

**REVISED
CORPORATE SOCIAL RESPONSIBILITY (CSR) AND
SUSTAINABILITY POLICY
OF
KONKAN RAILWAY CORPORATION LIMITED
(A GOVERNMENT OF INDIA UNDERTAKING)
CIN U35201MH1990GOI223738**

**(REVISED VIDE 12TH CSR&S COMMITTEE MEETING
AND 155TH BOD MEETING HELD ON FRIDAY, 18TH
JANURARY, 2018)**

**REGISTERED AND CORPORATE OFFICE
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1. ABOUT KONKAN RAILWAY CORPORATION LIMITED

i. COMPANY BRIEF:

The Company was set up to undertake construction and operation of the Konkan Railway, a broad gauge railway line along the west coast of India connecting Roha (in the District of Raighad in the State of Maharashtra, near Mumbai) to Thokur (in the District of Mangalore in the State of Karantaka). Presently, the main business of the Company is Transportation of passengers and goods by Rail & Project Execution. KRCL's Vision , Mission and Objective statement is as follows :-

VISION MISSION & OBJECTIVES STATEMENT OF KONKAN RAILWAY

VISION

- To become a world class surface transport company and infrastructure solution provider.

MISSION

- To develop safe, eco-friendly and cost effective railway transport infrastructure for growth and prosperity of the Nation in general and Konkan region in particular, ensuring financial & environmental sustainability.
- To promote and encourage best practices in construction and maintenance thereof to achieve "Total Customer Satisfaction".
- To ensure growth and professional excellence of our employees.

OBJECTIVES

- Train Operations:

To provide safe, punctual and affordable passenger and freight transportation to maximize user satisfaction.

- **Infrastructure Projects:**

To leverage our talent and experience towards achieving excellence in timely delivery of challenging infrastructure projects of world class standard.

2. HISTORY OF CSR&S INTRODUCTION

DPE had issued guidelines on implementation of Corporate Social Responsibility in 2010 making CPSEs responsible with respect to corporate performance, measured in terms of economic impact, social impact and environmental impact - commonly called the **Triple Bottom Line**. The guidelines were later modified by DPE in December 2012 applicable since 01.04.2013.

Thereafter, by way of the Companies Act, 2013, these guidelines were again modified in line with the applicable provisions of CSR Rules issued by Ministry of Corporate Affairs and Schedule VII of the Companies Act, 2013. The modified guidelines were issued on 21st October 2014 to be effective from 01.04.2014.

3. SCOPE OF THIS POLICY

The purpose of this policy document is to make the stakeholders aware about CSR and how such activities are conducted on Konkan Railway Corporation Limited and Associated practices of CSR.

4. OBJECTIVES OF THIS POLICY

The objective of these efforts is not only to help people by providing health facilities, education, civic amenities etc. but also to create opportunities for development of skills and employment including self-employment, to promote greater environmental responsibility and encourage the development and diffusion of environment- friendly technologies for sustainable development.

Accordingly, the activities that may be taken up to fulfill the objectives are given below:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii. Promoting education, including advanced and special education and employment enhancing vocation skills especially among children, school/college students, women, elderly, working under privileged persons and the differently-abled and livelihood enhancement project;
- 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 (including green energy, water harvesting, etc.,) and maintaining quality of soil, air and water including contribution to the Ganga Fund, setup 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 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 (including Swachh Bharat Kosh) 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. Contribution to funds provided for technology incubators located within academic institutions which are approved by the Central Government;

x. Rural development projects.

xi Slum area development.

Explanation- for the purpose of this item, 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.

The thrust of CSR is clearly 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 sections of the society.

5. AREAS OF FOCUS

5.1 SKILL DEVELOPMENT FOR SUSTAINABLE INCOME GENERATION & LIVELIHOOD

- a. Capacity Building through Skill development training/workshop for un-employed youth for better employ-ability & to promote self-employment.
- b. Vocational/technical/professional training/ workshop for youth.
- c. Promote and encourage entrepreneurship

5.2 LITERACY/EDUCATION

- a. Construction/repair of school buildings & facilities including boundary walls, separate toilets for boys & girls and provision of drinking water.

b. Provision of uniforms, books, stationery, computer & 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. Promote computer literacy and technology assisted learning.

f. To set up/ promote higher education through special coaching/inputs to bridge the gap.

g. To promote Technical/ professional/ medical education by giving financial assistance / opening institutions through Organizations/ infrastructural support.

5.3 SAFE DRINKING WATER, HEALTH CARE & SANITATION

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

b. Preventive and promote health care through mobile medical vans etc.

c. Nutritional supplements to lactating mothers, children, adolescent girls and pregnant women.

d. Health awareness campaigns on serious/chronic diseases.

e. OP/IP treatment including operations at project hospitals

f. Organizing periodic health camps

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

h. Veterinary medical support

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

j. Assistance for establishment of Hospitals/Medical Colleges etc.

k. provide healthcare to the less privileged sections of the society

5.4 AGRICULTURE & INFRASTRUCTURE DEVELOPMENT

a. To promote water shed development /water harvesting /water conservation measures.

b. Development of roads, bridges, markets, transport facilities, community welfare centres beautification of towns, cities, other civic amenities etc.

c. Promote use of green (renewable) energy.

d. Electrification of public buildings in villages and streets.

e. Construction of public toilets.

f. Agro-forestry, conservation of natural resources and maintaining quality of soil, air and water.

5.5 Preservation and promotion of heritage, art, music and culture in keeping with Indian tradition.

5.6 The areas of work and the thrust areas under each item as indicated above are only illustrative and not exhaustive.

5.7 Contribution to the Prime Minister's National Relief Fund or any other fund, set up by the Central Government, including swachh Bharat Kosh and Rejuvenation of Ganga fund or any further directives.

6. GENERAL

6.1 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 has come into force w.e.f 1st April 2014. Thus, this CSR & Sustainability Policy is effective from the financial year 2017-18 onward, till modified, and shall apply and include all amendments/ notification of the Central Government, DPE, Ministries etc.

6.2 Corporate Social Responsibility (CSR) is KRCL's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner, that is transparent and ethical, 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.

KRCL is expected to act in a socially, economically and environmentally sustainable manner at all times, even in its normal business activities. KRCL will try to promote sustainable development through sustainability initiatives by conducting business in a manner that is beneficial to both, business and society.

6.3 Stakeholders include employees, shareholders, passengers, customers, local communities, environment, and society at large, etc.

6.4 The thrust of CSR will clearly be on people's 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 SCs,STs,OBCs, minorities, BPL families, old and infirm, women/girl child, physically challenged etc.

6.5 The philosophy and spirit of CSR and sustainability should be understood and imbibed by the employees at all levels and get embedded in the core values of KRCL.

6.6 KRCL would generate awareness among all levels of its Executives/staff about CSR activities and the integration of social and environmental processes with business processes, by adequate training/seminars and orientation courses.

6.7 CSR & Sustainability Committee of the Board shall comprise three or more directors out of which at least one shall be independent Director. CSR&S Committee meeting shall be held in accordance with the Companies Act, 2013. The recommendation of the CSR&S Committee shall be placed before the Board of Directors for noting/ approval, as the case may be.

6.8 The CSR & Sustainability Committee shall be assisted by a Nodal Officer, not below the rank of SAG Officer (to be called Nodal Officer for CSR & Sustainability) in implementation of CSR activities. The designated Nodal Officer shall:-

a. Facilitate coordination of CSR activities/projects as per policy directives.

b. Regularly put up the status of implementation of CSR activities to the Board Level Committee (i.e. CSR & Sustainability Committee).

c. Obtain the proposals and put up the same before CSR & Sustainability Committee for recommendation for approval from BoD.

d. Disclose the content of CSR & Sustainability policy and periodical reports (online) as per the DPE guidelines.

e. Report to the concerned Ministry, as required.

f. Any other function as may be delegated by the Management, CSR&S Committee or the Board of Director.

6.9 Head of Personnel (HR) Function of the KRCL shall be the Nodal Officer mentioned hereunto, who will be assisted by a team of officials. Nodal officer shall have authority to seek any technical advice and support from any official of the company in the effective discharge of duties under this policy.

7. PLANNING/SELECTION OF CSR ACTIVITIES/SCHEMES/PROJECTS

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

7.1 In selection of activities, the focus should be on the social, economic and environmental impact thereof, rather than mere output or outcomes in accordance with the Act of the Companies Act, 2013 including its Rules and Schedules, guidelines of the Central Government, DPE, Concerned Ministry etc.,

7.2 To fully exploit the core competence of KRCL and mobilize its resource capabilities in the implementation of CSR activities / projects, the company can align its CSR & Sustainability policy with its business policies and strategies to the extent possible, and could select such CSR activities/projects, which can be better monitored through in-house expertise.

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

7.4 Guidelines issued by the Ministry of Railways for taking up the CSR activities, within the railway premises will be given due consideration by

allocation of the fund and for selection of CSR activities, provided these are not inconsistent with extant rules and regulations.

7.5 Activities undertaken in pursuance of the CSR & Sustainability 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.

7.6 Observance of transparency and due diligence in the selection and implementation of activities under CSR shall be ensured. In addition, projects of local area will be selected on merit on case to case basis.

7.7 The projects will be taken up based on the viability, relevance to societal needs, outlay, beneficiaries, reach and coverage in the Companies Act, 2013.

7.8 As per the budget availability, the proposals will be processed by CSR Nodal Officer through Company Secretary, for placing before CSR&S Committee, for its recommendation for obtaining approval from BoD.

8. CSR BUDGET AND EXPENDITURE

8.1 The CSR Budget shall be fixed for each financial year with the recommendation of CSR&S Committee for approval of the BoD. The CSR spending shall be at least 2% of the average net profits of KRCL made during the immediately preceding three financial years. Every endeavour shall be made to spend the entire yearly budget on CSR activities in that year itself except long gestation CSR projects/activities, which will be spent as per its gestation period.

8.2 "Net Profit" means the net profit of a company as per its financial statements prepared in accordance with section 198 of the Companies Act, 2013 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:

8.3 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 ÇSR. However, the expenditure incurred on baseline survey and impact assessment study should be within the overall limit of 5% of administrative overheads of CSR spending or as provided for under the CSR Rules.

8.4 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 company, etc. is eligible to undertake CSR activities and is created exclusively for the said purpose: or,
- b. Where the Corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

8.5 Expenses incurred by KRCL for the fulfillment of any Act/Statute of regulations (such as Labour Laws, Land Acquisition Act, etc.) would not be accounted as CSR expenditure.

8.6 Salaries paid by KRCL to regular CSR staff as well as to volunteers of KRCL (in proportion to company's time/hours/spent specifically on CSR) would be factored into CSR project/activities cost as part of the CSR expenditure.

8.7 In case of failure to spend the allocated budget amount for CSR in 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. However, such carried forward amount will not reduce the mandated budget for 'next year'.

8.8 The following expenditure, if so incurred, 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.

8.9 While selecting CSR activities/projects from the activities listed in Schedule VII of the Companies Act, 2013, priority shall be given to the issues, which are of foremost concern in the national development

agenda, like training and development in soft skill, green energy, safe drinking water for all, provision of toilets especially for girls, health and sanitation, education etc. The main focus of CSR & Sustainability policy will be on sustainable development and inclusive growth, and to address the basic needs of the deprived, underprivileged, neglected and weaker sections of the society which comprise SC,ST, OBC, Minorities, BPL families, old or infirm women/girl child, physically challenged, etc.

9. BASELINE SURVEY & DOCUMENTATION

9.1 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 adopted for those cases where credible documentary evidence of having got the need assessment study done through KRCL's own resources or through some specialized agency, or having accessed reliable data in this regard from recognized authoritative secondary sources is available. Selection of projects may not always be based on such surveys.

9.2 Meticulous documentation relating to proposals for CSR projects / Programs / activities: Nodal Officer would be encouraged to prepare and submit proposals for CSR activities/projects by end of March of every year, for obtaining approval of BoD through CSR &S Committee in the Month of April ever year.

10. APPROVAL OF CSR ACTIVITIES

CSR & Sustainability Committee will approve and recommend the areas and activities to be undertaken as CSR every year. The activities so approved and recommended by CSR & Sustainability Committee shall be put up to BoD for its approval.

11. MONITORING OF CSR ACTIVITIES

11.1 Functions of the CSR & Sustainability Committee

(i) Formulate and recommend to the BoD, CSR & Sustainability Policy (on any amendment thereof) which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013.

(ii) Recommend the amount of expenditure to be incurred on the CSR activities/projects.

(iii) Monitor the CSR & Sustainability Policy and implementation of the CSR activities/projects and its expenditure approved by the BoD from time to time.

11.2 Monthly progress reports will be submitted by the HoDs of concerned CSR activities/projects to the Nodal Officer, who in turn would compile the reports and put up the progress report, as the case may be to the CSR & Sustainability Committee/BoD for review and approval.

12. IMPLEMENTATION/UNDERTAKING OF CSR ACTIVITIES

12.1 Those CSR activities/projects, which are closely aligned with the strategy of KRCL and the areas where the KRCL has core competence, like creation of infrastructure, the implementation of CSR activity will be taken up with the KRCL's own manpower & resources, following the due procedure and transparency norms.

12.2 In other cases, where KRCL does not have in-house expertise, the service of the 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.
- (viii) Holding, subsidiary or associate company established by the companies

12.3 The society/trust/agency to be employed for implementation of CSR activities/ projects should have an established track record of minimum three years in undertaking similar projects or programs or should be sponsored by a large organization having a long track record. 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 society/trust/agency and their selection would be done following the procurement guidelines as per KRCL Policy, unless and until a special policy is evolved by the BoD specifically for CSR activities.

The specialized agency shall fulfill the following qualifying criteria for the implementation /undertaking of the CSR activities.

12.3.1 The specialized agency should possess a permanent office/address in India and all the members should be predominantly Indian citizens.

12.3.2 Should be registered under the Indian/State Societies Registration Act/Trust Act/Charitable and Religious Trust Act/Section 25 of the Companies Act, 1956 or Section 8 of the Companies Act,2013 /District administration/Income tax authority for more than three years with no political affiliations or may be sponsored by a large organization which has a long track record and is also participating in the CSR project.

12.3.3 Agencies which undertake skill development training programme or vocation training courses shall have valid recognition from any Govt. department/Corporation/Institution like NCVT or NSDA or similar, directly under the control of the Ministry of Skill Development & Entrepreneurship or similar State Government Authorities.

12.3.4 Agency shall further furnish the declaration for not being blacklisted by any Govt.department/ministry/PSU/Municipal body etc.

12.4 KRCL may also collaborate with other companies for undertaking projects or programs or CSR activities/projects in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.

12.5 i) Memorandum of Understanding /Agreement is to be signed for every CSR activity/project.

ii) Before putting up new CSR proposals for approval for the next year, carried forward works of previous year along with the amount approved by CSR & Sustainability Committee for such activities/projects, actual amount spent, and commitment which is pending for execution should be put up.

13. EVALUATION/IMPACT ASSESSMENT & FEEDBACK FROM BENEFICIARIES

Test of the success of any CSR activity/project shall be its social, economic or environmental impact thereof and the 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.

14. CSR REPORTING AND DISCLOSURE

14. Performance Reporting

- 14.1 The performance of CSR & Sustainability activities/ projects shall be monitored on a regular basis in terms of activity/ project milestones and the financial expenditure and also the physical progress/quality of the works undertaken.
- 14.2 Execution agency/ organization shall submit Monthly progress reports on the CSR & Sustainability initiatives to the Nodal Officer, who will scrutinize the reports for delays, if any, proper utilization of funds and monitor the progress against the milestones and the budget estimates as sanctioned.
- 14.3 Nodal Officer shall also be involved in the regular monitoring and reporting of the performance of the CSR & Sustainability activities/projects through the means of site visits, interactions with the stakeholders and documentary evidence.

14.4 Quarterly progress reports highlighting the salient features in the progress of KRCL's CSR & activities/projects shall be put up by the Nodal officer to the Board level committee.

14.5 The CSR & Sustainability policy and related information shall also be uploaded on the Company's website and updated regularly.

14.6 The CSR & Sustainability initiatives shall be published in the Company's Annual Report as a mandatory disclosure to the shareholders of the company and society at large.

14.7 The BoD of KRCL shall, after taking into account the recommendations of the CSR & Sustainability Committee, approve the CSR & Sustainability policy for KRCL and disclose its contents (i) in Board's Report (as a separate annual report on CSR); and (ii) on Company's website, as per the particulars mentioned under Section 135 of the Companies Act, 2013 and the Companies (CSR Policy) Rules, 2014 (attached as Annexure-I). The said Annual Report on CSR broadly will include:-

(i) Brief outline of KRCL's CSR & Sustainability 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 & Sustainability Committee

(iii) Prescribed CSR budget and details of CSR expenditure made during the respective financial year.

ANNEXURE-I

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 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 Budget Expenditure 2% of the amount as in item 3 above.

5. Details of CSR spent during the financial year along with amount committed for the approved CSR projects and remaining unspent as on the close of year.

a) Total amount to be spent for the financial year;

b) Amount unspent, if any;

c) Manner in which the amount was spent during the financial years is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project/ Activity identified	Sector in which the Project covered	Projects or Programs (1) Local area or State and District	Amount outlay (Budget) Project or	Amount Spent on the Projects or Programs	Cumulative expenditure up to the	Amount Spent: Direct or through

			where projects or programs were undertaken	Programs wise	Sub-heads: Direct expenditure on projects or programs 2) Overheads	1) reporting period	implementing agency*
1							
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 the CSR objectives and Policy of the company.

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

Sl. No. References:

1 Section 135 of the Companies Act, 2013.

2 The Companies (Corporate Social Responsibility Policy) Rules, 2014

3 Schedule VII of the Companies Act, 2013 and amended schedule issued thereafter.

4. Guidelines on Corporate Social Responsibility & Sustainability issued by DPE vide OM 15(13)/2013-DPE (GM); dated 21st October, 2014.

5. Clarification issued by MCA vide General Circular No.21/2014; dated 18th June, 2014.

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