

GSL Policy
on
CSR & Sustainability

Chapter 1

BACKGROUND: Govt. of India enacted Companies Act 2013 in August 2013. Section 135 of the Act deals with the subject of CSR. The activities to be included by companies in their CSR Policies are listed in schedule VII of the Act. The provisions of Section 135 of the Act and schedule VII of the Act apply to all companies including CPSEs. Ministry of Corporate Affairs has formulated CSR Rules under provisions of the Act and issued the same on 27.02.2014. The CSR rules are applicable to all companies, including CPSEs w.e.f. 01.04.2014. In addition to the CSR provisions of the Act and the CSR Rules, DPE has formulated Guidelines on CSR and Sustainability which are applicable to CPSEs. According to DPE, the revised guidelines applicable to all companies including CPSEs w.e.f. 01.04.2014 do not supersede or override any provisions of the Act, or schedule VII of the Act or CSR Rules, but only supplement them. DPE guidelines states that in case of any conflict between CSR Rules and Guidelines, the former shall prevail in all circumstances.

PREAMBLE:

Goa Shipyard Limited a Schedule B Mini Ratna Central Public Sector Enterprise under administrative control of Ministry of Defence is located in the South Goa region under Mormugao Taluka. GSL believes that with its core business interests in Shipbuilding, Ship repairs and General Engineering services, the company plays an important role in strengthening the fabric of society. GSL is committed to continuously improving its social responsibilities as a corporate citizen, to make positive ***impact on the society and environment.***

1. CONCEPT:

1.1. SHORT TITLE & APPLICABILITY:

1.1.1 This policy, which encompasses the company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking CSR & Sustainable Development programmes, is titled as the '**GSL CSR & Sustainability Policy**'.

1.1.2 This policy shall apply to all CSR & Sustainability initiatives and activities taken up by GSL, with thrust on sustainable development and inclusive growth, safe drinking water and sanitation, health, education, basic needs of the under privileged and weaker sections of the society BPL families, old and aged women / girl child, physically challenged, environment sustainability, promote renewable sources of energy, watershed management, deduction of carbon emissions, promotion of green and energy efficient technologies etc. This policy shall serve as a road map for formulation of actionable plans.

1.2 CSR & SUSTAINABILITY VISION & MISSION:

1.2.1. CSR Vision: In alignment with vision of the company and **Swachh Bharat Campaign** of the Govt of India, GSL through its CSR & Sustainability initiatives, intend to contribute towards social development and meaningful quality of life of the community in which it operates, through value creation, so as to promote sustained growth for the society and community and environmental sustainability in fulfillment of its role as a Socially Responsible Corporate.

1.3 **CSR Mission:**

- To take up programmes that benefit the communities where it operates and results, over a period of time, in enhancing the quality of life & economic well being of the local populace.
- To take up programmes on safe drinking water and sanitation. Provision of toilets especially for girls.
- To take up projects for water, waste or energy management, promotion of renewable sources of energy, bio-diversity conservation etc.
- To take up programmes aimed at eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
- To take up programmes aimed at Promoting education, including special education and employment enhancing vacation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- To take up programmes aimed at Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- To take up programmes aimed at 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;
- To take up programmes aimed at 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;

- To take up programmes for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- 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;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- Rural development projects.

NOTE: The above areas are illustrative and not exhaustive. The activities will be specific depending on the base line survey and need assessed for the people.

Chapter 2

2. PLANNING/STRATEGIC INITIATIVE

2.1. Baseline Survey

2.1.1 As per the revised **DPE Guidelines dtd. 01.04.2014**, it is desirable that a baseline / need assessment survey is done prior to the selection of any CSR activity. However GSL may also use its own in house expertise and resources for need assessment studies.

2.2. CSR Approach

2.2.1 GSL shall give preference to the 'local area' in selecting the location of their CSR activities keeping in view the nature of their commercial operations, the extent of the impact of their operations on society and environment, and the suggestions / demands of the key stakeholders, especially those who are directly impacted by the company's commercial operations / activities. After giving due

preference to the local area, GSL may also undertake CSR activities anywhere in the country. The Board of Directors may also decide on an indicative ratio of CSR spend between the local area and outside it. CSR & Sustainability strategies shall be developed that mandate the design of CSR & Sustainability action plan.

2.2.2 The approach to CSR & Sustainability planning shall be a long-term sustainable approach. The long-term plan shall be broken down into medium-term and short-term plans. Each of these plans shall clearly specify:

- Requirements relating to baseline survey and need assessment
- CSR & Sustainable activities to be undertaken
- Responsibilities of the designated authorities to be engaged in this task
- Measurable and expected outcome Budgets allocated
- Social/environmental impact expected.
- Implementation guidelines and the involvement of the implementing agency
- Procedures and methodologies prescribed for monitoring
- Modalities of the concurrent and final evaluation
- Documentation

Chapter 3

3. RESOURCES

3.1. Funding & Allocation:

3.1.1. For achieving its CSR & Sustainable objectives through implementation of meaningful & sustainable programmes, the CSR & Sustainability budget of GSL will be created in line with section 135(1) of Companies Act 2013 and revised guidelines issued by the Department of Public Enterprises dtd 01.04.2014 in the following manner:-

- i. To spend at least 2% of the average net profits of the three immediately preceding financial years.
- ii. To spend this stipulated percentage of average net profits every year in a manner specified in the Companies Act and CSR Rules.

- iii. In case the company fails to spend such amount it shall have to specify the reasons for not spending it. The unspent amount in a particular year would not lapse. It would instead be carried forward to the next year for the utilization for the purpose for which it was allocated.
 - iv. The expenditure incurred on baseline survey and Impact Assessment should be within the overall limit of 5 percent of administrative overheads of CSR spend as provided under CSR Rules issued by Ministry of Corporate Affairs on 27.02.2014.
 - v. The company may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year.
 - vi. CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.
- 3.1.2 The board of directors shall accord approval for the funds to be spent in a particular financial year under the various categories. The CSR & Sustainability Budget shall be fixed for each financial year as per above.
- 3.1.3 If the company feels the necessity of taking up new CSR activities / projects during the course of a year, which are in addition to the CSR activities already incorporated in the CSR policy, the Board's approval of such additional CSR activities would be treated as amendment to the policy.
- 3.1.4 For meeting the requirements arising out of immediate & urgent situations, CMD is authorised to approve proposals in terms of the empowerment accorded to him by the Board
- 3.1.5 Any surplus arising out of the CSR projects or programmes or activities shall not form part of the business profit of the company.
- 3.1.6 Amount spent on sustainability initiatives in the pursuit of sustainable development while conducting normal business activities would not constitute a part of CSR spend from 2 percent of profits as stipulated in the Act & CSR Rules.

Chapter 4

4. IMPLEMENTATION:

4.1 The process for implementation of CSR programmes by GSL will involve the following steps:

4.1.1 GSL will follow a project based accountability approach which entails planning the stages of execution in advance by fixing targets at different milestones, with pre-estimation of quantum of resources required within the allocated budget, and having a definite time span for achieving desired outcomes. The action plan will be distinguished as 'Short term',' Medium Term & Long Term; qualified as :

- 0 Short Term – Yearly **plan**
- 0 Medium Term – **1 to 3 years plan**
- 0 Long Term – 'Flagship programmes'. **03 to 05 years & beyond**

4.1.2 The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.

4.1.3 Project / activities identified under CSR & Sustainability should be implemented through specialized agencies. List of ongoing CSR Projects is placed at **Annexure – I**.

4.1.4 GSL shall select such CSR activities / projects which can be better monitored through in-house expertise.

4.1.5 Identification of programmes at Corporate level will be done by means of the following :

- (a) Base line Survey / Need assessment as per need and requirement.
- (b) Proposals/requests received from local civic bodies/ educational institutions/ voluntary organisations (VOs)/orphanage/ Old Age Homes etc, only for **those activities which are not in the project mode**.
- (c) Discussions with /Civic bodies/Citizen's forums/VOs

4.2. Projects/Activities beyond project mode.

4.2.1. Such Programmes will typically include support to social, cultural or sporting events, provision for educational aid and support infrastructure in schools and/or similar organisations, support to Orphanage, old age home, support in building small local infrastructure undertaken by the local civic bodies, small expenditures on inauguration or handing over of CSR related public assets to public may be funded from this budget. However sales promotion activities and guest entertainment of any kind will not be funded under this Programme.

4.2.2. Proposals for such funding will be examined by GSL CSR & Sustainability Cell. The proposal must specify the need and expected impact of such funding support. On scrutiny, the CSR & Sustainability Cell shall forward with clear recommendation to the Competent Authority for approval.

4.2.3. CSR & Sustainability Cell is authorized to recommend cancelling of any proposal, approved or otherwise, at any stage, with adequate justification thereof. The recommendation of the CSR & Sustainability Cell shall be forwarded the Competent Authority for consideration.

4.2.4 Board of Directors would authorize CMD with power to sanction / alter funds earmarked for such activities.

4.3 Organizational Structure

4.3.1 Two – Tier Organisation Structure:

GSL shall have a Two-Tier Organizational Structure for Planning, implementing & monitoring the CSR & Sustainability policies, the composition & role of the Two-Tier Structure is as follows:

4.3.2 Tier – I: Board Level Committee

GSL shall have a Board Level Committee headed by either Chairman & Managing Director or an Independent Director to oversee the implementation of the CSR & Sustainability policies & to assist the Board of Directors to formulate suitable policies & strategies to take the CSR & Sustainability Agenda of the company forward. The Composition of Board level Committee is placed at **Annexure – II**.

4.3.3 **Tier – II:** Below Board Level Committee (**CSR & Sustainability Cell**):

GSL shall appoint a senior officer not less than one rank lower to the board level to function as the nodal officer. The designated nodal officer shall have a team of officials (known as CSR & Sustainability Cell) to assist in co-ordination. The composition of the team of officials constituted to assist the nodal officer is to be approved by the Chairman & Managing Director. The designated nodal officer shall submit reports regarding the progress in the implementation of CSR & Sustainability activities to the CMD and Board through Functional Director. The Composition of the Committee is placed at **Annexure-III**.

4.3.4 **Role of CSR & Sustainability Cell:**

- a) Formulating policy
- b) Selecting CSR & Sustainable project
- c) Devising implementing strategies
- d) Earmarking budgets
- e) Mobilizing Resources
- f) Engaging external specialized agencies
- g) Adopting effective communication strategies
- h) Preparing Sustainability reports
- i) Keeping the Board of Directors & Top Management apprised of all important developments.

4.3.5 The responsibilities of CSR & Sustainability Cell is placed at **Annexure-IV**.

4.4. Executing agency/Partners:

4.4.1. Project activities identified under CSR & Sustainability will be designed and implemented by specialized agencies, to be selected from panels maintained by the National CSR Hub (NCSRH)/ Government Ministries / Departments, Planning Commission, Autonomous Organizations or Organizations undertaking CSR & Sustainability Projects in PSUs and local areas. However engagement of specialized agencies other than those empanelled with aforesaid organisations, shall be at the discretion of GSL based on suitability and appropriateness on case to case basis.

4.4.2. The on ground coordination and monitoring for timely execution of the projects will be undertaken by the Constituted Project Teams of GSL. Each project team will comprise of one Executive, one Supervisor and one employee. This work, being for the benefit of society will be in addition to the normal duties of the project team members. The role & responsibilities of Project team is placed at **Annexure – V.**

4. 5. Criterion for identifying Executing agency:

4.5.1 While assigning CSR & Sustainability projects to specialized agencies, every possible effort shall be made to verify the reliability and clean track record of such agencies. The following parameters/ criteria shall be considered for identification/ selection of specialised agency(s) for programme execution:

- The Specialised Agency has a office / address in India.
- The NGO is a registered society under Societies' Registration Act;
- The antecedents of the Agency are verifiable/subject to confirmation.
- Newly registered or started agencies may also be considered as programme partners if they are able to satisfy conditions laid down by GSL .
- They must have demonstrated capability and expertise in implementation domain specific social projects.

- The Agency should furnish complete details of their work at least for last three years.
- The Board of such agencies must include persons of eminence who work above individual gains and are committed to development of society and growth of the nation.
- GSL reserves the right to seek information/clarification from any Board Member about their income, source of income, assets, foreign connections, etc. All such information will kept confidential however such information may affect selection and continuation of the partner.
- The agency must have comfortable financial background so as to pay to its team member, needed financial compensation. It should also have track record of payment fair wages and must have not involved with exploitative activities what so ever.
- The agency should have not involved in any kind of fraud, misappropriation of fund and any activity which is considered to be illegal and anti-national. In other words the partners must act with utmost integrity with highest level of conduct in the society.
- The specialized agencies should not have any linkage with GSL, direct or indirect, to maintain fairness.

4.6. Agreement between GSL & Executing agency

GSL will be required to enter into an agreement with each of the executing / implementing agency as per the Standard Model Agreement, once the programmes approved by the Board are communicated.

Chapter 5

5. MONITORING AND EVALUATION:

5.1. Monitoring of CSR & Sustainability Projects shall go concurrently with implementation. Monitoring shall be done periodically with the help of identified key performance indicators. Monitoring shall be done in project mode with continuous feedback mechanism & recourse for mid-course correction in implementation whenever required.

5.1.1. The implementation of CSR & Sustainability guidelines will form a part of the Memorandum of Understanding that is signed each year between GSL and Ministry of Defence, Dept of Defence Production.

5.1.2. The progress of CSR & Sustainability programmes under implementation shall be reported to GSL Planning & Monitoring dept (for MoU compliance) on monthly basis.

5.1.3. Appropriate documentation of the GSL CSR & Sustainability Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

5.1.4 CSR Cell shall obtain feedback from beneficiaries about the programmes on periodic basis.

5.1.5. Appropriate strategies for internal communications shall be devised to spread awareness of CSR & Sustainability amongst the employees & provide the necessary training.

5.1.6 The performance of the project/activities shall be evaluated based on its objectives, scope, deliverables and benefits. Evaluation of actual achievement and vis-a-vis targets will be carried out at the end of the year.

Chapter 6

6. Impact Assessment

6.1. Impact Assessment surveys will be carried out by GSL by engaging External Specialized Agencies on completion of the project & necessary minimum gestation period. However mid-term / interim assessment shall be carried out by engaging specialized agencies & necessary mid-course corrections shall be carried out accordingly. The survey team will be authorized to select all **projects** for study. The impact assessment report prepared by external agency(s) shall be submitted to the Board at the end of the financial year.

Chapter 7

7. CSR Reporting & Disclosure

- i. The Board's Report covered under these rules pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in **Annexure VI.**
- ii. GSL shall prepare Annual Sustainability Report.
- iii. CSR & Sustainability initiatives of the Company will also be reported in the GSL Website, Intranet etc.

Chapter 8

8. Advocacy & Research

8.1. GSL shall develop collaboration with academic institutions such as NCSRH, TISS, IITs, IIMs & similarly placed other such institutions on a perpetual basis.

Chapter 9

9. Powers for approval

9.1.1 For meeting the requirements arising out of immediate & urgent situations, CMD is authorized to approve proposals in terms of the empowerment accorded to him by the Board.

9.1.2 To afford a further degree of flexibility in approval of CSR programmes, the following empowerment is afforded to the concerned Functional Director and Nodal Officer):

Sr No	Powers	Director	Head Tier II
1	Approval & Expenditure sanction for CSR programmes and Re-appropriation, if any, of approved programmes on its merit. (**)	Rs. 4 lakhs in each case, subject to an annual ceiling of Rs. 10 lakhs	Rs. 2 lakhs in each case, subject to an annual ceiling of Rs. 5 lakhs

** : All programmes approved with financial concurrence within overall approved budget in terms of the above delegation to be subsequently brought to the information of the Board.

Chapter 10

10. Review

10.1. Review of Projects shall be carried out by CSR Cell monthly

10.2 Review by Functional Director once in two months

10.3 Review by Chairman & Managing Director once in a quarter

10.4 Information paper shall be put to the board at quarterly intervals along with MOU status.

Chapter 11

11. General

- 11.1.1 Investment in CSR & Sustainability shall be project-based. Mere donations to philanthropic/ charity or other organizations would not come under the category of CSR & Sustainability.
- 11.1.2 CSR activities shall generate community goodwill, create social impact, visibility and Environmental Sustainability.
- 11.1.3 CSR & Sustainability activities shall help in building a positive image of the company in the public perception.
- 11.1.4 GSL shall generate awareness among all levels of their staff about CSR & Sustainability activities and the integration of social processes with business processes. Those involved with the implementation & monitoring of CSR & Sustainability activities shall be provided with training and re-orientation.
- 11.1.5 The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.
- 11.1.6 Contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act, shall not be considered as CSR activity.
- 11.1.7 GSL shall make efforts to take up CSR activities / projects in collaboration with other CPSEs for greater social, economic and environmental impact of their CSR activities / projects

12. Clarifications :

- 12.1.1 This Policy will supersede/ override previous policy on CSR & Sustainability made in this regard.
- 12.1.2 CSR projects taken up by the company in 2013-14, shall be continued till their completion as per revised DPE guidelines on CSR & Sustainability effective from 1st April 2014.
- 12.1.3 Any or all provisions of the CSR & Sustainability Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued by Government, from time to time.
- 12.1.4 This Policy may be amended by the Board of Directors from time to time as the situation warrants.

ANNEXURE - I**DETAILS OF CSR PROJECTS**

Sr No	Project Heads	Duration	Year of Commencement	Implementing Agency	Project Officer
1	Skilled Development Project, Mormugao, Goa.	5 years	2012	SITEG	Mr. Dominic Cardoso
2	Dairy Cooperative Project in Pernem, Goa.	5 years	2012	TISS	Mr. Andrew D' Cunha
3	Agriculture Cooperative Project in Canacona , Goa.	5 years	2012	TISS	Mr. Francis Fernandes
4	Mobile Health Centre in Quepem, Goa.	5 years	2012	VHAG	Dr. Carmen Ruth Varela
5	Water Shed Project in Adne and Bali, Goa.	4 years	2012	MFG	Maj. H R Madhusudan
6	Special CSR Activities. This activities include educational Aids and Support Infrastructure in local Schools, Provision for Drinking water facility, support to orphanage and old age homes.	Short Term	Yearly mode (short term)	GSL	CSR Cell

Board Level CSR & Sustainable Committee

The Composition of Board Level CSR & Sustainable Committee is as follows:-

Chairman	CMD / Independent Director
Member	Independent Director
Member	Independent Director
Member	Functional Director
Member	Functional Director
Member	Functional Director
Member	Nodal Officer – Head of Tier II Committee

CSR & Sustainability Cell

The Composition of CSR & Sustainability Cell is as follows:

CGM (HR & A)	Chairman
CGM (Health, Safety & Environment)	Member
AGM (HR)	Coordinator
DGM (Civil)	Member
DGM (Finance - 4)	Member
DGM (I/E - Comm)	Member
DGM (Admin)	Member
PRO	Member
AM (HR)	Member

ROLES AND RESPONSIBILITIES OF GSL CSR & SUSTAINABILITY CELL

CSR & Sustainability Cell shall-

- i) Collectively take decision on various CSR spend, subjected to approval of the Board. They remain an important link between the Project Team (s), the National CSR Hub, implementing agency (s) and GSL in the larger interest of the Company.
- ii) Facilitate the Process for GSL to enter into an agreement with each of the executing/implementing agency as per the Standard Model Agreement once the programmes approved by the Board are communicated.
- iii) Liaison with all external agencies.
- iv) Involve in understanding and coordination of all activities related to Base Line Survey and Need Assessment studies.
- v) Invite and coordinate selection of partners (like NGO, institutions, small organisations, etc.
- vi) Formulate CSR & Sustainability related programmes, enter into MoU with implementing agencies clearly stating targeted CSR & Sustainability goals, monitoring systems, impact assessment and social audit needs.
- vii) Ensure overall implementation, guide in implementation to project team(s) and reporting the status of CSR & Sustainability implementation.

ROLES AND RESPONSIBILITIES OF PROJECT TEAM

The roles and responsibilities are as follows:

- i) Each project team will comprise of one Executive, one Supervisor and one employee of GSL.
- ii) The project team members will be responsible for on ground assessment of the project(s), coordination with the NGOs and stakeholders
- iii) The team will be responsible for timely execution and monitoring of the projects.
- iv) The concerned project Team (s) of GSL will verify the utilization of fund. The receiver should be asked to provide documents on fund utilization, annual report on the impact thereof.
- v) They will be responsible for reporting the status of Project implementation to GSL CSR & Sustainability Cell on fortnightly basis.

ANNEXURE - VI

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

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

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

2							
3							
	TOTAL						

*Give details of implementing agency:

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

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