projects/activities approved by the BoD from time to time.

- 6.2 Monthly progress reports will be submitted by the project level committee to the Nodal Officer, who in turn compile the reports and put up the progress report to the CSR-SD Committee / BoD for review.

7. Implementation/Undertaking of CSR Activities

- 7.1 Those CSR activities, which are closely aligned with the strategy of the Company & the areas where the company has core competence, like creation of infrastructure, the implementation of CSR activity will be taken up with the Company's own manpower & resources, following the due procedure and transparency norms. In such cases evaluation shall be assigned to an independent external agency for sake of objectivity and transparency.

- 7.2 In other cases, where the Company does not have in-house expertise, the service of following external specialized agencies shall be obtained:

- (i) Voluntary Agencies (NGOs)
- (ii) Institutes / Academic Organizations
- (iii) Government, Semi-Government, autonomous Organizations
- (iv) Contracted agencies for civil works
- (v) Professional Consultancy Organizations, etc.
- (vi) Registered trust or society
- (vii) Company established by its holding, subsidiary or associate company.

- 7.3 The society/ trust /agency to be employed for implementation of CSR projects should have an established track record of three years in undertaking similar projects or programs. In addition, while implementing CSR projects through specialized agencies, every possible effort would be made to verify the reliability and clean track record of such agencies and their selection would be done following the procurement guidelines as per Company Policy, unless and until a special policy is evolved by the BoD specifically for CSR activities.

- 7.4 The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in position to report separately on such projects or programs in accordance with these rules.

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8. Key areas for selection of CSR activities

8.1 Keeping the main objective in view the following key areas are identified for implementation of CSR activities as per Schedule VII of the Companies Act, 2013 and as per the amendment notification dated 24th October 2014 issued further :-

- “(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 Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocation 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, agro forestry, 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 the 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 arts and handicrafts;
- (vi) measures for the benefit of armed forced veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- (viii) contribution to Prime Minister’s National Relief Fund or any other fund set up by the central government for socio-economic development and relief and welfare of the schedule castes, the schedule tribes, other backward classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the central government;
- (x) rural development projects.”

8.3 The surplus arising out of the CSR projects / programs / activities shall not form part of the business profits.

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- 8.4 UN Millennium Development Goals and UN Global Compact Principles are kept at Annexure-I & II.

9. Evaluation/Impact assessment

- 9.1 Upon completion, the CSR Projects shall be evaluated by an independent external agency in terms of achievement of goals.
- 9.2 Test of the success of any CSR activity / project shall be its social, economic or environmental impact thereof. Outcome related to the objective set at the time of need assessment study. As impact assessment study requires specialized skills and tools for advocacy research, it may be carried out by specialized agency.

10. CSR Reporting and disclosure

- 10.1 The BoD of the Company shall, after taking into account the recommendations of the CSR-SD Committee, approve the CSR policy for the Company and disclose its contents (i) in Board's Report (as an separate annual report on CSR); and (ii) on Company's website, as per the particulars mentioned under the Companies (CSR Policy) Rules, 2014 (attached as Annexure III). The said annual report on CSR broadly includes:

- (i) Brief outline of the company's CSR policy, including overview of the projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs.
- (ii) The composition of the CSR-SD committee
- (iii) Prescribed CSR budget and details of CSR expenditure made during the respective financial year.

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UN Millennium Development Goals

At the Millennium Summit in September 2000 the largest gathering of world leaders in history adopted the UN Millennium Declaration, committing their nations to a new global partnership to reduce extreme poverty and setting out a series of time bound targets, with a deadline of 2015 that have become known as the Millennium Development Goals.

The goals (MDGs) are:

1. Eradicate Extreme Hunger and Poverty
2. Achieve Universal Primary Education
3. Promote Gender Equality and Empower Women
4. Reduce Child Mortality
5. Improve Maternal Health
6. Combat HIV/AIDS, Malaria and other diseases
7. Ensure Environmental Sustainability
8. Develop a Global Partnership for Development

The United Nations Millennium Campaign, started in 2002, supports and inspires people from around the world to take action in support of the Millennium Development Goals.

“The Millennium Development Goals set time bound targets, by which progress in reducing income poverty, hunger, disease, lack of adequate shelter and exclusion – while promoting gender equality, health, education and environmental sustainability – can be measured.

They also embody basic human rights – the rights of each person on the planet to health, education, shelter and security. The Goals are ambitious but feasible and, together with the comprehensive United Nations development agenda, set the course for the world’s efforts to alleviate extreme poverty by 2015.”

United Nations Secretary-General, Ban Ki-Moon



UN Global Compact Principles:

The Ten Principles

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

1. The Universal Declaration of Human Rights
2. The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
3. The Rio Declaration on Environment and Development
4. The United Nations Convention Against Corruption

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour, and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technology.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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Annexure-III

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years
4. Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above)
5. Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year;
 - (b) Amount unspent , if any;
 - (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on projects or programs. (2)Overhead s:	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency *
1							

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2							
3							
	TOTAL						

*Give details of implementing agency:

6. In case the company has failed to spend the two per cent. of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman CSR Committee)	Sd/- (Person specified under clause (d) of sub-section (1) of section 380 of the Act) (wherever applicable)
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