

Corporate Social Responsibility Policy



Energy Efficiency Services Limited

A-13, IWAI Building, Sector 1,
Noida

Contents

1.0	Introduction
2.0	Activities/Programme to be undertaken under CSR
3.0	Administrative setup:
4.0	Fund Allocation & Expenditure
5.0	Planning & Implementation
6.0	Monitoring of CSR Activities
7.0	Evaluation/Impact Assessment:
8.0	Reporting
9.0	Delegation of Power
10.0	General

1.0 Introduction

- 1.1 Corporate Social Responsibility is a Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.
- 1.2 Energy Efficiency Services Limited, is first super ESCO in South Asia. It has been formed with an objective to carry out and promote the business of Energy Efficiency and climate change & to implement energy efficiency projects in Demand Side Measure. The Main focus is to undertake that CSR activities that help to save & conserve energy to create impact on the environment and ecology.
- 1.3 The Companies Act 2013 was notified in September 2013. Section 135 and Companies (Corporate Social Responsibility) rules 2014 which deals with the CSR activities. The CSR policy of the Company is in compliance of Companies Act, 2013.

2.0 Activities/Programme to be undertaken under CSR

- 2.1 The activities proposed to be undertaken under CSR shall include all the activities mentioned in Schedule VII stated in section 135 (3) (a) of the Companies Act, 2013 & rules made thereunder and any other activity for benefit of community at large. An indicative list of CSR program is given at **Annexure-1**
- 2.2 Focus area of EESL CSR activities are health, sanitation, drinking water, education, capacity building, women empowerment, social infrastructure development and activities contributing towards Environment Sustainability.
- 2.3 Preference for CSR activities is given in local area around EESL's operations. However, considering inclusive growth & environment sustainability and to supplement Government effort, activities are taken up anywhere in the Country.
- 2.4 The Company will take into account into CSR activities provided such activities qualify as CSR activities under the Companies Act, 2013.
- 2.5 Ongoing CSR projects or program or activities will qualify as valid CSR activities and will be completed as approved.
- 2.6 The CSR activities will be undertaken as projects or programs or activities. Preference will be given to the project mode for CSR activities.
- 2.7 The CSR activities undertaken in India only shall amount to CSR expenditure.
- 2.8 However, the following activities will not be considered as CSR activities:-
 - (i) Activities undertaken in pursuance of normal course of business of the Company
 - (ii) Activities that benefit only employees of the Company
 - (iii) Activities taken up under R&R
 - (iv) Contribution of any amount directly or indirectly to any political party
 - (v) Activities which the Board considers ad hoc and philanthropic in nature.
 - (vi) Any activities not approved by the Board or Competent authority as decided by the Board.

3. Administrative setup:

3.1 Role of the Board of Directors

- a) To constitute a CSR Committee consisting of three or more directors, out of which at least one director shall be an independent director.
- b) To approve CSR policy for the Company

- c) To ensure that the Company spends annually at least 2% of the average net profit made during the three immediately preceding financial years on CSR policy. Average net profit must be calculated as provided for in Sec 198 of the Act, 2013.
- d) Disclose the composition of the CSR Committee in Report of the Board of Directors.

3.2 Role of CSR Committee

- a) To formulate and recommend to the Board, a CSR Policy
- b) To recommend the amount of expenditure to be incurred on the CSR annually, as per provision of the Act
- c) To frame CSR rules for implementation & monitoring of CSR projects.
- d) To approve the projects and programs to be undertaken by the Company in pursuance of the approved CSR policy.
- e) To monitor from time to time CSR policy approved by the Board.

3.3 Internal administrative Set up

The Corporate CSR department of EESL will be responsible for servicing of all matters relating to the CSR policy of the Company. A nodal officer may be appointed by Managing Director for coordinating the overall CSR activities in EESL.

4. Fund Allocation & Expenditure:

- 4.1** In line with requirement of Companies Act, 2013, EESL Board may approve to spend, 2% of the average net profit made during the three immediately preceding financial years on CSR activities.
- 4.2** Funds allocated are earmarked for CSR activities, approved by CSR Committee. EESL endeavors to fully spend the funds annually, allocated for CSR activities.
- 4.3** Surplus arising out of any CSR activities does not form part of business profit of EESL.

5. Planning & Implementation

- 5.1** CSR activities are generally identified on the basis of need assessment surveys done through survey/study by in-house experts or by external agency.
- 5.2** Further, recommendation of state/district administration, Ministries of Government of India and other stakeholders including public representatives and other participatory forums etc may be considered for undertaking activities/projects under CSR.
- 5.3** The plan may be dovetailed with specific government programmes to achieve the desired targets. Adequate care is taken to ensure that there is no duplication of CSR projects with that of Government's programme.
- 5.4** On identify the requirement of the community, a project will be prepared indicating the need, time frame of implementation, action plan, budget requirement etc. Long term projects shall be broken into medium and short term plans and annual plans.
- 5.5** CSR projects shall preferably be implemented in project mode. Mode of implementation shall be spelt out at the proposal stage itself.
- 5.6** CSR activities/project/programs may also be taken up in association with a registered trust or a registered society or a company, established under section 8 of the Act, 2013 by the Company, either singly or along with its holding or subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such other company or otherwise
Provided that

- a) If trust, society or company, is not established by the Company either singly or along with its holding or subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such other company, shall have an established track record of at least three years in undertaking similar programs or projects or activities.
- b) The CSR committee/competent authority has specified the project or program to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

5.7 The Corporate CSR department will prepare an Annual plan of CSR activities and budget for the next financial year and put it up for approval of the CSR Committee by November of each year. The CSR Committee should spend its recommendation on the Annual plan to the Board of Directors of each year for final approval.

5.8 Thereafter, Corporate CSR department shall ensure that a detailed proposal is prepared for each project/activity. The proposal must in turn be put up by the Corporate CSR department for the approval of CSR committee/competent authority as decided by the Board.

5.9 Every effort is made to ensure that approved activities are implemented within schedule. Once activity is approved and funds are allocated, the activity is continued and is carried forward in subsequent years until completed.

6. Monitoring of CSR Activities:

6.1 Monitoring is done to ensure timely completion of activities and to achieve deliverables. Periodic MIS on status and issue of CSR activities is to put up to appropriate level and intervention is sought wherever required.

6.2 The Board may be kept informed regarding the progress in implementation of CSR policy and activities in accordance with the periodicity decided by the Board.

7. Evaluation/Impact Assessment:

7.1 Impact assessment must be done for each project undertaken under CSR internally or through external agencies. All projects shall be audited by Internal Auditor annually.

8. Reporting

8.1 The Board report on CSR activities shall include an annual report on CSR contain particulars as specified under companies act, 2013.

8.2 The Board shall disclose the contents of the CSR policy in its report and also have placed on website of the Company.

8.3 If the Corporation fails to spend the specified amount for CSR activities the Board must specify the reasons for inability to spend the said sum in the above mentioned report of the Board of Directors.

8.4 CSR committee will periodically submit reports on implementation of CSR policy to the Board of Directors as directed by the Board.

8.5 The CSR committee will issue a responsibility statement signed by the whole time director, Chairman of CSR Committee and person specified under clause (d) of sub section (1) of section 380 of the Act, 2013 that implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

9. General

- 9.1 The policy shall stand modified by the provision of the Companies Act & Companies (CSR) Rules, 2014 as amended from time to time.
- 9.2 The policy would be serve as the referral document for planning and selection of CSR activities, though, whenever in doubt, cross reference to Companies Act & Companies (CSR) Rules is advised to avoid any inconsistency with the later.

SCHEDULE VII

(See sections 135)

Activities which may be included by companies in their Corporate Social Responsibility Policies

Activities relating to:—

- (i) eradicating extreme hunger and poverty;
- (ii) promotion of education;
- (iii) promoting gender equality and empowering women;
- (iv) reducing child mortality and improving maternal health;
- (v) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- (vi) ensuring environmental sustainability;
- (vii) employment enhancing vocational skills;
- (viii) social business projects;
- (ix) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
- (x) such other matters as may be prescribed.

P.K. MALHOTRA,
Secretary to the Govt. of India.



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

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कारपोरेट कार्य मंत्रालय

अधिसूचना

नई दिल्ली, 27 फरवरी, 2014

सा.का.नि. 130(अ).—केंद्रीय सरकार, कंपनी अधिनियम, 2013 (2013 का 18) की धारा 467 की उप-धारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त अधिनियम की अनुसूची 7 में निम्नलिखित संशोधन करती है, अर्थात् :—

1. अनुसूची 7 में, मद (i) से मद (x) और उससे संबंधित प्रविष्टियों के स्थान पर, निम्नलिखित मदें और प्रविष्टियां रखी जाएगी, अर्थात् :—

- “(i) भूख, निर्धनता और कुपोषण का उन्मूलन, निवारक स्वास्थ्य देख-रेख और स्वच्छता का संवर्धन और सुरक्षित पेय जल उपलब्ध कराना;
- (ii) शिक्षा जिसमें विशेष शिक्षा और विशेषतः बालकों, स्त्रियों, वयोवृद्धों, अन्य रूप से समर्थ व्यक्तियों के बीच व्यावसायिक कौशल बढ़ाने संबंधी नियोजन और जीविका की बढ़ोतरी संबंधी परियोजनाएं का संवर्धन;
- (iii) लैंगिक समता, स्त्री सशक्तिकरण का संवर्धन, स्त्रियों और अनाथों के लिए गृहों और छात्रावासों का गठन, वरिष्ठ नागरिकों के लिए वृद्धाश्रमों, दैनिक देखरेख केंद्रों का गठन और ऐसी अन्य सुविधाएं तथा सामाजिक और आर्थिक रूप से पिछड़े समूहों द्वारा सामना की जाने वाली असमानता में कमी लाने के लिए उपाय करना;
- (iv) पर्यावरणीय संपोषण, पारिस्थितिकीय संतुलन, वनस्पति जीव-जंतु का संरक्षण, पशु कल्याण, कृषि वानिकी, प्राकृतिक संसाधनों का संरक्षण सुनिश्चित करना तथा मृदा, वायु और जल की क्वालिटी बनाए रखना;
- (v) राष्ट्रीय विरासत, कला और संस्कृति का संरक्षण, जिसमें भवनों और ऐतिहासिक महत्ता के स्थल और कलाकृतियां भी सम्मिलित हैं, सार्वजनिक पुस्तकालयों का गठन करना, पारंपरिक कलाओं और हस्तशिल्पों का संवर्धन और विकास;
- (vi) सशस्त्र बलों के सेवानिवृत्त सैनिकों, योद्धाओं प्रभावी विधवाएं और उनके आश्रितों के फायदे के लिए उपाय;

- (vii) ग्रामीण खेल-कूद राष्ट्रीय स्तर पर मान्यताप्राप्त खेल-कूद, पैरालम्पिक खेल-कूद और ओलम्पिक खेल-कूदों के संवर्धन के लिए प्रशिक्षण देना;
 - (viii) प्रधानमंत्री राष्ट्रीय राहत निधि या केंद्रीय सरकार द्वारा अनुसूचित जातियों, अनुसूचित जनजातियों, अन्य पिछड़े वर्गों, अल्पसंख्यकों, स्त्रियों के सामाजिक-आर्थिक विकास और राहत के लिए और कल्याण के लिए गठित की गई किसी अन्य निधि में अभिदाय;
 - (ix) शैक्षणिक संस्थान, जिन्हें केंद्रीय सरकार द्वारा अनुमोदित किया गया है, के भीतर अवस्थित प्रौद्योगिकी इनक्यूबेटरों के लिए प्रदान किये गये अभिदाय या निधियां;
 - (x) ग्रामीण विकास की परियोजनाएं;”।
2. यह अधिसूचना 1 अप्रैल, 2014 से प्रवृत्त होगी ।

[फा. सं. 1/18ए/2013-सीएल-V]

रेणुका कुमार, संयुक्त सचिव

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 27th February, 2014

G.S.R. 130(E).—In exercise of the powers conferred by sub-section (1) of section 467 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following amendments to Schedule VII of the said Act, namely :—

(1) In Schedule VII, for items (i) to (x) and the entries relating thereto, the following items and entries shall be substituted, namely :—

- “(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 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;
- (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 forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognised sports, paralympic 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 Castes, the 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.”

2. This notification shall come into force with effect from 1st April, 2014.

[F. No. 1/18A/2013-CL-V]

RENUKA KUMAR, Jt. Secy.

General Circular No. 21/2014

**No. 05/01/2014- CSR
Government of India
Ministry of Corporate Affairs**

5th Floor, 'A' Wing,
Shastri Bhawan, Dr. R. P. Marg
New Delhi - 110 001
Dated: 18th June, 2014

To,
All Regional Director,
All Registrar of Companies,
All Stakeholders

Subject: - Clarifications with regard to provisions of Corporate Social Responsibility under section 135 of the Companies Act, 2013.

Sir,

This Ministry has received several references and representation from stakeholders seeking clarifications on the provisions under Section 135 of the Companies Act, 2013 (herein after referred as 'the Act') and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as well as activities to be undertaken as per Schedule VII of the Companies Act, 2013. Clarifications with respect to representations received in the Ministry on Corporate Social Responsibility (herein after referred as ('CSR')) are as under:-

- (i) The statutory provision and provisions of CSR Rules, 2014, is to ensure that while activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act 2013, the entries in the said Schedule VII must be **interpreted liberally** so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the amended Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities as illustratively mentioned in the Annexure.

Contd....

- (ii) It is further clarified that CSR activities should be undertaken by the companies in project/ programme mode [as referred in Rule 4 (1) of Companies CSR Rules, 2014]. One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.
- (iii) Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.
- (iv) Salaries paid by the companies to regular CSR staff as well as to volunteers of the companies (in proportion to company's time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure.
- (v) "Any financial year" referred under Sub-Section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014, implies 'any of the three preceding financial years'.
- (vi) Expenditure incurred by Foreign Holding Company for CSR activities in India will qualify as CSR spend of the Indian subsidiary if, the CSR expenditures are routed through Indian subsidiaries and if the Indian subsidiary is required to do so as per section 135 of the Act.
- (vii) 'Registered Trust' (as referred in Rule 4(2) of the Companies CSR Rules, 2014) would include Trusts registered under Income Tax Act 1956, for those States where registration of Trust is not mandatory.

Contd....

- (viii) Contribution to Corpus of a Trust/ society/ section 8 companies etc. will qualify as CSR expenditure as long as (a) the Trust/ society/ section 8 companies etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

2. This issues with the approval of Competent Authority.

Yours faithfully,

Sd/-

(Seema Rath)
Assistant Director (CSR)
Phone No. 23389622

Copy to:

1. PSO to Secretary
2. PPS to Additional Secretary
3. PS to DG (IICA)/JS (M) /JS(B)/JS(SP)/DII (UCN)/EA/DII(POLICY)
4. DIR (AK)/DIR (AB)/DIR(NC)/DIR(PS)
5. e-Governance Cell for uploading on website of MCA

Annexure referred to at para (i) of General Circular No. 21/2014 dated 18.06.2014

Sl. No.	Additional items requested to be included in Schedule VII or to be clarified as already being covered under Schedule VII of the Act	Whether covered under Schedule VII of the Act
1.	<p>Promotion of Road Safety through CSR:</p> <p>(i) (a) Promotions of Education, "Educating the Masses and Promotion of Road Safety awareness in all facets of road usage,</p> <p>(b) Drivers' training,</p> <p>(c) Training to enforcement personnel,</p> <p>(d) Safety traffic engineering and awareness through print, audio and visual media" should be included.</p> <p>(ii) Social Business Projects : "giving medical and Legal aid, treatment to road accident victims" should be included.</p>	<p>(a) Schedule VII (ii) under "promoting education".</p> <p>(b) For drivers training etc. Schedule VII (ii) under "vocational skills".</p> <p>(c) It is establishment functions of Government (cannot be covered).</p> <p>(d) Schedule VII (ii) under "promoting education".</p> <p>(ii) Schedule VII (i) under 'promoting health care including preventive health care.'</p>
2.	Provisions for aids and appliances to the differently- able persons - 'Request for inclusion	Schedule VII (i) under 'promoting health care including preventive health care.'
3.	<p>The company contemplates of setting up ARTIIC (Applied Research Training and Innovation Centre) at Nasik. Centre will cover the following aspects as CSR initiatives for the benefit of the predominately rural farming community:</p> <p>(a) Capacity building for farmers covering best sustainable farm management practices.</p> <p>(b) Training Agriculture Labour on skill development.</p>	<p>Item no. (ii) of Schedule VII under the head of "promoting education" and "vocational skills" and "rural development".</p> <p>(a) "Vocational skill" livelihood enhancement projects.</p> <p>(b) "Vocational skill"</p>

	<p>(c) Doing our own research on the field for individual crops to find out the most cost optimum and Agri – ecological sustainable farm practices. (Applied research) with a focus on water management.</p> <p>(d) To do Product Life Cycle analysis from the soil conservation point of view.</p>	<p>(c) ‘Ecological balance’, ‘maintaining quality of soil, air and water’.</p> <p>(d) “Conservation of natural resource” and ‘maintaining quality of soil, air and water’.</p>
4.	<p>To make “Consumer Protection Services” eligible under CSR. (Reference received by Dr. V.G. Patel, Chairman of Consumer Education and Research Centre).</p> <p>(i) Providing effective consumer grievance redressal mechanism.</p> <p>(ii) Protecting consumer’s health and safety, sustainable consumption, consumer service, support and complaint resolution.</p> <p>(iii) Consumer protection activities.</p> <p>(iv) Consumer Rights to be mandated.</p> <p>(v) all consumer protection programs and activities” on the same lines as Rural Development, Education etc.</p>	<p>Consumer education and awareness can be covered under Schedule VII (ii) “promoting education”.</p>
5.	<p>a) Donations to IIM [A] for conservation of buildings and renovation of classrooms would qualify as “promoting education” and hence eligible for compliance of companies with Corporate Social Responsibility.</p> <p>b) Donations to IIMA for conservation of buildings and renovation of classrooms would qualify as “protection of national heritage, art and culture, including restoration of buildings and sites of historical importance” and hence eligible for compliance of companies with CSR.</p>	<p>Conservation and renovation of school buildings and classrooms relates to CSR activities under Schedule VII as “promoting education”.</p>

6.	Non Academic Technopark TBI not located within an academic Institution but approved and supported by Department of Science and Technology.	Schedule VII (ii) under “promoting education”, if approved by Department of Science and Technology.
7.	Disaster Relief	<p>Disaster relief can cover wide range of activities that can be appropriately shown under various items listed in Schedule VII. For example,</p> <ul style="list-style-type: none"> (i) medical aid can be covered under ‘promoting health care including preventive health care.’ (ii) food supply can be covered under eradicating hunger, poverty and malnutrition. (iii) supply of clean water can be covered under ‘sanitation and making available safe drinking water’.
8.	Trauma care around highways in case of road accidents.	Under ‘health care’.
9.	Clarity on "rural development projects"	Any project meant for the development of rural India will be covered under this.
10.	Supplementing of Govt. schemes like mid-day meal by corporates through additional nutrition would qualify under Schedule VII.	Yes. Under Schedule VII, item no. (i) under ‘poverty and malnutrition’.
11.	Research and Studies in the areas specified in Schedule VII.	Yes, under the respective areas of items defined in Schedule VII. Otherwise under ‘promoting education’.
12.	Capacity building of government officials and elected representatives – both in the area of PPPs and urban infrastructure.	No.

13.	Sustainable urban development and urban public transport systems	Not covered.
14.	Enabling access to, or improving the delivery of, public health systems be considered under the head “preventive healthcare” or “measures for reducing inequalities faced by socially & economically backward groups”?	Can be covered under both the heads of “healthcare” or “measures for reducing inequalities faced by socially & economically backward groups”, depending on the context.
15.	Likewise, could slum re-development or EWS housing be covered under “measures for reducing inequalities faced by socially & economically backward groups”?	Yes.
16.	Renewable energy projects	Under ‘Environmental sustainability, ecological balance and conservation of natural resources’,
17.	<p>(i) Are the initiatives mentioned in Schedule VII exhaustive?</p> <p>(ii) In case a company wants to undertake initiatives for the beneficiaries mentioned in Schedule VII, but the activity is not included in Schedule VII, then will it count (as per 2(c)(ii) of the Final Rules, they will count)?</p>	(i) & (ii) Schedule VII is to be liberally interpreted so as to capture the essence of subjects enumerated in the schedule.
18.	US-India Physicians Exchange Program – broadly speaking, this would be program that provides for the professional exchange of physicians between India and the United States.	No.
