

rites CSR & SUSTAINABILITY POLICY



Issue 5- Version 01- November 2021



RITES CSR and Sustainability Policy has been revised and approved by the Board of Directors in the following manner:

| Issue No | Version No. | Description | Month of Issue |
|-----------------|--------------------|--|-----------------------|
| RITES/CSR/001 | 01 | CSR Policy | April 2010 |
| RITES/CSR&S/001 | 02 | Sustainability Policy | November 2011 |
| RITES/CSR&S/002 | 01 | Revision in line with DPE guidelines | February 2013 |
| RITES/CSR&S/003 | 01 | In line with recommendations of the CSR Committee | September 2013 |
| RITES/CSR&S/004 | 01 | Amended in line with the MCA notification dated 27.02.2014 | June 2014 |
| RITES/CSR&S/004 | 02 | Amended in line with the MCA notification dated 18.06.2014, 06.08.2014, 24.10.2014 & Sec 135 of the Companies Act, 2013 | November 2014 |
| RITES/CSR&S/004 | 03 | Amended in line with DPE OM dated 20.11.2014 and letter from PMO dated 17.09.2014 | March 2015 |
| RITES/CSR&S/004 | 04 | Amended in accordance with change in the CSR Committee and CSR Cell structure | August 2015 |
| RITES/CSR&S/004 | 05 | Amended in accordance with the change in the constitution of the CSR Committee | August 2016 |
| RITES/CSR&S/004 | 06 | Amended in accordance with the CAG audit of 2016-17 | February 2018 |
| RITES/CSR&S/005 | 01 | Amended in accordance with the Companies (CSR) Rules 2021 vide notification dated 22.01.2021 of Ministry of Corporate Affairs, Govt of India | November 2021 |

Table of Contents

| | | |
|----------|---|-----------|
| 1 | rites CSR & Sustainability Policy | 4 |
| | 1.1 Introduction | 4 |
| | 1.2 Definitions | 4 |
| | 1.3 Scope | 4 |
| | 1.4 Vision | 5 |
| | 1.5 Mission | 5 |
| | 1.6 Objectives | 5 |
| 2 | rites CSR & Sustainability Organisational Structure | 7 |
| | 2.1 Board of Directors | 7 |
| | 2.2 CSR Committee | 7 |
| | 2.3 CSR & Sustainability Cell | 8 |
| 3 | Financial Budget and Expenditure | 10 |
| 4 | CSR Activities & Thrust Areas | 12 |
| | 4.1 CSR Activities | 12 |
| | 4.2 CSR Thrust Areas | 12 |
| 5 | Guidelines for Selection of Projects & Implementation Agencies | 14 |
| | 5.1 Location of Projects | 14 |
| | 5.2 Numbers of Projects | 14 |
| | 5.3 Criteria for selection of projects | 14 |
| | 5.4 Criteria for selection of Implementation Agencies | 14 |
| 6 | Implementation and Monitoring of CSR & Sustainability Projects | 16 |
| | 6.4 Monitoring of the project progress:16 | |
| | 6.5 Evaluation by Independent External Agency | 17 |
| | 6.6 Monitoring of Ongoing Projects | 17 |
| 7 | Impact Assessment & Feedback from Beneficiaries | 18 |
| 8 | Performance Reporting | 20 |
| | Annexure I | 22 |
| | Annexure II | 25 |

1. RITES CSR & Sustainability Policy

1.1. Introduction

- 1.1.1. RITES Ltd., ('RITES' or 'Company') a Government of India Enterprise was established in 1974, under the aegis of Indian Railways. RITES is incorporated in India as a Public Limited Company under the Companies Act, 2013 and is governed by a Board of Directors which includes persons of eminence from various sectors of engineering and management RITES provides a comprehensive array of services under a single roof and believes in transfer of technology to client organizations. In overseas projects, RITES actively pursues and develops cooperative links with local consultants/firms, as means of maximum utilization of local resources and as an effective instrument of sharing its expertise.
- 1.1.2. Over the years, RITES has made significant contributions towards society by working in remote areas under arduous conditions and at lower fee for the development of remote areas, undertaking construction management projects, rural road, and rural electrification projects. Professional integrity and total transparency are the hallmarks of RITES practice of Corporate Governance. RITES promotes the cause of Sustainable Development and gives due attention to social and environmental aspects and their impacts in all its studies, investigations, designs & DPRs.
- 1.1.3. RITES Corporate Social Responsibility & Sustainability Policy ('Policy'), is based on the CSR policy framework laid down in Section 135 of the Companies Act, 2013 ('the Act') and in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended ('the Rules') notified by Ministry of Corporate Affairs, Government of India and the Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises, 2014 issued by the Department of Public Enterprises, Government of India ('DPE Guidelines').

1.2. Definitions

In this Policy, unless otherwise specified, all capitalised words shall have the meaning as provided in the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Policy Rules, 2014, as amended.

1.3. Scope

- 1.3.1. This Policy applies to selection, implementation, monitoring, documentation and reporting of CSR and sustainability activities undertaken up by the company.
- 1.3.2. This Policy does not cover activities undertaken by the company in its normal course of business as well as activities exclusively for benefit of employees and/or their family.
- 1.3.3. This Policy shall apply evenly to all CSR projects or programmes undertaken by the company.
- 1.3.4. Any point not covered by this Policy would be interpreted in accordance with the existing provisions of Section 135 of the Act, the Rules and the DPE Guidelines, with the former two taking precedence over the latter in cases of any conflict.
- 1.3.5. Any new provision arising out of amendments to Companies Act, 2013, the Rules or the DPE Guidelines shall apply to this Policy, as if it is specifically incorporated in the Policy.

1.4. Vision

Corporate Social Responsibility and Sustainability Policy is our commitment to support initiatives in creating a socially, economically, and environmentally sustainable society in a manner that is responsible, transparent, and ethical.

1.5. Mission

To promote and enhance the social, economic, and environmental welfare of the society, by working towards providing the best possible solutions for sustainable developmental needs, by efficient use of resources, green energy initiatives and minimizing cost and to encourage engagement with the stake holders including employees, shareholders, investors, customers, clients, business associates, civil society groups, Central/State/local government, communities, environment and society at large in determining their needs and expectations.

1.6. Objectives

- 1.6.1. To support activities/projects listed in Schedule VII of the Act by giving priority to issue which are foremost concern in the national development agenda, like safe drinking water for all, provision of toilets especially for girls, health and sanitation, education, etc.
- 1.6.2. To promote sustainable development and inclusive growth, and to address the basic needs of the deprived, under privileged, neglected, and weaker sections of the society which comprise of SC, ST, OBCs, minorities, BPL families, old and aged, women/girl child, physically challenged, etc.
- 1.6.3. Promoting the cause of Sustainable Development and giving due attention to social and environmental aspects and their impacts in all its activities including the feasibility studies, investigations, detailed designs & DPRs for various developmental projects in transportation & infrastructure sector.
- 1.6.4. Encouraging use of renewable energy resources such as solar, wind, biomass & others and reduce its carbon, water, and waste footprints.
- 1.6.5. Engaging stakeholders in undertaking CSR & Sustainability projects in and around the areas of company's offices/projects and other backward regions/areas with focus on creating the necessary infrastructure which will promote education, health, sanitation and provide connectivity/mobility, skills and preserve natural habitat, water resources, flora and fauna, greenery, environment, heritage, and culture.
- 1.6.6. Spreading awareness amongst employees about the company's CSR & Sustainability Policy, various programmes & initiatives, and the need for and importance of adopting ethical business practices and implementation of CSR & Sustainability agenda of the company.
- 1.6.7. To adhere to the global standards in CSR & Sustainability practices and keep in mind the UN Global Compact and the UN Millennium Development Goals.
- 1.6.8. To promote responsible behaviour by encouraging production of goods and services which are safe and healthy for the consumers and the environment, resource efficient, consumer friendly, and environmentally sustainable throughout their life cycles i.e., from the stage of raw material extraction to production, use / consumption, and final disposal.
- 1.6.9. To ensure that employees at all levels understand and imbibe the philosophy and spirit of CSR and Sustainability and get embedded in the

-
- core values of the company.
- 1.6.10. To devise a communication strategy for regular dialogue and consultation with key stakeholders to ascertain their views and suggestions regarding the CSR activities and sustainability initiatives undertaken by the company and making regular reports of CSR & Sustainability performance of the company.
 - 1.6.11. To implement the Policy by ensuring compliance to legal & regulatory requirements and the Act, the Rules, the DPE Guidelines, Government guidelines or circulars issued from time to time.

2. RITES CSR & Sustainability Organisational Structure



2.1. Board of Directors

2.1.1. The Board of Directors shall have amongst others, the following role, and responsibilities:

- a) To constitute a CSR Committee of the Board.
- b) To disclose the composition of CSR Committee in its reports.
- c) To ensure that CSR committee meetings are held properly.
- d) To ensure at least 2% of average net profit of the preceding 3 years is spent on CSR activities every year as required by the Act.
- e) To approve the CSR Policy, submitted by the CSR Committee in pursuance of the CSR Policy.
- f) To ensure that activities laid down in CSR Policy are undertaken as per the intent by the CSR Committee.
- g) To ensure that the funds disbursed under the Policy have been utilised for the purposes and in the manner as approved by it.
- h) To disclose CSR policy and initiatives towards implementation in its report and in the website.
- i) To report the reasons for failure to spend the required amount where the spending on CSR activity is less than 2% of net profits.
- j) To ensure that the company gives preference to the local areas around its operations for spending the amount earmarked for CSR projects.
- k) To make any change(s) in the Committee constitution as and when required.
- l) To ensure that activities in CSR policy are aligned with those mentioned in Schedule VII of the Act, Rules and the DPE Guidelines.
- m) It may examine the annual action plan submitted by the CSR Committee and after considering recommendations, alter such plans at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.
- n) To mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the Company's website, for public access.

2.2. CSR Committee

2.2.1. A Board level Committee ('CSR Committee') headed by an Independent Director constituted to oversee the execution of CSR & Sustainability Policy and to assist the Board of Directors to formulate suitable policies & strategies for the successful implementation of the Policy.

2.2.2. The CSR Committee shall:

- a) Meet at least one in every quarter and the Quorum for the CSR

-
- Committee meetings shall be 2 persons or 1/3rd of the total strength, which is higher.
- b) Ensure that awareness & promotion of CSR is integrated as a part of company's culture. It shall provide resources, as needed for effective implementation and maintenance of CSR Policy and its continued improvement.
 - c) Review the CSR Policy periodically and assess its effectiveness in light of compliance of the legal requirements, risks associated, and projects undertaken.
 - d) Formulate suitable policies and strategies to undertake CSR & Sustainability agenda of the company forward.
 - e) Ensure that the Company to conduct its business with full integrity and transparency in an ethical manner by following the guidelines of Corporate Governance.
 - f) Support the welfare of employees by addressing their concerns of safety, security, professional enrichment, and healthy working conditions.
 - g) Promote inclusive growth and equitable development in the society through capacity building and empowerment of marginalized and under-privileged sections/communities.
 - h) The CSR Committee shall recommend to the Board, an annual action plan in pursuance of the CSR Policy, which shall include, as relevant, the following, namely:
 - i) The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
 - j) The manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4.
 - k) The modalities of utilisation of funds and implementation schedules for the projects or programmes.
 - l) Monitoring and reporting mechanism for the projects or programmes.
 - m) Details of need for impact assessment, if any, for the projects undertaken by the Company.

2.3. CSR & Sustainability Cell

2.3.1. The CSR Committee will be assisted by the CSR & Sustainability Cell headed by a Senior Executive and designated as Nodal Officer who will ensure that the cell co-ordinates with various SBUs & Divisions on policy, strategy, communication of progress/ performance of CSR & Sustainability initiatives of the Company. The Nodal Officer shall be supported by the Head of CSR & Sustainability Cell in all activities.

2.3.2. The activities of the CSR & Sustainability Cell shall include:

- a) Identification of stakeholders (both internal and external) and meaningful engagement with them to ascertain the needs of society/ community especially those from the underprivileged sections.
- b) Taking up of projects after due diligence, and assessment or base line surveys conducted either by the Company or other NGOs, district/ local administration or by Implementation Agency. For selection of projects, assistance of the concerned SBU Heads of regional project/ inspection office(s) and other SBU/ Divisional Head would be taken; however final compilation of List of projects shall be

-
- c) carried out by the CSR & Sustainability Cell at the corporate level.
 - c) Project appraisal and scrutiny including the assessment of capabilities of project Implementation Agency.
 - d) Seeking the guidance of CSR Committee for effective implementation and/or monitoring the projects and analysing their performance/ progress, and
 - e) Carrying out an Impact Assessment for all projects having outlay of over Rs One Crore with a gestation period of more than one year.

2.3.3. In addition to above, the CSR & Sustainability Cell shall:

- a) Prepare CSR & Sustainability Agenda, plans/programmes in accordance with CSR & Sustainability Policy of the Company.
- b) Coordinate between various divisions and SBUs for selection, implementation, monitoring the performance/progress of CSR & Sustainability program.
- c) Reporting progress/performance of the various CSR & Sustainability activities to the CSR Committee.
- d) Increasing the awareness amongst the employees and other stakeholders on the issues of environment, sustainability and community engagement and involving them in determining the agenda of the organizations.
- e) To control & regulate the expenditure on CSR & Sustainability activities by ensuring compliance to DPE Guidelines for utilization of funds.
- f) Sustainability reporting, impact assessment, promotional activities, including printing of promotional materials and publicity documentation of various activities and submission of regular reports.
- g) Any other related activity.

3. Financial Budget and Expenditure

- 3.1.** As per Section 135 of the Act, CSR is applicable to Companies with:
- Net worth of ₹ 500 crore or more, or
 - Turnover of ₹ 1000 crore or more, or
 - Net profit of ₹ 5 crore or more; during the immediately preceding financial year. The Net Profit shall be as per the financial statement prepared in accordance with the Act.
- 3.2.** The prescribed CSR Expenditure is 2% of the average net profit of the last 3 immediately preceding financial years. This shall include expenses incurred for general management of CSR functions of the Company. If the Company fails to spend such amount, the reasons for not spending shall be specified in its report. Average net profit shall be calculated in accordance with Section 198 of the Act.
- 3.3.** Net Profit shall mean the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:
- 3.3.1. Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
- 3.3.2. Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act: Provided further that in case of a foreign company covered under the Rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of Section 381 read with Section 198 of the Act.
- 3.4.** The expenditure incurred on baseline survey/ need assessment study, on capacity building programs such as training, workshops, seminars, conferences, etc. and on corporate if communication strategies for engagement of all stakeholders, whether internal or external, to implement the CSR & Sustainability agenda of a company, would be accounted for as CSR & Sustainability expenditure from the budget allocated for this purpose.
- 3.5.** 80% of the Annual Budget shall be spent on implementation of activities in the project mode. Activities not implemented in project mode also must be in conformity with DPE Guidelines.
- 3.6.** 5% of the Annual Budget shall be earmarked for emergency needs which would include following:
- Relief work undertaken during natural calamities/disasters.
 - Contribution to CM relief fund and/or NDMA.
 - Contribution to provide humanitarian assistance to the employees of other sick/loss making CPSEs under distress and in need of emergency aid for survival, with the approval of Board of Directors, Ministry of Railways/DPE.
- 3.7.** The various measures to be undertaken to control/manage expenditure are:
- Verification of project estimates by technical/engineering officers of

RITES.

- Financial vetting of projects that are submitted for consideration for MOU.
 - Release of installments only as per project implementation stages and after accounting for expenditure of previous installment. Advances against estimates issued after due appraisal.
 - Regular inspection visits by RITES officials to the project sites to ascertain the expenses incurred.
- 3.8.** The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a 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 month or the expiry of the financial year.
- 3.9.** Until a fund is specified in Schedule VII for the purposes of sub-section (5) and (6) of Section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in Schedule VII of the Act.
- 3.10.** The Board of Directors shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year, which may include the expenditure incurred towards impact assessment of CSR projects 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.
- 3.11.** Where the Company spends an amount in excess of requirement provided under sub section (5) of section 135, such excess amount may be set off against the requirement to spend under sub section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that-
- The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of Rule 7 of the Rules.
 - The Board of Directors shall pass a resolution to that effect.
- 3.12.** Capital Assets created, if any, through CSR funds shall be held by the company established under Section 8 of the Act or a registered public trust or registered society having charitable objective and CSR registration number or the beneficiaries of the said project or the public authority.
- 3.13.** The Board of a Directors shall satisfy itself that the funds disbursed under the Policy have been utilised 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. In case of ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

4. CSR Activities & Thrust Areas

4.1. CSR Activities

- 4.1.1. The primary focus of CSR & Sustainability Policy is on creation of necessary infrastructure, and avenues for employment and income generation, and empowering the people by inclusion in economic mainstream and facilitating sustainable development of marginalized and under privileged sections of the society in and around areas of company's operations and in backward regions or such other areas as may be defined by the Board. These infrastructure assets then can be taken over by local community/ NGOs/ SHGs for day-to-day operations and maintenance.
- 4.1.2. The CSR activities shall be undertaken, as per the CSR Policy, projects, programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

4.2. CSR Thrust Areas

- 4.2.1. As per Schedule VII of the Act, the Company is required to take CSR activities in the following areas:
- a) 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;
 - b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
 - c) 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;
 - d) Nursing environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
 - e) 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;
 - f) Measures for the benefit of armed forces veterans, war widows and their dependents;
 - g) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
 - h) Contribution to the 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. Contribution towards Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situation fund (PM CARES Funds) flowing out of budgetary resources, profits or from the balance sheets of PSUs are not accepted;
 - i) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central

Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);

- j) Rural development projects;
- k) Slum area development;
- l) Disaster Management, including Relief, Rehabilitation and Reconstruction activities.

5. Guidelines for Selection of Projects & Implementation Agencies

5.1. Location of Projects

- 5.1.1. Priority shall be given to the CSR & Sustainability projects which are in and around the offices/operations of the Company to connect with the people, environment and stakeholders closely impacted by its commercial operations. Besides, it is easier to mobilize the resources required for execution of CSR & Sustainability projects and ease of regular oversight on the progress/performance of the projects. All the states in which offices/ operations of the Company are located shall be considered as local area for the purpose of CSR & Sustainability Projects.
- 5.1.2. However, at least one CSR & Sustainability Project shall be selected from the aspirational districts. The aspirational districts referred to here are those which have been identified by the NITI Aayog.

5.2. Numbers of Projects

- 5.2.1. Even though DPE Guidelines provide for two projects in MOU (one from Backward districts, and one for environment sustainability), Company shall take up adequate number of projects in its annual plan for CSR & Sustainability agenda. Out of these, some of the projects will be from environment sustainability and others from CSR & Sustainability activities. Depending upon the exigencies, more projects can be taken up in the draft MoU, to comply with commitment to stake holder(s) / MoU requirements of financial expenditure.

5.3. Criteria for selection of projects

- 5.3.1. The project must be from amongst thrust areas as identified in Schedule VII of the Act. The project proposal shall be scrutinized for the following:
- a) Total project cost and the annual expenditure on various milestones to be completed during the year.
 - b) Intended beneficiaries and the supporting ground level data (primary, secondary and/or tertiary) justifying the project.
 - c) Viability of the project.
 - d) Funding arrangements for initial construction/creation of infrastructure and subsequent maintenance and operation of the project.
 - e) Clear milestones through which physical and financial progress of the project can be monitored.

5.4. Criteria for selection of Implementation Agencies

- 5.4.1. The Implementation Agency must be a Company established under Section 8 of the Act or a registered Public Trust or registered Society established by state govt. / central government or an entity established under the Act of Parliament or State legislature.
- 5.4.2. A Company established under Section 8 of the Act or a registered Public Trust or registered Society having an established track record of at least three years in undertaking similar activity, may also be selected as an Implementation Agency.
- 5.4.3. Such Implementation Agency shall be registered with the Central Government by filing CSR 1 form, electronically with the Registrar.

-
- 5.4.4. The Experience Profile of the Implementing Agency shall indicate experience in execution of projects of similar nature/value (at least 1 project of estimated value executed by the agency in their own name in the last 3 years).
 - 5.4.5. Annual accounts of the firm must be audited by Chartered Accountants/ authorized accountants by the central/state governments/ institute of chartered accountants of India or ICWAI.
 - 5.4.6. Financial soundness of the Agency.
 - 5.4.7. Availability of Technical expertise/ experts with the Agency.
 - 5.4.8. Credentials of the Agency duly verified by the central/state govt., PSUs/ government departments.
 - 5.4.9. Previous working experience of the agency/organizations with RITES and other PSUs.

6. Implementation and Monitoring of CSR & Sustainability Projects

- 6.1.** The projects shall be executed by RITES itself or through an Implementing Agency as defined in Rule 4 of the Rules. The project once approved for the relevant year will be put up for approval of financial sanction of expenditure by competent authority. While processing the case for financial sanction CSR & Sustainability Cell shall ensure the following:
- 6.1.1. Technical appraisal of the project including availability of land, its ownership and encumbrances if any which may delay the project schedule.
 - 6.1.2. Financial appraisal of the project especially the cost estimates and the funding arrangement
 - 6.1.3. Clarity on definition of project milestones and their measurability, especially approvals and clearances for the plan/designs/layouts from the state/ central govt departments
 - 6.1.4. Time chart/ project schedules and funding requirements for each stage
 - 6.1.5. Payment terms and its linkages with the physical progress and contribution of share from other parties, if any.
 - 6.1.6. Define the roles and responsibilities of the Implementation Agency entrusted with the project.
 - 6.1.7. Project Documentation
- 6.2.** After the sanction of competent authority, sanction letter is to be issued by CSR & Sustainability cell to Implementation Agency clearly identifying the commitments of both the parties and finalization of draft MoU within 30 days of the sanction letter. The Implementation Agency shall raise the demand for the release of funds at various stages of the project which have been identified in the sanction letter. The demand shall be scrutinized for:
- a) Its accuracy and correctness;
 - b) Compliance to conditions in the sanction letter/MoU;
 - c) Certificate of Utilization of previously released funds, if any;
 - d) Physical progress verified through photographs, site visits and bills of the material/contractor, etc.;
 - e) Any other relevant requirement/parameter/document/evidence.
- 6.3.** Performance Indicators for evaluating the projects placed at Annexure-I.
- 6.4. Monitoring of the project progress:**
- 6.4.1. Implementation Agency shall submit quarterly reports of physical and financial performance of the project in terms of the sanction letter and CSR & Sustainability Cell shall monitor the project performance/ progress through periodical site visits/ progress reports submitted by the agency. After the site visit, an inspection report shall be put up to the nodal officer of the CSR & Sustainability Cell. In any case, quarterly progress report shall be prepared and submitted to the CSR Committee on CSR & Sustainability.
 - 6.4.2. The Chairman of the CSR Committee shall apprise the progress/performance of Company's CSR & Sustainability activities to the Board of Directors on half yearly basis.

6.5. Evaluation by Independent External Agency

- 6.5.1. Normally projects shall be monitored by RITES' own staff either from CSR & Sustainability Cell or from the other SBUs/ Divisions to ensure that project progresses as per the plan and activities are carried out conforming to design and the efficacy of quality control process during the construction and subsequent maintenance. Since RITES has expertise in project management, monitoring will be done by RITES own staff. However, for the sake of objectivity and transparency an independent external agency may be appointed for evaluation of CSR & Sustainability Projects and its benefits to the intended beneficiaries.
- 6.5.2. The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- 6.5.3. The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees are in a position to report separately on such projects or programmes in accordance with the Rules.

6.6. Monitoring of Ongoing Projects

In case of the ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any for smooth implementation of the project within the overall permissible limit.

7. Impact Assessment & Feedback from Beneficiaries

- 7.1. In order to determine the degree of success and effectiveness of the Company's CSR & Sustainability initiatives, an impact assessment shall be carried out by the Company having average CSR obligation of ₹ 10 crore or more in pursuance of sub-section (5) of section 135 of the Act, in the three immediately preceding financial years. The impact assessment shall be undertaken through an independent agency, of CSR projects having outlays of ₹ 1 Crore or more, and which have been completed not less than one year before undertaking the impact study. A survey shall be conducted to assess the impact of CSR & Sustainability project in terms of social, economic, and environmental benefits accrued to the intended beneficiaries.
- 7.2. All the CSR & Sustainability projects/activities are undertaken with anticipated impact on society and environment. Against these perceptions and expectations of impact that the completed activity/project should be measured to ascertain the degree of the success, or failure. Impact assessment is not only concerned with the mere outputs or outcomes involving accomplishment of set targets and goals at various stages of progress in implementation but the cumulative effect of these outcome(s) on the developmental process affecting society, economy and environment.
- 7.3. The survey is conducted through the means of a structured questionnaire designed keeping in mind the prior data of baseline survey or need assessment study. The stakeholders are interviewed during the site visits and their responses are recorded to gauge the impact of the CSR & Sustainability projects in their social, environment and economic well-being.
- 7.4. The surveys shall be done by the RITES CSR & Sustainability Cell either by own staff or through the help of an external agency. The requirements highlighted during the need assessment study and the proposed benefits and impacts are verified against the ground level conditions and the beneficial impacts seen/felt by the stakeholders.
- 7.5. The local community, stakeholders are involved in feedback via surveys, interactions during site visits and their involvement in the day-to-day operations and assessment of further developmental needs. It is recognized that the impact assessment shall be qualitative in nature and exact quantification of the benefits accrued may be difficult to be ascertained. The sample size selected for impact assessment shall be representative of the population and would include the officials of local/district administration, NGOs, SHGs, gram panchayats, gram sabhas, local councillors and other members of local community both young and old, gents and ladies, boys and girls to the extent possible.
- 7.6. The report of impact assessment shall include: (i) Name, address and contact details of the person/household surveyed; (ii) The parameters on which the impact assessment is based; (iii) The status in terms of then and now; (iv) Photographs of the group meeting/ community engagement along with the date and location; (v) Photographic or narrative description of improvement; (vi) Details of survey team members and their role in the survey; (vii) Brief summary about the new initiatives which can be taken up further.
- 7.7. The report shall be scrutinized, analyzed for deficiencies, if any, by the CSR Cell and salient features shall be brought to the notice of board level committee.

The report shall form one of the basis for further improvement in the company's CSR & Sustainability initiative. The impact assessment results shall be a part of the annual CSR Report.

- 7.8.** The expenditure incurred by the Company for undertaking impact assessment may be booked towards Corporate Social Responsibility for that financial year, which shall not exceed 5% of the total CSR expenditure for the financial year or 50 lakh, whichever is less.

8. Performance Reporting

- 8.1. The performance of CSR & Sustainability projects/ programs/ agenda shall be monitored on regular basis in terms of project milestones and the financial expenditure and also the physical progress/quality of the works undertaken.
- 8.2. Implementation Agency shall submit a periodic progress reports on the CSR & Sustainability initiatives to the CSR & Sustainability Cell, 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.
- 8.3. The format for monthly progress report is at **Annexure-II**.
- 8.4. CSR & Sustainability Cell shall also be involved in the regular monitoring and reporting of the performance of the CSR & Sustainability projects/activities through means of site visits, interactions with the stakeholders and the documentary evidence.
- 8.5. Quarterly progress reports highlighting the salient features in the progress of the company's CSR & Sustainability initiatives covering internal programs as well as external projects/activities shall be put up to the Nodal officer for appraisal to the CSR Committee.
- 8.6. Half yearly progress report on CSR & Sustainability initiatives shall be put up to the Board of Directors.
- 8.7. The CSR & Sustainability Policy, composition of the CSR Committee and related information shall be uploaded on the Company's website and updated regularly.
- 8.8. 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.

Performance Indicators

For each project/activity, corresponding performance indicator(s) may be identified, monitored and measured to gauge the actual performance of the project that has been taken.

There can be 3 types of indicators:

a. Environmental Condition Indicators (Ambient) (ECI)

Indicators that influence the local, regional, national, or global condition of the environment, ecology and energy

b. Operational Performance Indicators (OPI)

Indicators that impact the:

- Inputs of materials, energy and services
- Design, installation, operation and maintenance of the facilities and equipment
- Outputs of products, services, wastes and emissions (recycled, reused materials, etc.)

c. Management Performance Indicators (MPI)

Indicators that are based on:

- Implementation of policies and programmes (trainings)
- Resource allocation & efficient utilization
- Financial performance (environmental cost management)
- Community relations (interaction on environmental issues)

Examples of Performance Indicators

- Waste Management
 - **Project Objective(s):** To reduce hazardous waste generated
 - **ECI:** Concentration of toxic contaminants in waste outlet stream
 - **MPI:** Percentage of targets to achieving project objective that have been successful as planned.
 - **OPI:** Amount of hazardous waste produced per unit of product
- Water Management
 - **Project Objectives(s):** To reduce water consumption
 - **ECI:** Concentration of contaminants in water inlet to plant.
 - **MPI:** Cost of Water Savings after implementation of project/activity to achieve objective
 - **OPI:** Water consumption per unit of product

-
- Energy Management
 - **Project Objectives(s):** To increase the energy efficiency
 - **MPI:** Number of persons trained in implementing Energy Management Systems in the plant.
 - **OPI:** Energy used annually per unit of product

 - Renewable Energy
 - **Project Objectives(s):** promote utilization of renewable Energy
 - **MPI:** Resource allocation for setting up RE generation projects and /or Voluntary procurement of RECs.
 - **OPI:** Percentage of total electricity used from renewable energy either through purchase of RE or RECs.

 - Biodiversity Conservation
 - **Project Objectives(s):** To implement initiatives to protect a particular animal species in the vicinity of the plant.
 - **ECI:** Population of specific animal species within a defined area
 - **MPI:** Percentage of initiatives targets that have been achieved

 - Material & Natural Resource Management
 - **Project Objectives(s):** To implement initiatives to ensure the soil quality in the surrounding area of the plant.
 - **ECI:** Contaminant concentration in soil
 - **MPI:** Percentage of initiative targets that have been achieved

 - Internalization of CSR & Sustainability Agenda
 - No. of employees covered through CSR & Sustainability initiatives –levels/grades
 - Products/services/processes/initiatives introduced during the year inline with the CSR & Sustainability agenda
 - Reduction in paper consumption, etc.
 - Involvement of employees in formulation of corporate communication strategy for CSR & Sustainability initiatives.
 - Establishment of feedback channels from key stakeholders

 - Reporting/ Disclosure
 - Publishing annual reports on CSR & Sustainability in the company's Annual report
 - Regular uploading of information on CSR & Sustainability initiatives on company's website

 - Construction Projects
 - Physical Progress: Achievement of milestones
 - Financial Performance: Actual Expenditure on Project v/s

-
- Sanctionedbudget
 - Financial Performance
 - Training/ Seminar / Conferences / Workshops/ Engagement with Stakeholders
 - No. of man days
 - Expenditure budgeted v/s actual
 - No. of meetings/seminars
 - No. of action points

Annexure-II

Format for Monthly Progress Report

| | |
|--|--------|
| PROJECT Category: CSR & Sustainability/ R&D/ Milestone | |
| Progress Report for the period: From | To |
| Title of Project: | |
| Start Date (Month & Year): | |
| Implementing Agency: | |
| Monitoring Agency: | |
| Evaluating Agency: | |
| Budget sanctioned for the project: | |
| Actual Cumulative Expenditure | |
| Target as on date | Actual |
| Scheduled Completion Date (Month & Year): | |

| S.No | Important Milestones | Start date | Target completion date | Expected completion date | Status/ Progress of the work | Remarks |
|------|----------------------|------------|------------------------|--------------------------|------------------------------|---------|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Comments, if any:

| |
|-----------------------------------|
| Signature of Project Coordinator: |
| Name: |
| Designation: |
| Date: |