



# **CORPORATE SOCIAL RESPONSIBILITY (CSR) & SUSTAINABILITY POLICY**



## **KAMARAJAR PORT LIMITED**

*(A Company of Chennai Port Trust)*

*(Ministry of Ports, Shipping and Waterways – Government of India)*

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## **1.0 Introduction:**

With the change in the corporate mind set triggered by social expectations and pressure, the urge to integrate economic activities with the society at large is increasing. The concept of Corporate Social Responsibility has gained prominence in various organizations. Corporate Social Responsibility is a continuing commitment to behave ethically and contribute to harmonious and sustainable development of society through business, while improving the quality of life of the community and society. KPL has adopted CSR as a strategic tool for inclusive growth. The concept of inclusive growth has further necessitated that corporate activities should not be limited merely to the profit maximization of the shareholders but should also transfer the benefits of its existence to society in general and the neighbourhood in particular. CSR is the organization's commitment to operate in an economically and environmentally sustainable manner, while recognizing the interest of its stakeholders.

## **2.0 Objective, Vision and Mission for KPL:**

**“To be a respecater Major Port on the East Coast of India with total inclusive growth”.**

**2.1** The objective of this policy is

- to define CSR and sustainability projects to be undertaken by KPL and which fall within the purview of the Companies Act 2013 as amended from time to time.

- implementation of such CSR and Sustainability projects or programs
- monitoring and reporting process of CSR and Sustainability projects or programs
- to ensure an increased level of commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of its stakeholders.
- to generate a societal goodwill for KPL through CSR initiatives and help reinforce a positive & socially responsible image of KPL as a corporate port.

**2.2** KPL through its CSR and Sustainability initiatives shall continue to undertake projects mainly focusing on fulfillment of the needs of the local area of Kamarajar Port based on the baseline survey, suggestions/ demands of the key stakeholders, including those who are directly impacted by KPL commercial operations/activities.

### **3.0 Terms and Definitions**

Company/ KPL	: Kamarajar Port Limited
Board	: Board of Directors (BOD) of KPL
BLC	: Board Level Committee for CSR
CSR	: Corporate Social Responsibility
Act	: Companies Act, 2013 and as amended from time to time.
Rules	: Companies (Corporate Social Responsibility Policy) Rules, 2014 and as amended from time to time.

- LocalArea** : District in which port operates and the district contiguous thereto. i.e., Chennai and Kancheepuram districts within radius of 50 Kms of Kamarajar port.
- Megaproject** : A project where the cumulative value of the project is Rs.1.00Crore or more or as may be amended from time to time under the Act & Rules from time to time.
- Administrative Overheads** : “Administrative overheads” means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- Ongoing Project** : “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 approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

Any undefined words and expressions used in KPL CSR policy shall have the same meaning as defined for them in the Act or Rules.

#### **4.0 Scope of CSR Policy:**

- 4.1** Since its inception, KPL has been actively integrating itself with the process of neighbourhood development in a major way. For doing this, KPL has been undertaking a host of community development programmes in areas of education, skill development, health, civic amenities, women empowerment etc., with a view to improving the neighbourhood communities.
- 4.2** The policy broadly covers all relevant clauses / sections of the CSR rules, 2014 of Companies Act, 2013. If the policy is silent on any provision mentioned and permitted in the Act, the provisions of the extant statute will apply.
- 4.3** The policy relates to the activities to be undertaken by KPL as specified in the Schedule VII of the Companies Act, 2013, CSR rules, 2014 and any amendments made from time to time. CSR activities mentioned in the Schedule VII are to be interpreted liberally.
- 4.4** The Policy will seek to diversify the activities and also to undertake similar activities in areas beyond the local area as well in line with the objective of the Company.

#### **5.0 Strategy and thrust areas:**

- 5.1** KPL shall consistently strive to meet the expectations of the society by supporting initiatives for improving infrastructure/ quality of life of society

/ community without compromising on ecological issues on sustainable basis consistent with the CSR provisions of Act, Schedule VII of the Act, CSR rules and the policy directions issued by the Government time to time.

- 5.2** KPL, as a socially responsible corporate port would endeavor to
- promote and leverage green technologies to produce goods and services that contribute to social and environmental sustainability.
  - take up on priority CSR projects which are in the National Development agenda like safe drinking water, provision of Toilets especially for girls, health and sanitation and education, etc., with the main focus to address the basic needs of the deprived, under privileged and

**5.3** KPL has identified the thrust area in which it will undertake projects/programmes/ activities under CSR and sustainability as specified under Schedule VII of the Companies Act, 2013 as amended from time to time. Details of the thrust areas enclosed as **Annexure-I** will form part of the policy.

## **6.0 Planning and Allocations of funds:**

**6.1** In line with the extant provisions of Section 135 of the Companies Act, 2013 and requirements laid down in the Companies (CSR Policy) Rules, 2014; atleast **2%** of the average net profit of the Company made during the three immediately preceding financial years will be allocated for CSR activities.

- 6.2** The Company shall give preference to the local areas for spending at-least 80% of the amount earmarked for CSR activities. The remaining amount may be utilized beyond local areas.
- 6.3** All CSR activities / projects will be undertaken after making a distinctive budgetary provision. The overall CSR Budget will be approved by the Board of the Company on recommendation of the CSR Committee.
- 6.4** The unspent CSR amount shall be transferred/ spent as specified in the Companies Act, 2013 and Rules made thereunder from time to time .
- 6.5** Administrative Overheads shall not exceed 5% of the total CSR expenditure for the Financial Year.
- 6.6** KPL shall ensure that the surplus arising out of the CSR projects or programmes or activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- 6.7** Expenses incurred for the fulfillment of any act/statute of regulations (such as Labour laws, land Acquisition Act etc.) would not count as CSR expenditure.



## **7.0 Implementation:**

- 7.1** KPL shall take steps to implement the CSR agenda within the organization through the active involvement of the employees, who are important internal stakeholders.
- 7.2** KPL shall device 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.
- 7.3** Based on the proposal(s) identified from various sources i.e., Govt. agencies, PSUs, and reputed agencies, etc., and in accordance with the thrust area indicated in the policy, CSR proposals/ annual action plan shall be first examined by the CSR cell / nodal officer and his team of officers and suitable proposals shall be put up to Board level Committee for consideration / approval following due approval process in KPL. After obtaining approval of BLC, the proposals shall be put up for consideration & approval of the Board of Directors (BOD). The CSR and sustainability policy initiatives shall be undertaken in the ratio 80% on project basis and 20% on non-project basis.
- 7.4** The CSR projects/ activities shall be 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
- 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;.
- c) any entity established under an Act of Parliament or a State legislature;
- 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 .

Any Entity which intends to undertake CSR activity of KPL, has to mandatorily register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the **01<sup>st</sup> day of April 2021**.

**7.5** The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:

- (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 utilisation of funds and implementation schedules for the projects or programmes;

- (d) monitoring and reporting mechanism for the projects or programmes;  
and
- (e) details of need and impact assessment, if any, for the projects undertaken by the Company. Provided that, Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect

## **8.0 Monitoring and reporting:**

**8.1** The CSR committee of Board shall institute a transparent monitoring mechanism for implementation of the CSR Projects/Activities/ programs undertaken by KPL.

**8.2** The CSR Projects/Activities/ programs shall be monitored directly or indirectly by KPL.

a) The CSR Projects executed by external agencies will be monitored as per the provisions in the MoU entered between KPL and the respective external agencies.

b) Projects directly taken up by KPL-

i) The CSR Projects taken up by KPL or through Contractors shall be monitored directly by CSR cell/ nodal officer and his team or external agency if appointed.

ii) The award of contract for CSR works shall be finalized within the time frame for timely initiation of the activity.

iii) The CSR Cell/ nodal officer and his team shall draw a time frame

from the date of initiation. Any delay noticed while monitoring the activity, remedial measures may be taken for timely completion of the Project.

- 8.3** The CSR committee of Board shall monitor the progress of work of ongoing projects from time to time and case to case basis.
- 8.4** CSR Cell/ Nodal officer will submit the Quarterly report along with the PowerPoint presentation with videos/ photos,etc.,
- 8.5** The CSR cell/ Nodal officer shall submit the Annual report on CSR and sustainability activities as specified in the Annexure of CSR rules and as may be amended time to time to the Board Level Committee on CSR & Sustainability Development and to Board of Directors for incorporating in the Board Report which forms a part of the Annual Report of KPL.
- 8.6** If KPL fails to spend the allocated budget in a particular year, the Company shall specify the reasons for not spending the amount in the Directors Report.
- 8.7** The composition of the CSR Committee, CSR Policy and Projects approved by the Board shall be displayed on the website for public access.
- 8.8** Maintenance of Assets created under CSR would be the Responsibility of the concerned government, local representative of the Society and concerned Non-government organization (NGO) through which the CSR activities are implemented and an undertaking / consent would also be

taken. Extant statute with regard to creation & acquisition of Capital assets are to be abided.

**8.9** The Board of the Company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

**9.0 Evaluation/ Impact Assessment**

**9.1** Evaluation/ Impact assessment shall be carried out by specialized agencies such as Govt. / Semi- Govt. organizations/ PSUs/ NGOs/ reputed institutions and Academic organizations,etc.

**9.2** The impact assessment is mandatory for mega projects as specified in Act and Rules framed thereunder as may be amended from time to time. KPL shall undertake impact assessment (whenever applicable) of mega projects, through an independent agency, of their CSR mega projects having outlays of one Crore rupees or more. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less”

## **10.0 Review of Policy:**

**10.1** Any policy framework needs periodic reviews and updation in order to preserve its relevance. This Policy of KPL on CSR would also be periodically reviewed and updated in light of the past experience gained through implementing various CSR projects.

**10.2** (i) Amendment required due to statutory modifications on account of change in law including clarifications issued or modification required for clarification purposes shall be appropriately factored in the KPL – Corporate Social Responsibility (CSR) & Sustainability Policy with the approval of the Chairman and Managing Director of the Company; and

(ii) Amendment proposal not covered as per clause (i) above, shall be subject to approval of the Board of Directors of the Company

**10.3** CMD is empowered to make any supplementary rules/order to ensure effective implementation of the CSR Policy.

**10.4** This policy will supersede/ override the previous policy on Corporate Social Responsibility and Sustainable development.

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## ANNEXURE –I

- i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and 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 centers 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;
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
- vi. Measures for the benefit of armed forces, veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports, para olympic sports and Olympic sports;
- viii. Contribution to the 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 Scheduled Caste, Scheduled 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.
- xi. Slum area development.