



CORPORATE SOCIAL RESPONSIBILITY (CSR) FAQ – India

What is the CSR clause of Companies Act, 2013?

The Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the Companies Act 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 to come into effect from April 2014.

With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of INR 500 crore (US\$ 72 million) or a turnover of INR 1,000 crore (US\$ 144 million) or net profit of INR 5 crore (US\$.7 million), needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should be undertaken with respect to any of the activities mentioned in Schedule VII of the 2013 Act and undertaken/implemented in India be considered as CSR expenditure.

Are Rotary's areas of focus eligible for CSR funding under Schedule VII of the Companies Act?

Five of Rotary's areas of focus are eligible for funding under Schedule VII: Water, Sanitation and Hygiene, Maternal and Child Health, Community Economic Development, Disease Prevention and Treatment, and Basic Education and Literacy.

Who handles CSR responsibilities in the Corporates?

The Corporate board of the company forms a CSR committee that (a) formulates and recommends Corporate Social Responsibility Policy to the Board in which they indicate the activities to be undertaken by the company as specified in Schedule VII;(b) recommends the amount of expenditure to be incurred on the activities; and (c) monitors the Corporate Social Responsibility Policy of the company from time to time.

Who solicits CSR funds for RF(I)?

Rotary clubs/districts solicit CSR funds for RF(I) however, if any corporate approaches RF(I) directly then the partnership will be channelized through District leadership.

How will CSR funds be used by Rotary?

CSR funds received through RF(I) will be eligible for Rotary clubs/districts in India to be utilized exclusively on projects approved through global grant guidelines.

Who administers and supports CSR activities on behalf of Rotary?

Rotary Foundation (India) [RF(I)] will assist local Rotary clubs and districts in accepting CSR gifts and supports the development and administration of global grant applications.

What is the minimum CSR contribution amount?

The minimum CSR contribution is \$32,000 inclusive of 5% RF(I) overhead cost.

Can clubs/districts contribute 5% overhead cost on behalf of the corporate?

No.

Is conceiving and delivering of CSR projects the club’s responsibility?

Yes, the project will be conceived and delivered by the club, however, the reporting to the corporate will be done by RF(I). The project will be implemented through global grant guidelines.

How will Rotary Clubs/Districts attract CSR funds?

Clubs/Districts/Rotarians may approach corporates for CSR contributions with the CSR kit comprising of the TRF Annual Report, CSR Brochure and Areas of Focus brochure. Discuss the project aligning with Corporate’s CSR policy and Rotary’s area of focus with them.

What is the relationship between clubs, corporates and RF (I) in spending CSR funds?

Rotary club or district solicits funds from corporates and will be the implementing partner for the Corporate’s CSR project through Rotary’s global grant program. MoU will be signed between RF (I) and Corporate. The grant reporting of the project will be done by RF(I) to Corporate.

How will club/district will submit due-diligence documents to Corporate?

RF(I) will provide all due-diligence documentation to the clubs.

How is the CSR contribution counted towards club and district giving?

CSR contribution will be counted to a club and/or district’s restricted/other giving. No Foundation Recognition Points will be available for CSR funds.

What recognition is available for Corporate head?

Individual recognition is available for director of contributing corporate, under common TRF Recognition Policy. Following points to be included in corporate’s letter head while requesting for individual recognition –

- Contributing company is a family controlled corporate;
- Person to be recognized is a member of the family and director of the company;
- Board of directors decides that the person should receive individual recognition for the contribution;
- Board of directors understands that the company will not receive corporate recognition for the contribution.

What other recognitions are available for Corporates?

Corporate Recognition is also available for corporates on contributions of \$ 100,000 and above as placed below:

Tiers of Recognition for Organizations		
Friendship Circle	US\$100,000	US\$249,999
Goodwill Circle	US\$250,000	US\$499,999
Secretariat Circle	US\$500,000	US\$999,999
Leadership Circle	US\$1,000,000	US\$2,499,999
Board Circle	US\$2,500,000	US\$4,999,999
President’s Circle	US\$5,000,000	above

Does CSR funded Global Grants to be routed through RF (I) for Trustee review?

Yes, CSR funded global grants that include a match of more than \$200,000 from the World Fund will be reviewed by Trustees.

What if the corporate wants to implement the project in different location (s)? How does a club/district move forward in such situations?

District leadership will be able to decide and move the project to a designated club for program implementation. Other districts can be requested to jointly implement the project, as per guidelines.

Will CSR funds generate any credit for a club/district?

Yes, the overall contributions of a club/district will increase. These funds will not generate foundation points.

Will CSR funds be matched?

CSR funds will not be matched.

Can a project be supported by CSR funds as well as DDF and cash contributions from other partners?

Yes, minimum CSR contribution requires to be \$32,000 excluding of DDF and cash contributions. It is up to the club/districts to add DDF/Cash over and above CSR funds.

How the funds will be paid to clubs/districts for grant implementation?

CSR funds will be paid at the dollar exchange rate at which it was credited to RF(I) whereas other contributions including DDF/Cash and match from TRF will be paid at the current exchange dollar rate.

How will CSR expense routed through RF(I) will be reported to the corporate?

RF(I) will provide the project report along with the Utilization Certificate for activities up to 31 March by 31st May and/or on project completion, based on the reporting done by clubs/districts to RF(I). RF(I) will submit the report to the Corporate as per the annexure in the signed MOU.

How will stewardship concerns be handled?

Stewardship concerns will be governed by Rotary policy for the global grant program. The grant will be closed only when RF(I) receives the acknowledgement from the Corporate.

What if a corporate CSR committee requests more frequent reporting on the CSR project?

The reporting timeline and reporting template are part of MoU signed between RF(I) and the Corporate. Hence, project reporting will be done annually - for activities up to 31 March; progress report will be submitted by 15 June and final report will be submitted within four months of closure of the grant.

What is the difference between CSR funds and Directed Gift?

The differences are:

- CSR funds is the CSR contribution from corporate, whereas directed gift is a donation from an individual/entity.
- Minimum CSR contribution for CSR funds is \$32,000 whereas the minimum donation towards directed gift is \$30,000.
- In CSR, 5% will be kept as RF(I) overhead cost and for directed gifts 5% will be deducted by TRF.
- Utilization Certificate for 5% of overhead cost will be provided by RF(I).

Is preliminary review of CSR gift mandatory? What are the important points to remember for the preliminary review?

Yes, preliminary review of CSR gift is mandatory. Rotarians can now complete the global grant application in the Grant Center for preliminary review. Please find below few important points:

- Community assessment and training plan are required to be attached with the global grant application;
- Keep the application in draft mode;
- Share the GG application number to Grant Coordinator at HQ, copying CSR team;
 - Once grant application receives preliminary review eligibility, MoU will be signed by RF (I) and Corporate
- Gift ID will be shared to submit the application for approval once RF(I) receives CSR funds.

In case, International partner is not being finalized for the grant during pre-review. Rotarians may send the global grant application along with community assessment and training plan through email to respective Grant Coordinator at HQ, copying CSR team for pre-review.