

Tourism Finance Corporation of India Limited

CORPORATE SOCIAL RESPONSIBILITY POLICY (2023-24)

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1. CSR VISION AND OBJECTIVES

CONCEPT:

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 socially useful programmes for welfare & sustainable development of the community at large, is titled as the '**TFCI CSR Policy**'.

VISION STATEMENT

Ensuring the selection, implementation and monitoring of CSR initiatives in letter and spirit through appropriate procedures and transparent reporting in compliance with provision of Companies Act and applicable laws.

To promote and create additional employment opportunities particularly in Tourism Sector by enhancing vocational skill specially among the children, women, young entrepreneurs, by undertaking livelihood enhancement projects as a key contributor to the growth of India and support sustainable development activities aimed at creating a cleaner, greener and healthier environment. To support project which would promote tourism in the country by preservation/protection/enhancement of tourism products of the country.

OBJECTIVES

- To support activities aimed at development of human skills particularly needed for tourism sector.
- To support activities/projects which would promote tourism in the country including protection of national heritage of art and culture, restoration of building and sites of heritage importance, work of art, promotion and development of traditional art, handicraft etc.
- To support activities which help cleaner, greener and healthier environment and thereby enhancing TFCI's perception as a social responsible entity.

2. FINANCIAL RESOURCES AND COMMITMENT

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, TFCI will allocate at least two percent of the average net profits of

the company made during the three immediately preceding financial years calculated in accordance with the provisions of section 198 of the Companies Act, 2013.

Excluding:

- Any profit arising from any overseas branch or branches of the company whether operated as a separate company or otherwise;
- Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Companies Act, 2013.

Accordingly, for TFCI the CSR budget for FY 2023-24 would be: Rs.2.1142 crore as detailed below:

| (Rs. In Crore) | | | |
|-----------------------|---|---|---------------------------------|
| Year | Net Profit (including tax u/s 198) | Average of the three years net profits | 2% of average Net Profit |
| 2020-21 | 99.85 | 105.71 | 2.1142 |
| 2021-22 | 107.90 | | |
| 2022-23 | 109.37 | | |

3. ROLE OF THE BOARD AND THE CSR COMMITTEE



ROLE OF THE BOARD:

- Constitute a Board level CSR Committee
- Approve the CSR Policy and disclose contents of such policy in its report and place it on company's website
- Ensure implementation of activities as per Rule 4 of The Companies (Corporate Social Responsibility Policy) Rules, 2014.
- Ensure 2% net profit spend (In case of unspent amount related to on-going project – transfer such amount to separate bank account, In case of unspent amount is related to other than on-going project – transfer such amount to funds prescribed in Schedule VII to the Act)
- Disclose reasons for not spending the amount (if applicable)
- Alter the annual action plan as recommended by the CSR Committee (if required)
- Extend the duration of existing Project beyond one year, which was initially not approved as a multi-year Project.
- Satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it.
- In case of on-going project - monitor the implementation of the project with reference to the approved timelines and year-wise allocation.
- Ensure that Administrative Overheads shall not exceed 5% of total expenditure of company for the financial year.
- Approval by way of resolution at the time when – (a) company spent in excess (b) company want to setoff said excess amount
- Transfer capital asset created prior to 22nd January, 2021 to prescribed entities (section 8 company, regd. public trust, regd. society, beneficiary or public authority) within prescribed time limit.
- Disclose on the Website
 - Composition of CSR Committee
 - CSR Policy
 - Projects approved by the Board

ROLE OF CSR COMMITTEE OF DIRECTORS:

- Formulate and recommend a CSR policy to the Board.
- Recommend activities and the amount of expenditure to be incurred.
- Monitor the CSR policy from time to time.
- Recommend the implementation of CSR Activities/Projects.
- Formulate and recommend an annual action plan in pursuance of its CSR policy as per the Rule 5(2) of The Companies (Corporate Social Responsibility Policy) Rules, 2014.
- Recommend changes to the Board, if any, needed in the annual action plan with reasonable justification to that effect.
- Recommend to the Board to Extend the duration of existing CSR Activities/Projects.
- Review the monitoring of on-going CSR Projects/Activities.

4. CSR POLICY PLANNING & IMPLEMENTATION ELEMENTS

Identify priority program activities/projects



Initial assessment and selection of implementation agencies



Implementation and Monitoring Evaluation and impact assessment



Annual Reporting and Disclosure

5. SCHEDULE VII OF SEC. 135, COMPANIES ACT 2013

Activities allowed as per the Schedule VII under section 135 of the Companies Act, 2013 are activities relating to:—

- (i) 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.

(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up 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 art and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

(vii) training to promote rural sports, nationally recognised sports, para-Olympic sports and Olympic sports

(viii) contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defence Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

(x) rural development projects.

(xi) slum area development projects.

Explanation.- For the purposes 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.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

6. PRIORITY PROGRAMS / PROJECTS FOR 2023-24 & GEOGRAPHIC AREAS

- 5% of the funds committed during the year 2023-24 may be used for building CSR capacities of TFCI personnel as well as those of implementing agencies.
- Long gestation, high impact projects shall be given priority.
- TFCI shall avoid taking up adhoc, one-time, philanthropic activities. However, contribution to the Prime Ministers' National Relief Fund, Clean Ganga 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 would be considered a valid CSR activity.
- TFCI may refrain from taking up activities which are clearly mandated to be performed by the Government and/or for which Central/State Government's schemes have been sanctioned, as it could result in unnecessary duplication. However, TFCI may supplement the efforts of the Government in deficit funding for achieving the targets/goals.
- The priority programs/projects (including assigned budgets) may be changed during the financial year, subject to compliance requirements, by the CSR Committee

GEOGRAPHIC AREAS

- TFCI, primarily being in the financial sector services space, has no defined geographic concentration areas, since entities assisted have operations widely distributed all over India. However, priority may be given to areas where TFCI has assisted projects or national monuments having high tourism potentials.

7. IMPLEMENTATION AGENCIES

TFCI will seek to identify suitable programmes for implementation in line with the CSR objectives of the Company and also benefit the stakeholders and the community for which those programmes are intended. Other salient points:

- Activities undertaken in pursuance of normal course of business not allowed.
- Projects/programs/activities undertaken in India only considered as CSR

expenditure.

- Benefits only to employees not eligible for CSR.
- 5% CSR budget allowed on building CSR capacities of personnel or those of implementing agencies with established track record of 3 years.

It may decide to undertake its CSR activities, approved by the CSR committee, through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise.

Provided that

- a) If such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record or three years in undertaking similar programs or projects;
- b) The company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

8. IMPLEMENTATION AND MONITORING:

The CSR activities/projects and amount to be spent thereon shall be approved by CSR Committee, on the recommendation of Managing Director/Whole Time Director. The implementation and monitoring of the approved CSR activities/projects would be undertaken by a committee of executives comprising Managing Director/Whole Time Director, President and Company Secretary and would be reported to CSR Committee periodically.

In compliance with the Act and to ensure funds spent on CSR programs are creating the desired impact on the ground a comprehensive Monitoring and Reporting framework will be put in place. The monitoring and reporting mechanism is divided into three distinct areas:

I. Programs Monitoring

II. Evaluation

III. Reporting and Documentation

I. Programs Monitoring:

(a) Programs monitoring mechanism will ensure:

- The CSR policy is implemented as per the Act and the Rules
- The CSR policy is implemented ensuring that all projects/programs as budgeted are duly carried out.

(b) CSR spends will be closely monitored and funds shall be released against verified utilizations as per the approved work plans. This may include field visits, comprehensive documentation, and regular interaction with beneficiary communities.

(c) CSR spends will be audited in an accountable and transparent manner.

(d) Reporting and review by the CSR committee and by the Board.

II. Evaluation:

(a) MIS for monitoring mechanism and evaluation plan will be put in place.

(b) Expected outcomes, outputs and inputs will be clearly defined for each program.

(c) There shall be clarity about the scope of the programs and the need before evaluations are undertaken.

(d) Third parties may be engaged to ensure objective assessment across baseline and end line parameters.

(e) Managing Director/Whole Time Director shall be authorized to decide whether it will be internal, external or third-party Evaluation.

III. Documentation and Reporting:

The annual CSR report to be filed by the Company will ensure:

- CSR projects and programs are being properly documented.
- An MIS is maintained on expenditure across sectors and geographies and beneficiaries impacted. The MIS structure will be in alignment with the prescribed reporting format.

9. POWER FOR APPROVAL:

The Managing Director/Whole Time Director shall be authorised to approve proposals and the External Agency in terms of the empowerment accorded to him by the CSR Committee. CSR works may be done through:

- i) Community based organizations whether formal or informal
- ii) Elected local bodies such as Panchayats
- iii) Voluntary Agencies (NGOs)
- iv) Institutes/ Academic Organizations
- v) Trusts, Missions
- vi) Self-help Groups
- vii) Government, Semi-Government and autonomous Organizations
- viii) Standing Conference of Public Enterprises (SCOPE)
- ix) Mahila Mandals/ Samitis
- x) Contracted agencies for civil works
- xi) Professional Consultancy Organizations

There would be clear responsibility and accountability assigned to the designated agencies that are entrusted with the task of implementation by TFCI. Monitoring mechanisms should have periodic feedbacks with recourse to mid-course correction in implementation, whenever required. Actual disbursements shall be linked to the progress on the ground.

10. REPORTING AND DISCLOSURE

ANNUAL REPORTING

- The Board's Report to be published in the annual report of TFCI shall include a report on CSR activities carried during the year as per the provisions of the Companies Act 2013 and Rules made thereunder. The CFO would monitor utilisation of fund for the purpose set forth and certify to this effect.

COMPANY WEBSITE

- The Board of Directors of the TFCI shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website.