

DRAFT FOR COMMENTS ONLY

BUREAU OF INDIAN STANDARDS

Draft Indian Standard

Corporate Social Responsibility — Requirements
(First Revision)

(ICS 03.100.01)

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FOREWORD

(Formal Clauses will be added later.)

INTRODUCTION

With the formalization of Section 135, under the *Companies Act, 2013*, India emerged as one of the pioneering nations to mandatorily adopt Corporate Social Responsibility (CSR). This historic progression was instrumental in re-defining the narrative of CSR, the vital espousal of which led companies to transcend from traditional philanthropy towards institutionalizing CSR across all levels - from governance to policy and even within the operational set up of businesses.

The CSR law has advanced to the sixth year of its implementation and companies are extensively implementing their CSR activities across India. As a result, an immediate necessity has emerged to uniformly assess the CSR performance of companies especially in terms of implementation, reporting and real-time impact. The Bureau of Indian Standards (BIS) with the sole directive to formulate standard to assess and certify products and systems in the country, undertook the responsibility to devise Indian Standard on “Corporate Social Responsibility”.

BIS further realized the need to institute a system-based Standard in the realm of CSR, which will act as a strengthened framework for companies to embed an ideal CSR management system across governance, policy, designing, implementation, monitoring, evaluation, and reporting.

With this initiative, India symbolically directs a strong message, as for the first time, a Standard is being formulated in the world that is voluntary and certifiable - making CSR integral to management systems of companies. Companies applying for this standard will realize the requirement to instil ‘Strategic CSR’ processes thereby ensuring that CSR plans drawn at the table are implemented with accountability and utmost transparency. The formalization of the standard and the attendant certification will bring in a spirit of aspiration for companies to achieve Star Rating by effectively building a business case for CSR that will yield long-term impact for both the company and the community.

BIS has envisaged the CSR requirement standard as one of the foremost standards being developed by India to be positioned at the global level. The innovativeness of the standards lies in the unique set of principles and parameters that will assess and measure the performance of companies. The formulation process of the standard ensures that contemporary disclosure on CSR and various national and international frameworks are well reflected and aligned to confirm its global relevance.

This CSR standard also provides an opportunity to companies that are interested to seek CSR star rating based on their CSR performance, which would greatly facilitate the enhancement of their brand value. This Standard should be read in conjunction with the amended *Companies Act* and CSR Rules therein. However, it is not intended to replace, alter, or in any way change the obligations of the Law.

CSR star rating certification can be obtained from Certification Body to Company seeking certification to compliance as per IS 26001. The certificate of IS 26001 is a testimony of a company's good practices in CSR performance. For seeking certification to IS 26001, companies can contact mscd@bis.org.in.

Other Indian Standards applicable for conducting Assurance Engagement are as follows:

<i>IS Number</i>	<i>Title</i>
IS 26002 (Part 1) : 2022	Assurance Engagement Standard: Part 1 - Conducting Assurance Engagements For All Matters Other Than Statutory Financial Information — Requirement
IS 26002 (Part 2) : 2021	Assurance Engagement Standard : Part 2 Conducting Assurance Engagements for All Matters Other Than Statutory Financial Information — Guidance
IS 26002 (Part 3) : 2022	Assurance Engagement Standard : Part 3 – Competence of Individual, Firms and Reporting Entities for Conducting Assurance Engagements — Requirement

This CSR requirement standard document comprises of the following components:

1. The star rating process as outlined in Annex A; and
2. The criteria for advanced level certification (one, two, three, four and five stars) provided in Annex B

1 SCOPE

1.1 General

This standard facilitates a company to effectively establish a Corporate Social Responsibility (CSR) framework that is supported by appropriate process and procedures, with an overall objective to ensure that it has an effective mechanism to:

- a) Develop and institutionalise a strong CSR governance as per the CSR policy of the company;
- b) Identify appropriate and need-based CSR projects;
- c) Identify CSR specific applicable legal requirements and ensure compliance with such requirements;
- d) Design, develop, implement, and monitor CSR activities for the enhancement of its performance and fulfilment of its objectives; and
- e) Evaluate and report the performance of the CSR project activities implemented.

This standard specifies the ‘**Basic Level Certification**’ (BLC) and ‘**Advance Level Certification**’ (ALC) requirements for Corporate Social Responsibility that a company can use to enhance its CSR performance and credibility.

1.2 This standard is applicable for all types of companies irrespective of their size, nature of business and CSR project activity and CSR budget, except for such companies that have been defined as implementing agencies by the laws of the land, if any.

2 REFERENCES

The following standard contains provision, which through reference in this text constitutes provision of this standard. At the time of publication, the editions indicated were valid. All standards are subject to revision and parties to agreements based on this standard are encouraged to investigate the possibility of applying the most recent edition of the standard indicated below:

<i>IS Number</i>	<i>Title</i>
IS 26002 (Part 1) : 2022	Assurance Engagement Standard Part 1 - Conducting Assurance Engagements for All Matters Other Than Statutory Financial Information — Requirement
IS 26002 (Part 2) : 2021	Assurance Engagement Standard Part 2 Conducting Assurance Engagements for All Matters Other Than Statutory Financial Information — Guidance
IS 26002 (Part 3) : 2022	Assurance Engagement Standard Part 3 – Competence of Individual, Firms and Reporting Entities for Conducting Assurance Engagements — Requirement

3 TERMS AND DEFINITIONS

For the purpose of this standard, the following terms and definitions applies.

3.1 Corporate Social Responsibility — It is the responsibility of a company for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that:

- a) contributes to sustainable development, including health and welfare of society and environment;
- b) takes into account the meeting of reasonable expectations of stakeholders;
- c) is in compliance with applicable law and consistent with national and international norms of behaviour; and
- d) is integrated throughout the company and practiced in places, where development matters.

3.2 CSR Policy — Intentions and direction of a company related to societal and environmental development and performance, as formally expressed by its board and top management, in alignment with the requirements of the company’s policies and notified rules, if any, specific to CSR.

3.3 Compliance Obligations — Legal and regulatory requirements that a company has to comply with and other requirements that a company chooses to comply with CSR specific applicable legal requirements and agreements with relevant stakeholders that the company considers is necessary.

3.4 Implementing Agency — A partner of a company that is engaged in executing and managing its CSR project activities, monitoring the project’s progress; managing project staff and funds, and

carrying out other project management functions including reporting. Such implementing agencies could also be defined as per the applicable laws of the land.

3.5 Empanelled Auditor/ Auditing Firm - A person and an auditing firm that complies with the competence criteria as per IS 26002 (Part 3) empanelled by recognised body that is authorised to issue an assurance opinion as per IS 26002 (Part 1).

3.6 Basic Level Certification (BLC) - It is the certification of a company for being in conformance with all the 'CSR Specific Compliance' and 'General' requirements specified in this standard, except the requirements mentioned in Annexes A and B.

3.7 Advanced Level Certification (ALC) - It is the certification of a company for being in conformance with all the 'CSR Specific Compliance' and 'General' requirements specified in this standard, inclusive of requirements mentioned in Annexes A and B that outline principles of moving beyond compliance requirements, with specific mention to the laws of the land. The ALC entails provisions of 'CSR Star Rating' in a scale of one-to-five-star CSR rating that will be awarded on the basis of the company's performance in the ALC assessment. Star rating (ALC) shall only be provided subject to fulfilment of all criteria of the Basic Level Criteria (BLC) by the company as opined-by empanelled auditor and auditing firm, along with the mention of a tentative star rating range as assessed by empanelled auditor and auditing firm in the assurance opinion statement 'in accordance' with IS 26002 (Part 1). The final Star Rating shall be offered by the appropriate authority of Certification Body.

4 CSR SPECIFIC COMPLIANCE REQUIREMENTS

4.1 For a company seeking BLC or ALC, the company shall establish, implement and maintain an appropriate CSR specific legal compliance framework, inclusive of appropriate documentations. Such a compliance framework shall clearly be able to identify the process of

- a) updating and accessing the CSR specific applicable requirements,
- b) assessment of the status of compliance and identification of gaps, and
- c) taking actions on deviations identified and or for further improving the performance.

4.2 Any non-compliance report/information intimated and or furnished by the internal audit team of the company and or any external organization, inclusive of regulatory authorities shall be maintained separately. The status of actions initiated on the same, inclusive of outcomes shall be clearly documented in the CSR specific legal/compliance framework that is established by the company.

5 GENERAL REQUIREMENTS

5.1 CSR Governance

Following are the parameters, which aim to delineate the roles and functions of the Board and CSR Committee of the company.

5.1.1 *Functions and Responsibilities of the Board of the Company*

The Board of the Company shall be fully accountable and responsible for the execution and implementation of the CSR policy and all CSR projects that are formulated thereunder. The Board of the Company shall ensure the following:

- a) Commitment to corporate social responsibility;
- b) Engagement of relevant stakeholders in the decision-making process;
- c) Provision of appropriate resources for the design, development, implementation, maintenance and continual improvement of the CSR framework;

- d) Creation of awareness and advocacy of corporate social responsibility as an integral part of the company's culture;
- e) Approval, maintenance and review of a CSR policy within the defined scope of its CSR framework;
- f) Surplus arising out of the CSR project activities implemented by the company, does not become a part of the business profit of a company; such a surplus money shall be ploughed back into the same CSR project activity;
- g) Periodic monitoring and review of the implementation of the CSR project activities, the associated risks, disbursement and utilization of the funds, CSR budget and compliance with the CSR specific applicable legal requirements and accordingly, take appropriate actions for deviations identified or for further improvement;
- h) Periodic evaluation of the performance of the CSR committee and the directors of the board representing the CSR committee;
- j) Periodic reporting of the performance of the CSR projects/programs, with a focus on the need for implementing such CSR project activities and the impacts derived by the beneficiaries from such implemented projects; and
- k) Compliance with all CSR specific applicable legal requirements.

5.1.2 *Composition and Constitution of the CSR Committee of the Company*

This parameter aims to define the processes and procedures for the composition and constitution of the CSR Committee, with an emphasis on the requirements of the CSR specific rules, wherever applicable. The CSR Committee shall appoint a responsible CSR Management Representative (MR) who shall be a member of the management.

5.1.3 *Functions and Responsibilities of the CSR Committee*

The CSR committee shall ensure the designing, developing, implementing and monitoring of a CSR framework, followed by evaluation of the program or projects implemented by the company, inclusive of its applicable CSR specific legal requirements, and accordingly report the performance of the CSR projects/programs.

The MR shall also have the responsibility and authority to ensure that processes and procedures that are required for establishing the CSR framework, as per the requirements of this standard are well designed, developed, implemented, maintained, periodically reviewed for further improvement, and accordingly the performance of the CSR project activities is reported. The MR shall also communicate and report relevant matters specific to the CSR projects to the CSR Committee and Board at regular intervals.

The CSR committee shall also formulate a CSR Policy for the effective implementation, maintenance, periodic review and improvement of the CSR framework and recommend to the Board for approval. Such a CSR policy post receipt of approval shall be issued, appropriately implemented, maintained, communicated, reviewed and updated, as and when required.

The CSR committee shall establish, seek approval, implement and maintain a CSR policy within the defined scope of its CSR framework, which:

- a) is appropriate to the purpose of its CSR projects;
- b) contains the approach and direction given by the board of a company, taking into account the recommendations of its CSR committee, and includes guiding principles for selection, implementation and monitoring of the CSR project activities as well as formulation of the annual action plan;
- c) provides a framework for setting the CSR objectives and targets;
- d) includes a commitment of improving the lives of the targeted beneficiaries, protection of the environment, and other specific commitment(s) relevant to the CSR projects;

- e) incorporates in it, specific matters that are applicable from legal perspective and a commitment to fulfil and comply with the CSR specific compliance obligations and requirements;
- f) includes a commitment to continually improve the CSR framework to enhance its performance;
- g) is appropriately documented and displayed for effective communication to concerned and interested stakeholder.

5.2 CSR Planning

The company shall clearly outline mechanisms and modalities of actual implementation of CSR projects/programmes. The planning process shall comprise of designing appropriate processes and frameworks, for facilitating in the development of appropriate procedures for the effective implementation, review, monitoring and evaluation of the CSR projects, followed by reporting of the CSR performance. The company must align prospective CSR projects/activities in accordance with activities mentioned in CSR specific applicable rules, if any.

Following are the parameters, which delineate the methodology of identifying and on boarding appropriate CSR projects/programs and credible implementing agencies by the company.

5.2.1 *Engagement with relevant stakeholders in the identification, implementation, monitoring and evaluation of CSR Projects/Programmes*

The company shall engage with identified and relevant stakeholders in the selection of projects, planning, development and implementation phase, in accordance with the company's CSR policy. The Company may also engage appropriate stakeholders in the monitoring and evaluation of its CSR performance, wherever felt appropriate and necessary. The company shall implement such CSR projects that have been approved by the Board of the company.

5.2.2 *Identification of Credible Implementing Agencies*

The company can implement CSR project directly on its own, and or indirectly through implementing agencies. It is important to have transparent mechanism to ascertain the level of competence, experience, reputation, and integrity of the implementing agency and its personnel. In view of the same, the company shall conduct due diligence of implementing agency/agencies, inclusive of assessment of compliance with applicable legal requirements, prior to hiring them their services in the implementation of the company's CSR project activities. Such a due diligence shall facilitate in ascertaining the following:

- a) The extent to which the senior management (governing body, top and middle management), of the implementing agency is independent of the company.
- b) The risks as well as benefits of working with the prospective implementing agency.
- c) A memorandum of understanding with the implementing agency shall be established indicating inter alia, key performance indicators (KPIs), the baseline and targeted performance of the KPIs, monitoring and reporting mechanism, timeliness, scope, risk mitigation strategies, dispute/conflict resolution mechanism and audit criteria.

5.2.3 *Development of a Framework for Impact Assessment of the CSR Projects*

A company shall define a methodology, supported by appropriate effective and efficient process and procedures for:

- a) identifying the beneficiaries and their concerns, needs and expectations, based on which the CSR projects shall be prioritized and the objective of the project activities shall be established;
- b) achieving the overall objective of the CSR projects through identification of appropriate economic, environmental, social and governance based Key Performance Indicator(s) (KPI) for deriving the desired impacts of sustainable development;

- c) developing appropriate process and procedures for the KPIs for achieving the desired impacts within a defined time-frame;
- d) communicating the impacts of the CSR projects implemented; and
- e) for managing the stakeholder relationship.

Every KPI to be identified, shall be material, relevant, timely, self-sustainable, complete, reliable, accurate, specific, realistic, achievable and time-bound and coherent to the CSR policy of the company and or any other relevant universal or national sustainability/CSR specific framework. Further, to the extent practicable, each KPI shall be defined in quantitative and monetized form, supported by scientifically established and documented baseline and target, for measurement of the degree of impact and social value delivered for every money spent, at respective stages of implementation of a CSR project activity. The KPIs, wherever practicable should be able to compare the performance vis a vis:

- a) the previous performance within the company; and or
- b) similar projects implemented elsewhere; and or
- c) national average; and or
- d) the market trend/practice.

A company wherever applicable, should apply an appropriate universal/international or national or an indigenously established technical framework for deriving the targeted project deliverables from a KPI.

During the time of approval of the CSR project, for the CSR impact evaluation engagement to be carried out by an external agency for the CSR project, the CSR Committee shall define and approve the Terms of Reference (TOR), which shall apart from other relevant matters, specifically mention the KPIs that shall be audited. Reasons for change in the TOR at a later date, if any, shall be recorded in writing and approved by the CSR committee, prior to the conduct of an external audit.

5.3 Funds and Resources for Implementing CSR Projects

Following is the parameter, which delineate the appropriate application and usage of resources and funds in implementing the CSR project activities by a company.

5.3.1 Provision of funds and resources for implementing CSR Projects

The company shall identify and provide the necessary funds, technology and any other resource (including competence, training, human resource) that are necessary for the identification, planning, designing, development, implementation, maintenance, monitoring, evaluation and periodic reporting of the CSR performance to ensure continual improvement, and sustenance of the CSR projects. The details of CSR spent shall include all expenditure arising from various CSR activities undertaken for each project and or contribution to corpus.

Further, the company shall review risk and mitigation measures and establish good practices for timely implementation of the CSR projects.

5.4 Monitoring, Evaluation and Improvement of the CSR Framework

The company shall monitor and evaluate CSR projects as delineated in the CSR Policy. The company shall specify the modalities of execution of the CSR projects and the process of monitoring. For the CSR framework established by the company, the company shall devise appropriate:

- a) internal method of monitoring and
- b) internal and external methods for objectively evaluating the performance of the CSR projects and activities for the purpose of BLC and ALC.

Following are the parameters, which delineate the appropriate process of monitoring the CSR project activities by a company.

5.4.1 *Establishing a process for monitoring CSR project activities*

The company shall establish, implement and maintain processes for the review of the performance of the CSR framework and the CSR project activities at a periodic frequency. The company must put in place a detailed project monitoring mechanism for tracking the implementation and monitoring of performance of each CSR project. Further, the company shall ensure that the periodicity of monitoring of the CSR projects has been maintained as planned.

The review process shall address the frequency of conducting risk assessment, determining causes of non-conformities, initiation of corrective actions, recording the results, review of the effectiveness of initiated corrective actions and assess the reasons, if the expected outcomes and impacts have departed from their desired course. Such a process shall:

- a) Demonstrate conformity with applicable CSR specific legal and regulatory requirements;
- b) Assess whether the company's CSR projects have been able to meet its targeted objectives and benefit the targeted beneficiaries; and
- c) Evaluate periodically the adequacy and appropriateness of the CSR impact assessment tools and framework established for impact assessment, as per context and size of the CSR projects.

5.4.2 *Evaluation of the CSR framework and project activities*

Periodic internal and external audits shall be planned, established, and conducted in relation to this standard as well as the CSR project activities. The company shall establish and put in place appropriate processes and procedures for conducting internal and external audits.

The CSR framework and CSR projects implemented by the company shall be subjected to a third-party independent evaluation. Such third-party evaluation shall include an audit of

- a) the appropriateness of the processes, procedures, controls and checks developed by the company for the CSR framework, inclusive of the applicable CSR specific legal requirements; and
- b) the impacts achieved post implementation of the CSR projects.

5.5 CSR Documentation and Reporting

Following are the parameters, which delineate the appropriate process of documenting the process and procedures in the CSR framework, inclusive of documentation of the Companies voluntary commitment to CSR performance of the CSR project activities and CSR specific mandatory regulatory disclosures, if any.

5.5.1 *Documentation of the CSR framework*

The Board of the Company shall ensure that the entire processes and procedures developed for the CSR framework and its CSR project activities are duly consolidated and documented. Appropriate documented information shall be maintained by the company for Criteria of BLC and or ALC, inclusive of all CSR specific applicable legal matters and requirements. The relevant documentations shall be preserved by the company for a period that is deemed appropriate and kept in safe custody; and shall be readily accessible and retrievable.

Sufficient documented evidence to the satisfaction of the empanelled auditor shall be maintained to enable the auditor for the issuance of a positive opinion, on the basis of IS 26001 and IS 26002.

5.5.2 Reporting of CSR performance

The CSR Committee and or designated resources of the company shall at appropriate intervals, formally communicate through a report on the CSR performance of the implemented CSR project activities, to its relevant stakeholders. The reporting shall at a minimum include:

- a) The company's – (i) CSR policy, (ii) key/significant stakeholders and their expectations, concerns and interests; and (iii) CSR project activities, its objectives and the impacts that such projects are intended to deliver;
- b) Alignment of the CSR project activities with various national and global frameworks, and applicable legal requirements, if any.
- c) The impacts and or value created by the CSR projects in the form of - (i) qualitative and or quantitative, (ii) monetized (in the form of impact per money spent) or non-monetized, (iii) direct and or indirect; (iv) intended and or unintended; and (v) positive and or negative. The degree of change, wherever practicable, shall report the comparison of the performance of the KPIs vis a vis the – (i) the previous performance within the company; and or (ii) similar projects implemented elsewhere; and or (iii) national average; and or (iv) the market trend/practice.
- d) The universal/international or national or a brief detail of the indigenous technical framework, applied for deriving the targeted impact of the KPIs.
- e) Experiences gained through the CSR project in implementation/implemented – (i) the strengths, weaknesses, opportunities and threats; (ii) reasons for deviation if any, from the target set, vis a vis the baseline; (iii) significant changes or disproportionate outcomes, if any and reasons behind the same; (iv) future strategic directions, based on past learning and cautions that have been/are to be exercised; and (v) the means of mitigating the negative adverse impacts and or improving the performance; (vi) factors that may alter the intended futuristic targets in view of changing business scenarios or evolving uncertainties.
- f) Period of reporting of the CSR performance.
- g) Any other CSR specific mandatory disclosures, specified as per applicable CSR specific legal requirements, with a special mention to status of compliance and reasons for deviations, and notices received, if any and the corrective actions taken, thereafter for the same.

The CSR activities that are not recognised under the applicable laws of the land could be reported separately by the company, under a separate heading mentioned – 'CSR project activities not covered under CSR specific applicable laws'.

The CSR information reported shall be complete; fair; balanced; logical; substantive; comprehensive; timely; precise; bear clarity and transparency; logically structured and well presented; written in clear and layman's language; be able to navigate a reader effectively to other related or relevant sections and cross-referencing, as may be felt necessary by intended users; and unbiased and non-manipulative to be received or perceived either favourably or unfavourably. The CSR information should be officially released by the authorized CSR representative of the reporting entity.

ANNEX A

LEVELS OF ADVANCED LEVEL CERTIFICATION (ALC)

There are five-star rating in the Advance Level Criteria (ALC) that is, One, Two, Three, Four and Five Star. The star rating and associated score is given in Table 1.

Table 1 – Star Rating assigned to respective Range of Scores

Star Rating Category	Range of Score (in percent)
☆	50 to less than 60
☆☆	60 to less than 70
☆☆☆	70 to less than 80
☆☆☆☆	80 to less than 90
☆☆☆☆☆	90 to 100

ANNEX B

ADVANCED LEVEL CERTIFICATION (ALC) – CSR STAR RATING

(ONE, TWO, THREE, FOUR AND FIVE-STARS RATING)

Sl. No.	Question for Evaluation	Criteria of Scoring (and Marks)	Max. Scores
1	<p>Transparency in On-boarding of Implementing Agency: Of the total CSR budget of the past 3 financial years, what is the percentage of CSR budget for which independent due diligence has been conducted for the Implementing Agency(ies), prior to on-boarding them for implementing the CSR projects? This applies only to such projects where Implementing Agencies have been deployed.</p> <p><i>Reference: Please refer to the Reference Example 1 below this table for reference.</i></p> <p><i>An indicative template for the due diligence is given at Appendix –A. The template may include all matters that are felt appropriate by the independent assessment agency. Any standard for due diligence that is duly approved by Central or State Governments or an organization authorised by Government may also be used for this purpose.</i></p>	<ul style="list-style-type: none"> • Criteria 1 - Greater than 0% and upto 25% of the total CSR fund of the past three years (1 mark) • Criteria 2 - Greater than 25% and upto 50% of the total CSR fund of the past three years (2 marks) • Criteria 3 - Greater than 50% and upto 75% of the total CSR fun of the past three years (3 marks) • Criteria 4 - Greater than 75% and upto 100% of the total CSR fund of the past three years (4 marks) 	4
2	<p>Assessment of Baseline Performance and Establishing SMART* Objectives and Targets: Of the total CSR fund of the past 3 financial years, what is the percentage of CSR fund for such CSR projects, for which ‘baseline performance assessment’ have been conducted by the company, followed by establishment of SMART* objectives and targets?</p> <p><i>*SMART means specific, measurable, achievable, recordable and time-bound</i></p> <p><i>Reference: Please refer to the Reference Example 1 below this table for reference.</i></p>	<ul style="list-style-type: none"> • Criteria 1 - Greater than 0% and upto 25% of the total CSR fund of the past three years (1 mark) • Criteria 2 - Greater than 25% and upto 50% of the total CSR fund of the past three years (2 marks) • Criteria 3 - Greater than 50% and upto 75% of the total CSR fun of the past three years (3 marks) • Criteria 4 - Greater than 75% and upto 100% of the total CSR fund of the past three years (4 marks) 	4
3	<p>CSR Expenditure Beyond 2% of Average Net Profit of Past Years as per Section 198 of Companies Act: Whether the expenditure by the company on CSR project activities on an annual basis, has been higher than 2% of the average net profits of the</p>	<ul style="list-style-type: none"> • Criteria 1 – Higher than 2% and upto 2.25% of the total eligible CSR amount of the past three years (1.5 marks) • Criteria 2 - Higher than 2.25% and upto 2.50% of the total eligible CSR amount of the past three years (3 marks) 	6

Sl. No.	Question for Evaluation	Criteria of Scoring (and Marks)	Max. Scores
	<p>company during the three immediately preceding financial years (or where the company has not completed the period of three financial years, since its incorporation, during such immediately preceding financial years)?</p>	<ul style="list-style-type: none"> • Criteria 3 - Higher than 2.50% and upto 3% of the total eligible CSR amount of the past three years (4.5 marks) • Criteria 4 - Higher than 3% of the total eligible CSR amount of the past three years (6 marks) 	
4	<p>Implementing CSR Projects in Aspirational Districts or Difficult Terrains, where Development Really Matters - Of the CSR funds of the past three financial years, what is the percentage of such CSR funds that have been invested by the company in CSR projects that have been executed and or are in execution in the Aspirational Districts[^] and or Difficult Terrains^{^^} in India? [^] as prescribed by NITI Ayog in India (https://www.niti.gov.in)</p> <p>^{^^} Difficult Terrains may be remote hilly areas/ deserts / disturbed areas / challenging circumstances / severe weather conditions / extreme remote areas / remotely located tribal areas, International borders, extreme infrastructural backward areas / dense forests / flood prone areas/ Disaster affected areas.</p> <p><i>Please refer to Reference Example 1 below this table for reference.</i></p>	<ul style="list-style-type: none"> • Criteria 1 - Greater than 0% and upto 25% of the total CSR fund of the past three years (1.5 marks) • Criteria 2 - Greater than 25% and upto 50% of the total CSR fund of the past three years (3 marks) • Criteria 3 - Greater than 50% and upto 75% of the total CSR fund of the past three years (4.5 marks) • Criteria 4 - Greater than 75% and upto 100% of the total CSR fund of the past three years (6 marks) 	6
5	<p>Alignment of CSR Project Activities with KPIs & Principles of Key National and Global Frameworks:</p> <p>Of the total CSR funds of the past three financial years, what is the percentage of CSR projects that has its Key Performance Indicators (KPIs) in alignment with the - (a) Indicators of UN-SDGs, (b) National Goals and Indicators (<i>such as Core Sector specific Indicators defined for Aspirational Districts by NITI Ayog / Nationally Determined Indicators, etc.</i>) (c) State /UT specific goals and (d) Universal Principles of UNGC.</p>	<ul style="list-style-type: none"> • Criteria 1 - Each of the CSR project has an alignment with – (a) At least one indicator defined in the UN-SDGs; (b) At least one indicator defined for the core sectors of aspirational districts/ other national indicators; (c) At least one of the State / UT specific Goals and (d) At least one principle defined in the UNGC; (1 mark); • Criteria 2 - Each of the CSR project has an alignment with – (a) At least two indicators defined in the UN-SDGs; (b) At least two indicators defined for the core sectors of aspirational districts/ other national indicators; (c) At least two of the State / UT specific Goals and (d) At least two principles defined in the UNGC (2 marks); • Criteria 3 - Each of the CSR project has an alignment with – (a) At least three indicators defined in the UN-SDGs; (b) At least three indicators defined for the core sectors of aspirational districts / other 	4

Sl. No.	Question for Evaluation	Criteria of Scoring (and Marks)	Max. Scores
		<p>national indicators; (c) At least three of the State / UT specific Goals; and (d) At least three principles defined in the UNGC (3 marks);</p> <ul style="list-style-type: none"> • Criteria 4 - Each of the CSR project has an alignment with – (a) At least four indicators defined in the UN-SDGs; (b) At least four indicators defined for the core sectors of aspirational districts / other national indicators; (c) At least four of the State / UT specific Goals and (d) At least four principles defined in the UNGC; (4 marks). 	
6	<p>Improvement from the Baseline: For all Key Performance Indicators (KPIs) that were identified in all CSR projects of the past three financial years, what is the average percentage increase in improvement from the baseline that was established at the start of the CSR project?</p> <p><i>Refer to Reference Example 2, below this table for reference.</i></p>	<ul style="list-style-type: none"> • Criteria 1 - Greater than 0% and an increase of upto 50% over the baseline level (1.5 mark) • Criteria 2 - An increase beyond 50% to 100% over the baseline level (3 marks) • Criteria 3 - An increase beyond 100% to 250% over the baseline level (4.5 marks) • Criteria 4 - An increase beyond 250% over the baseline level (6 marks) 	6
7	<p>Development of Management Information System (MIS) for CSR Projects: Of the total CSR expenditure of the past 3 financial years, what is the percentage of CSR funds, for such CSR projects, for which appropriate MIS[^] was developed by the company?</p> <p><i>[^]MIS in the form of process and procedures that have been prepared for each of the stages of planning/design, development, implementation, monitoring, evaluation and reporting of CSR performance</i></p> <p><i>Please refer to the Example 1 below this table for reference.</i></p>	<ul style="list-style-type: none"> • Criteria 1 - Greater than 0% and upto 25% of the total CSR fund of the past three years (1 mark) • Criteria 2 - Greater than 25% and upto 50% of the total CSR fund of the past three years (2 marks) • Criteria 3 - Greater than 50% and upto 75% of the total CSR fun of the past three years (3 marks) • Criteria 4 - Greater than 75% and upto 100% of the total CSR fund of the past three years (4 marks) 	4
8	<p>Sustenance of CSR Projects Post Closure of Funding: Of the total CSR funds of the past three financial years, which have been spent on CSR projects that have been completed, what is the percentage of CSR fund that is sustaining on its own[^]?</p> <p><i>[^]subject to the condition that beyond the official date of closure of such CSR projects, at least for a minimum period of one year, the CSR projects were self-sustainable and continued to deliver the</i></p>	<ul style="list-style-type: none"> • Criteria 1 - Greater than 0% and upto 25% of the total CSR fund of such closed projects of the past three years (1.5 marks) • Criteria 2 - Greater than 25% and upto 50% of the total CSR fund of such closed projects of the past three years (3 marks) • Criteria 3 - Greater than 50% and upto 75% of the total CSR fund of such closed projects of the past three years (4.5 marks) • Criteria 4 - Greater than 75% and upto 100% of the total CSR fund of such closed projects of the past three years (6 marks) 	6

Sl. No.	Question for Evaluation	Criteria of Scoring (and Marks)	Max. Scores
	<p><i>targeted benefits to its beneficiaries, at no investment made by the company</i></p> <p><i>Reference: Please refer to the Reference Example 1 below this table for reference.</i></p>		
9	<p>Social Returns on Investment (SRoI) in Monetary Terms for CSR Projects Executed: For the money invested in all CSR projects, since the past 3 financial years, what is the SRoI* of such projects in monetary terms, for a period of one year of implementation?</p> <p><i>*SROI = [(Social Value Created – Value derived from all the factors of Deadweight, Displacement, Attribution and Drop Off – Capital Investment) x 100%]/Capital Investment</i></p>	<ul style="list-style-type: none"> • Criteria 1 - SRoI is greater than 0% and upto 250% of the total investment in the CSR projects (2 marks), • Criteria 2 - SRoI is above 250% and upto 500% of the total investment in the CSR projects (4 marks), • Criteria 3 - SRoI is above 500% and upto 750% of the total investment in the CSR projects (6 marks), • Criteria 4 - SRoI is above 1000% of the total investment in the CSR projects (8 marks) 	8
10	<p>Achievement of the Target of the CSR projects: Work out the total CSR funds of the past three financial years that had been spent on CSR projects by the company and have been successfully completed. What is the percentage of CSR funds spent on such CSR projects that have achieved at least 80% of the targeted outcomes and impacts?</p> <p><i>Reference: Please refer to the Reference Example 1 below this table for reference.</i></p>	<ul style="list-style-type: none"> • Criteria 1 - Greater than 0% and upto 25% of the total CSR fund (1 mark); • Criteria 2 - Greater than 25% and upto 50% of the total CSR fund (2 marks); • Criteria 3 - Greater than 50% and upto 75% of the total CSR fund (3 marks); • Criteria 4 - Greater than 75% and upto 100% of the total CSR fund (4 marks). 	4
11	<p>CSR Projects that Report its Drawbacks and learnings for Sharing the Experience with Other Implementers: Of the total number of CSR projects completed over the past three financial years, what is the percentage of such CSR projects, which in their final report, mention drawbacks, challenges and other deterrent factors, to provide a learning experience for other companies/implementers.</p> <p><i>Please refer to the Example 1 below this table for reference.</i></p>	<ul style="list-style-type: none"> • Criteria 1 - Greater than 0% and upto 25% of the total CSR projects (1 marks); • Criteria 2 - Greater than 25% and upto 50% of the total CSR projects (2 marks); • Criteria 3 - Greater than 50% and upto 75% of the total CSR projects (3 marks); • Criteria 4 - Greater than 75% and upto 100% of the total CSR projects (4 marks). 	4
12	<p>Frequency of Monitoring the CSR Projects by CSR Committee: What was the frequency at which the CSR Committee, as well as the Board of the company reviewed the performance of the CSR projects in the last financial year?</p>	<ul style="list-style-type: none"> • Criteria 1: Reviewed on an annual basis, only by the CSR Committee (0.5 mark); • Criteria 2 - Reviewed on an annual basis, both by the CSR Committee and the Board of the company (1 mark); • Criteria 3: Reviewed on a half-yearly basis, only by the CSR Committee (1.5 mark); 	4

Sl. No.	Question for Evaluation	Criteria of Scoring (and Marks)	Max. Scores
		<ul style="list-style-type: none"> • Criteria 4 - Reviewed on a half-yearly basis, both by the CSR Committee and the Board of the company (2 marks); • Criteria 5: Reviewed thrice in a year, only by the CSR Committee (2.5 mark); • Criteria 6 - Reviewed thrice in a year, both by the CSR Committee and the Board of the company (3 marks); • Criteria 7: Reviewed every quarter in a year, only by the CSR Committee (3.5 marks); • Criteria 8 - Reviewed every quarter in a year, both by the CSR Committee and the Board of the company (4 marks). 	
13	<p>Third Party External Evaluation of Completed CSR Projects: Of the total number of CSR projects of the past three financial years which have been completed, what is the percentage of such CSR projects, for which a third-party external evaluation was conducted?</p>	<ul style="list-style-type: none"> • Criteria 1 - Greater than 0% and upto 25% of the total CSR projects were independently evaluated (1 mark); • Criteria 2 - Greater than 20% and upto 50% of the total CSR projects were independently evaluated (2 marks); • Criteria 3 - Greater than 50% and upto 75% of the total CSR projects were independently evaluated (3 marks); • Criteria 4 - Greater than 75% and upto 100% of the total CSR projects were independently evaluated (4 marks); • Criteria 5 - Greater than 0% and upto 25% of the total CSR projects were independently evaluated, on the basis of a relevant standard that has been approved by a Govt. of India organization, such as IS 26002 (5 marks); • Criteria 6 - Greater than 25% and upto 50% of the total CSR projects were independently evaluated, on the basis of a relevant standard that has been approved by a Govt. of India organization, such as IS 26002 (6 marks); • Criteria 7 - Greater than 50% and upto 75% of the total CSR projects were independently evaluated, on the basis of a relevant standard that has been approved by a Govt. of India organization, such as IS 26002 (7 marks); • Criteria 8 - Greater than 75% and upto 100% of the total CSR projects were independently evaluated, on the basis of a relevant standard that has been approved by a Govt. of India organization, such as IS 26002 (8 marks). 	8
14	<p>Recipient of CSR based Award: In the past three financial years, what is the</p>	<ul style="list-style-type: none"> • Criteria 1 - Recipient of an award, in any of the past 3 years from state government 	4

Sl. No.	Question for Evaluation	Criteria of Scoring (and Marks)	Max. Scores
	highest CSR based award received by the company?	<p>departments or industry associations/business chambers of commerce or UN based organization. (2 mark);</p> <ul style="list-style-type: none"> • Criteria 2 - Recipient of national award, in any of the past 3 years from union level ministry, such as Ministry of Corporate Affairs, Govt. of India. (4 marks); 	
15	Revised CSR Policy: Whether the CSR Committee has formulated and updated the CSR Policy for the current financial year, followed by receipt of approval for the same from the Board of the company?	<ul style="list-style-type: none"> • Criteria 1 – If the company has formulated and updated the CSR Policy and obtained approval from the board (1 mark) 	1
16	<p>Need Assessment through Stakeholder Engagement and Consultation – Of the total CSR funds of the past three financial years that had been spent on CSR projects by the company, what is the percentage of CSR funds of such CSR projects, for which the company has undertaken need assessment studies, by engaging and consulting with relevant stakeholders before the conceptualization and implementation of the CSR initiatives?</p> <p><i>Reference: Please refer to the Reference Example 1 below this table for reference.</i></p>	<ul style="list-style-type: none"> • Criteria 1 - Greater than 0% and upto 25% of the total CSR fund (1 mark); • Criteria 2 - Greater than 25% and upto 50% of the total CSR fund (2 marks); • Criteria 3 - Greater than 50% and upto 75% of the total CSR fund (3 marks); • Criteria 4 - Greater than 75% and upto 100% of the total CSR fund (4 marks). 	4
17	CSR Annual Action Plan: Whether the CSR Annual Action Plan of the company was prepared by the CSR committee, followed by receipt of approval from the Board by means of Board Resolution?	<ul style="list-style-type: none"> • Criteria 1 – The CSR Annual Action Plan of the company was prepared by the CSR committee (1 mark), • Criteria 2 –The CSR Annual Action Plan of the company was prepared by the CSR committee, followed by receipt of approval from the Board by means of Board Resolution (2 marks) 	2
18	Capacity Building of CSR Officials: Whether capacity building initiatives have been conducted for employees, who have been on full-time employment, as well as those engaged on retainer basis, in each of the past three years?	<ul style="list-style-type: none"> • Criteria 1 – The duration of training for each of the CSR employee has been upto 2% of the total working days, on an annual basis only for full-time employees (0.5 mark), • Criteria 2 – The duration of training for each of the CSR employee has been greater than 2% and upto 4% of the total working days, on an annual basis only for full-time employees (1 mark), • Criteria 3 – The duration of training for each of the CSR employee has been greater than 4% and upto 6% of the total working days, on an annual basis only for full-time employees (1.5 marks), 	4

Sl. No.	Question for Evaluation	Criteria of Scoring (and Marks)	Max. Scores
		<ul style="list-style-type: none"> • Criteria 4 – The duration of training for each of the CSR employee has been greater than 6% of the total working days, on an annual basis only for full-time employees (2 marks), • Criteria 5 – The duration of training for each of the CSR employee has been upto 2% of the total working days, on an annual basis only for full-time employees and part-time retainer employees (2.5 marks), • Criteria 6 – The duration of training for each of the CSR employee has been greater than 2% and upto 4% of the total working days, on an annual basis only for full-time employees and part-time retainer employees (3 marks), • Criteria 7 – The duration of training for each of the CSR employee has been greater than 4% and upto 6% of the total working days, on an annual basis only for full-time employees and part-time retainer employees (3.5 marks), • Criteria 8 – The duration of training for each of the CSR employee has been greater than 6% of the total working days, on an annual basis only for full-time employees and part-time retainer employees (4 marks). 	
19	<p>Material KPIs: Of the total CSR funds of the past three financial years that had been spent on CSR projects by the company, what is the percentage of CSR funds of such CSR projects, for which the company has defined Key Performance Indicators (KPI) that are material and core to the project's outcome and impact?</p> <p><i>Reference: Please refer to the Reference Example 1 below this table for reference.</i></p>	<ul style="list-style-type: none"> • Criteria 1 - Greater than 0% and upto 25% of the total CSR fund for which the company has defined material KPIs (1.5 mark); • Criteria 2 - Greater than 25% and upto 50% of the total CSR fund for which the company has defined material KPIs (3 marks); • Criteria 3 - Greater than 50% and upto 75% of the total CSR fund for which the company has defined material KPIs (4.5 marks); • Criteria 4 - Greater than 75% and upto 100% of the total CSR fund for which the company has defined material KPIs (6 marks). 	6
20	<p>Annual CSR Reporting: Whether the company has annually reported the performance and impacts of its implemented CSR projects for communication to its targeted stakeholders, such as regulators, compliance authorities,</p>	<ul style="list-style-type: none"> • Criteria 1 – Reported only on one year, since the past 3 years (1 mark), • Criteria 2 – Reported only on two years, since the past 3 years (2 marks), • Criteria 3 – Reported every year, since the past 3 years (3 marks). 	3

Sl. No.	Question for Evaluation	Criteria of Scoring (and Marks)	Max. Scores
	investors, financial institutions, Central ministries/State departments, etc.?		
Total			92

NB:

Reference Example 1:

Supposing the total CSR budget of the past 3 years (*accounting to 2% of the average net profits the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years, since its incorporation, during such immediately preceding financial years*) is Rs. 200. Further, of this Rs. 200, say, only for a few CSR projects accounting to Rs. 50, the company has conducted the due diligence of the Implementing Agencies.

Hence, the percentage of CSR funds for such projects, for which an independent due diligence has been conducted for the IAs = $(50 \times 100\%) / 200 = 25\%$. Accordingly, the score for the same shall be assigned.

Reference Example 2:

Supposing, a total of 10 CSR projects have been identified in the past 3 years, for which, say a total of 14 material Key Performance Indicators (say KPI # 1, 2, ... 14) have been identified. Further, for each KPI the baseline and target for achievement has been identified prior to start of implementation of the project. Post implementation, each KPI is supposed to deliver beyond the baseline and achieve the target that was set at the start of the project activity. Post implementation, for each of the KPI, the percentage increase in improvement has to be calculated. Supposing at the start of the project activity, the baseline of KPI # 1 is 10 units, and the target for achievement is 25 units, post its implementation. Further, supposing the KPI has fallen short of the target that was set and achieved only 20 units post implementation, then, the percentage increase of the KPI from baseline is = $(20-10) \times 100\% / 25 = 40\%$. Depending on the percentage of performance, the score should be assigned. The same process has to be applied for assessment of percentage of improvement for each of the other KPIs. This shall be followed by taking an average of the percentage of improvement of all the KPIs.

Appendix – A

Indicative Template for Due Diligence

Following suggestive generic aspects may be considered for the due diligence. Any other standardised due-diligence criteria, recommended by the Government or its relevant bodies may also be followed:

- Partner profile and thematic expertise
- Public domain check
- Human resource skill set and deployment
- Partnership and contracting modalities
 - ✓ Processes and controls
- Governance structure and framework
 - ✓ Registration related details (as legal entity, Income Tax, GST, NITI Aayog, Ministry of Corporate Affairs, etc. as applicable)
 - ✓ Compliances and filings done under applicable regulations
 - ✓ Open matters/litigation in relation to tax/FCRA/functional law/ labour law / other