## REQUEST FOR CATEGORICAL EXCLUSION (RCE)

### Program/Project/Activity Data:

<table>
<thead>
<tr>
<th>Activity/Project Title:</th>
<th>Skill development in Fecal Sludge and Septage Management (FSSM) in Towns along Ganga Basin</th>
<th>Solicitation #: N.A.</th>
</tr>
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<tbody>
<tr>
<td>Contract/Award Number (if known):</td>
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</tr>
<tr>
<td>Geographic Location:</td>
<td>India; 386,</td>
<td></td>
</tr>
<tr>
<td>Originating Bureau/Office:</td>
<td>USAID/India Center for Innovation and Partnerships Office</td>
<td></td>
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<tr>
<td>Supplemental IEE:</td>
<td>□ Yes □ No</td>
<td></td>
</tr>
<tr>
<td>Amendment:</td>
<td>□ Yes □ No</td>
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</tr>
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<td>Programmatic IEE:</td>
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<td></td>
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<tr>
<td>DCN and date of Original document:</td>
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<tr>
<td>DCN and ECD link (s) of Amendment (s):</td>
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<td></td>
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<td>Amendment No:</td>
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<td>Funding Amount:</td>
<td>$2 million</td>
<td></td>
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<tr>
<td>Life of Project Amount:</td>
<td>$2 million</td>
<td></td>
</tr>
<tr>
<td>Implementation Start/End:</td>
<td>FY 2020/ FY 2023</td>
<td></td>
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<tr>
<td>Prepared By:</td>
<td>R K Srinivasan</td>
<td></td>
</tr>
<tr>
<td>Date Prepared:</td>
<td>November 6, 2019</td>
<td></td>
</tr>
<tr>
<td>Expiration Date (if any):</td>
<td>Reporting due dates (if any): N.A</td>
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</table>

### Environmental Media and/or Human Health Potentially Impacted (check all that apply)

- None □ Air □ Water □ Land □ Biodiversity □ Human Health □ Other □

### Recommended Environmental Determination:

- □ Negative Determination □ With Conditions
- □ Categorical Exclusion □ Exemption
- □ Positive Determination □ USG Domestic NEPA action

### Climate Change

- □ GCC/Adaptation □ GCC/Mitigation X Climate Change Vulnerability Analysis (included)

### Adaptation/Mitigation Measures:

- Not Applicable
SUMMARY OF FINDINGS

Pursuant to 22 CFR 216.2(a), environmental analysis/evaluation is required for new projects, programs or activities authorized by USAID. This Request for Categorical Exclusion (RCE) evaluates activities being planned under the Skill development in Fecal Sludge and Septage Management (FSSM) in Towns along Ganga Basin.

RECOMMENDED ACTION:

(i) Categorical Exclusion. Pursuant to 22 CFR 216.2(c)(3), the originator of the project - the Office of Social Sector Initiatives (OSSI) - has determined that the “core” activities of “Skill Development in Fecal Sludge and Septage Management” primarily involves training and skills enhancement of the Urban Local Bodies (ULBs) to sustain India’s Open Defecation Free (ODF) status and ensure domestic wastewater is collected, treated and disposed safely. The interventions planned is environmentally neutral (See Table 1) and will not have an effect on the natural or physical environment, in accordance with the stipulation in 22 CFR 216.2(c)(1)(i). Therefore, the originator recommends that this activity be categorically excluded, falling under the following classes of actions:

- Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.), (22 CFR 216.2(c)(2)(i)); and
- Document and information transfers (22 CFR 216.2(c)(2)(v)).

(ii) Climate Risk Screening:

USAID/India conducted a climate risk screening which covers all the planned activities under the Skill Development in FSSM program. The interventions covered under the activity are at a low risks from adverse effects related to the impacts of climate change. The summary table (attached as Annexure 1) includes the potential risks to the activity due to climate change which is mostly in terms of risks to participations and infrastructure due to extreme weather conditions. However, the activities supported under this capacity building program will have beneficiary results. It will reduce the greenhouse gas emissions through clean energy solutions and impacts of climate change on wastewater treatment. For example, the capacity building of stakeholders in urban local bodies will support more comprehensive wastewater management practices including decentralized waste water treatment, septage management and water conservation measures such as reuse of treated domestic water for non potable purpose. These will reduce the impacts of climate change on water supply which are at risk due to extreme events. In addition, the activity will also provide opportunity to enhance the capacity of the urban local bodies to consider and address climate risk during urban planning. This in turn will improve the capacity of the consumers to address climate risk, most of whom otherwise would not have taken climate risks into consideration.

1. BACKGROUND AND ACTIVITY DESCRIPTION

1.1 Purpose and Scope of the RCE

The purpose of this RCE is to reflect on potential environmental and social impacts of activities under the Skill development in Fecal Sludge and Septage Management (FSSM) in Towns along Ganga Basin. This project is under the India APS, thus a full due diligence has been done on all the partners (see Annexures 2 and 3).
1.2 Background

The estimated population of India is 1.2 billion people, making India the second most populous country in the world. India is the fastest growing economy in the world, with a gross domestic product (GDP) expected to grow to 7.1 percent in 2018 – 2019. Much of the progress in India is not consistent and equitable. India houses approximately 30 percent of the global poor, continues to face basic development challenges in education and health, access to water supply and sanitation, and exhibits low energy consumption and per capita income. India is home to the world's largest working age population and must create 1 million jobs every month to keep its working-age population employed. Rapid urbanization and rising middle-class incomes, including the expansion of the largely agricultural-based rural economy, have led to explosive growth in energy and water demand. Additionally, India cannot ignore burgeoning environmental challenges, such as the well-publicized public health crisis due to air and water pollution, or the increasing water shortages and cities “running dry.”

Over 48% of urban households in India depend on On-Site Sanitation (OSS) facilities and only 71% of households (Census 2011) have access to tap water from a treated or untreated source. India has faced a period of sharp urbanization, growing from 19.9% of the population residing in urban areas in 1970 to 31.2% in 2011; This population is expected to continue to climb from 410 million (2014) to 840 million (2050). Water and sanitation infrastructure facilities available in India are already stressed and this increase in urban population along with economic growth has severely aggravated the issue. Under Swachh Bharat Mission (SBM) efforts to eliminate open defecation in India, most urban households currently without toilets are likely to obtain toilet facilities with On-Site Sanitation (OSS) systems such as septic tanks by 2019. At locations where sewerage systems are not available, treatment of fecal sludge from OSS systems becomes a huge challenge. Based on the national policy on Fecal Sludge and Septage Management (FSSM), 19 states have come up with their own policy/guidelines on the issue. Currently, there are 442 Fecal Sludge Treatment Plants under construction in six states of India.

As India is nearing the achievement of 100% sanitation coverage, the focus is now moving towards universal access to safe drinking water, water conservation and management. Approximately 80% of drinking water sources in India rely on groundwater which is being depleted at an alarming rate. In addition, water quality is a major concern. Major water quality issues include varying Fluoride, Arsenic, Iron, Nitrate levels and Hardness of water. In order to motivate efforts towards providing access to safe & sustainable drinking water to every household, Government of India has formed the “Ministry of Jal Shakti”.

Considering this development, there is an immense need for skilled professionals in the Water, Sanitation and Hygiene sector at state and city levels. Hence, systematic capacity building initiatives need to be undertaken to build the skill and knowledge of the Government, Urban Local Body (ULB) officials, Private Operators, front line workers and other stakeholders involved in the Water and Sanitation sector. In addition to this, intensive awareness initiatives on water quality and conservation need to be undertaken for the sustainable management of water systems.

1.3 Description of Activities

The activity aims to increase the number of skilled professionals in the Water, Sanitation and Hygiene sector in order to ensure quality service delivery of safe drinking water and Fecal Sludge and Septage Management (FSSM). In order to achieve this, USAID will partner with WASH Institute to conduct various capacity building trainings and certificate courses on safe drinking water and fecal sludge management across India, especially from towns across Ganga basin. The proposed training courses include a three to five-day training session on FSSM and water management, a three-month certificate course on the operation and maintenance of Fecal sludge
treatment plants (FSTP)'s and STP's, six-month certificate course on water supply, water quality and management, and a one-year post graduate diploma in “non-sewered sanitation.” These training programs aim to train over 240 WASH professionals, 2000 Govt. officials/engineers/sanitary inspectors, 480 STP/FSTP operators, 120 students, and 1000 NGO volunteers; while encouraging private sector engagement in FSSM. These trainings will enhance the WASH knowledge within the sector which will lead to efficient maintenance and management of FSTPs and STPs. Please note the project will not support any demonstrations or pilots and its activities will be restricted to trainings and capacity building.

The key components of the program are described below, along with illustrative tasks:

Component 1: Capacity building in partnership with the government to build a skilled sanitation workforce especially in Ganga towns.

Under this proposed activity, WASH institute will address the growing needs through a systematic capacity building initiatives to build the skill and knowledge of the Government, Urban Local Body (ULB) officials, STP/FSTP Operators, front line workers, entrepreneurs, NGO professionals and other stakeholders involved in the Water and Sanitation sector.

Water pollution is a major concern in India cities, especially in Ganga towns where liquid waste is indiscriminately discharged into the river Ganges. Ganga towns face critical challenges in relation to liquid waste management, especially Fecal Sludge & Septage management. A recent government- commissioned assessment has found that 66 towns and cities along the river still have drains flowing directly into the Ganga. The proposed training courses include a three to five-day training session on FSSM for Govt. officials, Engineers, Sanitary inspectors, Entrepreneurs from ULBs and NGOs across the Ganga towns and cities. We expect to train almost 2000 participants under this category. Another important Training Program that we are proposing is a three-month certificate course on the operation and maintenance of FSTP’s and STP’s for Operators and a six-month certificate course on Water and Wastewater management respectively. We expect to certify around 480 Operators and 240 WASH professionals under these categories. In addition to these, there is going to be a One-year post graduate diploma in “Non-Sewered Sanitation” for students. We expect to train around 120 students (especially girl students) exclusively on decentralized sanitation.

These Capacity Building programs will focus on the importance and relevance of Decentralized Sanitation and cover all aspects of the FSSM Value chain. It is expected that Capacity Building of key Govt. officials and ULB officials will result in greater realization about importance of decentralized sanitation as a viable solution among govt. officials, improvement in the quality of planning, design, implementation and continued operation of FSSM in Ganga towns and cities. Training of Operators will result in increase in the efficiency of FSTPs and STPs. This will lead to manifold increase in the treatment of fecal sludge from onsite sanitation and improvement in the quantum of co-treatment of fecal sludge in STPs, in Ganga towns. Training of students on “Non-Sewered Sanitation” will help to build necessary workforce of trained FSSM professionals to meet the demand of the ULBs and Private sector.

Component 2: Enhancing private sector capacity to support to leverage CSR investment in FSSM

Under this component, the WASH institute will work with stakeholders in creating an enabling environment for private sector engagement by building the capacity of private sector player and documentation success stories/models. These interventions will help in increasing in private sector funding in the FSSM value chain, increasing the number of FSTPs based on PPP Models and ensuring adequate financing and sustainability of FSSM projects. The trainings will focus on opportunities for private sector to invest in FSM and how CSR can gain goodwill and visibility by contributing in the FSSM sector. Training will be imparted to private sector players to help them engage and deliver effectively the provision of FSSM services. Apart from classroom session, there will be learning visits and a customized training on private sector engagement in upscaling FSSM initiatives to promote FSSM.
Component 3: Continuous learning program to ensure sustainability

In partnership with the Govt's Ministry of Housing and Urban Affairs, States and ULBs, the activity will focus on the dissemination of best practices to enhance FSSM growth and accelerate access to safely managed sanitation services to the target population. WASH Institute will share best practices from the program at the local, state, and national levels through sector engagements and their “National Fecal Sludge and Septage Management” forum created to bring together sector players on a single platform. The alliance will also publish and showcase the best practices in international forums as a part of their scale-up approach.

In addition to the above, WASH Institute will develop an effective mechanism under this project by which the participants will remain in touch with each other and exchange thoughts. A dynamic online FSM learning platform will be developed that will encourage the participants to share their implementation and post training experience, which will result in continuous learning. This continuous learning platform will enable further expanding of skill sets of the trained stakeholders in response to a changing environment and new developments. The learning platform will enable the participants to continue increasing knowledge by practicing what has been learned already, asking for help when something is not understood and trying new ways of doing things and exploring alternative methods.

The FSSM capacity building program will contribute to achieving USAID/India’s Development Objective (DO) 3 “development innovations impact people’s lives at the base of the pyramid (BOP) in a range of sectors in India”. The FSSM sector will enhance access to safely managed sanitation services in India cities.

Leverage: The “Skill development in Fecal Sludge and Septage Management (FSSM) in Towns along Ganga Basin” activity is expected to have a total funding of $2 million over three years. The activity will leverage and build on existing GOI programs; private sector players HCL and ITC is expected to leverage additional investments of $2 million.

In accordance with ADS 204.3.9(a), a due diligence was conducted on the above proposed implementation partner’s past record of environmental accountability. No adverse findings were reported.

2. RECOMMENDED THRESHOLD DECISIONS AND MITIGATION ACTIONS

Categorical Exclusion (Please refer to the Summary Section).

The justification for recommending a determination of Categorical Exclusion for activities under the Skill development in Fecal Sludge and Septage Management (FSSM) in Towns along Ganga is due to their nature, such as capacity building, training, exposure visits, and knowledge dissemination - all of which are considered environmentally neutral actions. For certain activities, a determination of NDC has been made.

The table below lists the major activities of the Program according to Reg. 216 requirements and recommends environmental compliance actions.

<table>
<thead>
<tr>
<th>Components and illustrative activities</th>
<th>Effect on Natural or Physical environment</th>
<th>Reg.216 actions required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity building in partnership with the government to build a skilled sanitation workforce especially in Ganga towns.</td>
<td>No negative effect on environment.</td>
<td>Categorical Exclusion, no action required</td>
</tr>
</tbody>
</table>

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| Enhancing private sector capacity to leverage CSR investment in FSSM | No negative effect on environment | Categorical Exclusion, no action required |
| Continuous learning program to ensure sustainability | No negative effect on environment | Categorical Exclusion, no action required |

3. RECOMMENDED ENVIRONMENTAL ACTION

As a part of this project, the WASH institute will develop a specific environmental safeguard policy in consultation with the AOR. The policy will be reviewed and approved by the Mission Environmental Officer. This is not a condition on the IEE nor a requirement in the award.

4. REVISIONS

Pursuant to 22 CFR 216.3(a) (9), if new information becomes available which indicates that activities to be funded by the project might be “major” and their effects “significant,” this determination will be reviewed and revised by USAID/India and submitted to the BEO for approval, and, if appropriate, an environmental assessment will be prepared in accordance with the procedures stipulated in 22 CFR 216. It is the responsibility of the AOR/Activity Manager to timely inform the Mission Environment Officer and BEO of any changes in the scope and nature of the approved activities, which may require the revision of the approved Environmental Determination.
APPROVAL OF ACTIONS RECOMMENDED

Clearances:
Activity Manager
R. K. Srinivasan
Date: 1/28/2020

Mission Environmental Officer
& Climate Integration Lead
Monali Zeya Hazra
Date: 1/28/2020

Regional Environmental Adviser for SCA and OAPA:
Cleared by email
Andrei Barannik
Date: 1/28/2020

Resident Legal Officer
Diana Reed
Date: 1/29/2020

Deputy Mission Director Acting:
Aaron Bishop
Date: 1/29/2020

Mission Director Acting:
Ramona El Hamzaoui
Date: 1/30/2020

Concurrence:
Asia Bureau Environmental Officer:
Will Gibson
Date: January 30, 2020

Cc'ed: project file, MEO tracking, OAA, RLO
Annexure 1
Skill development in Fecal Sludge and Septage Management (FSSM) in Towns along Ganga Basin - Climate Risk Management Summary Table
<table>
<thead>
<tr>
<th>tasks / defined or illustrative interventions</th>
<th>climate risks</th>
<th>risk rating</th>
<th>how risks are addressed</th>
<th>opportunities to strengthen climate resilience</th>
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</thead>
<tbody>
<tr>
<td>Component 1: Capacity building in partnership with the government to build a skilled sanitation workforce especially in Ganga towns</td>
<td>Climate change will have implications in variety of ways including the following. - Participants may not be able to attend training due to extreme weather to extreme weather conditions such as flooding, storms, heat or cold waves - The training centre may get damaged due to extreme climatic conditions such as flooding, storms, etc. - Due to increased number of extreme events, there may be limited resources available with the ULBs to spend on skills development of its staff.</td>
<td>Low</td>
<td>Describe how risks have been addressed in activity design and/or additional steps that will be taken in implementation. If you chose to accept the risk, briefly explain why.</td>
<td>The activity will provide opportunity to build the capacity of ULBs on addressing climate risks during urban planning to minimize impacts of climate change on infrastructure related to wastewater and waste disposal. It would also help improve the understanding of the participants on the impacts and build their capacity to address it. The activities supported under this capacity building program will also have beneficiary results. For example, the the capacity building of stakeholders in urban local bodies will support more comprehensive wastewater management practices including decentralized waste water treatment, septage management and water conservation measures such as reusing treated domestic water for non potable purpose. These will reduce the impacts of climate change on water supply which are at risk due to extreme events.</td>
</tr>
</tbody>
</table>
| Component 2: Enhancing private sector capacity to support to leverage CSR investment in FSSM | Climate change will have implications in variety of ways including the following.  
- Participants may not be able to attend training due to extreme weather to extreme weather conditions such as flooding, storms, heat or cold waves  
- The training centre may get damaged due to extreme climatic conditions such as flooding, storms, etc.  
- Due to increased number of extreme events, there may be limited resources available with the ULBs to spend on skills development of its staff. | Low |
|---|---|---|
| | The activity will provide opportunity to build the capacity of private sector on addressing climate risks during urban planning to minimize impacts of climate change on infrastructure related to wastewater and waste disposal. It would also help improve the understanding of the participants on the impacts and build their capacity to address it.  
The activities supported under this capacity building program will also have beneficiary results. For example, the capacity building of stakeholders in urban local bodies will support more comprehensive wastewater management practices including decentralized wastewater treatment, septage management and water conservation measures such as reuse of treated domestic water for non potable purpose. These will reduce the impacts of climate change on water supply which are at risk due to extreme events. |
| Component 3: Continuous learning program to ensure sustainability | Climate change will have implications in variety of ways including the following.  
- Participants may not be able to attend training due to extreme weather or extreme weather conditions such as flooding, storms, heat or cold waves  
- The training centre may get damaged due to extreme climatic conditions such as flooding, storms, etc.  
- Due to increased number of extreme events, there may be limited resources available with the ULBs to spend on skills development of its staff. | Low |
Due Diligence on WASH Institute, HCL Foundation and ITC for the Skill development in Fecal Sludge and Septage Management (FSSM) in Towns along Ganga Basin

As per the Global Development Alliance (GDA) requirements, a due diligence was conducted on the implementing partner (WASH Institute) and both the resources partners HCL Foundation and ITC limited to evaluate the risk and benefits. The due diligence covered five areas including corporate image, social responsibility, environmental accountability, financial soundness, and policy compatibility. The due diligence was conducted November 19, 2019 and December 17, 2019 for the partner organization.

Information was gathered from resources such as Factiva, Dun & Bradstreet and Lexis-Nexis through USAID’s Knowledge Service Centre. Desk research was also undertaken by the technical office covering the various aspects of the due diligence. The news search and a consolidated screening list search was also run and came back negative. The details of the assessment are provided below:

1. Implementing partner

Water, Sanitation and Hygiene (WASH Institute) was established in Kodaikanal during the year 2008 and is a registered non-profit technical, training, research and development organization dedicated to providing practical solutions to a wide range of water, sanitation, hygiene and environmental issues in India. WASH Institute operates from 13 locations spread across seven states and one UT and works with Ministry of Housing and Urban Affairs and Ministry of Jal Shakti. WASH Institute was granted the status of National Key Resource Centre (KRC) by the Ministry of Drinking Water and Sanitation (MDWS), Govt. of India in the year 2010. The status of Key Resource Centre (KRC) empowered the Institute to conduct Capacity Building and Trainings for Government Engineers & officials of State and Central Government across the country, design course structure & modules, researches and advocates for policy changes at different/various levels. The Institute has also a proven track record of organizing National Workshops on various themes of Water, Sanitation and Hygiene. WASH Institute is also UNICEF empaneled Training and Capacity Building Organization. Background information is available at following link https://www.washinstitute.org/background.php

- **Corporate Image:** The organization has a good and clean image as far as its environmental and social performance including dealing with the public and the community. There have been no disputes and legal actions against the institute amounting to moral turpitude with any person or agency as per our knowledge. Further, there has been no negative publicity and reports by the media since the inception of the organization and there are no pending lawsuits against it. Project reports: https://www.washinstitute.org/seminar-workshop.php

- **Social Responsibility:** WASH Institute is not engaged in any activity that involves child or forced labor in any manner directly or indirectly through its partners and associates. The organization has an articulated ‘Staff Code of Conduct Policy’. The document clearly articulates that the organization will neither indulge in practices of child labor/bonded labor
nor use any discipline that threatens or humiliates children. The organization is an equal opportunity provider regardless of any gender, caste and race.

- **Environmental Accountability**: WASH Institute collects information from time to time regarding its programmatic activities that contain some environmental and health parameters. The institute does not have an environmental and social policy. As a part of this project, the WASH institute will develop a specific environmental safeguard policy in consultation with the AOR. The policy will be reviewed and approved by the Mission Environmental Officer. The policy will be reviewed and approved by the MEO. The organization does not set targets for its own progress but will report on its targets to USAID. All activities of WASH Institute directly or indirectly contribute towards improving environment and health of target population.

- **Financial Soundness**: WASH Institute is one of the leading organizations in the sector of Water, Sanitation and Hygiene and undergoes Statutory Audit. The annual turnover of the organization for the period ending 31st March 2019 is INR 47,57,43,346. Annual reports: [https://www.washinstitute.org/annual_report.php](https://www.washinstitute.org/annual_report.php)

- **Policy Compatibility**: The organization is not listed in any U.S. Government restricted list.

### 2. Resource Partners

#### 2.1. HCL Foundation

It was established in the year 2011 as the corporate social responsibility arm of HCL Technologies. HCL Technologies is a next-generation global technology company that helps enterprises reimagine their businesses for the digital age. Their technology products, services and engineering are built on four decades of innovation, with a world-renowned management philosophy, a strong culture of invention and risk-taking, and a relentless focus on customer relationships. With a worldwide network of R&D, innovation labs and delivery centers, and 147,000+ ‘Ideapreneurs’ working in 44 countries, HCL serves leading enterprises across key industries, including 250 of the Fortune 500 and 650 of the Global 2000. They offer an integrated portfolio of products, solutions, services, and IP through our Mode 1-2-3 strategy built around Digital, IoT, Cloud, Automation, Cybersecurity, Analytics, Infrastructure Management and Engineering Services, amongst others, to help enterprises reimagine their businesses for the digital age.

HCL Foundation aims to alleviate poverty and achieve inclusive growth and development. Active community engagement ensures optimal long-term gains and upward accountability. HCL Foundation works through Life Cycle Based, Integrated Community Development Approach with a thematic focus on Education, Health, Livelihoods & Skilling, Environment, WASH and Disaster Risk Reduction & Response. Child protective strategies, inclusion and gender transformative approaches remain central in all initiatives of the HCL Foundation, thus ensuring comprehensive development.

- **Corporate Image**: The image of the company is clean and healthy as far as dealing with the public and the community are concerned. There have been no disputes and pending cases against the organization amounting to moral turpitude with any person or agency as per our knowledge. Further, there has been no negative publicity and reports by the media till date.
since the inception of the organization and there are no pending lawsuits against the company.

The image of the organization is clean and healthy as far as dealing with the public and the community are concerned. There have been no disputes and pending cases against the organization amounting to moral turpitude with any person or agency as per our knowledge. The company is not looking solely for PR opportunities by aligning itself with USAID. The company not primarily looking for procurement opportunities or money from USAID. The organization is open to form an alliance with USAID without expecting an exclusive relationship. The company is willing to accept limitations on the publicity (i.e., press and media coverage) of the alliance to ensure that USAID is not perceived to be endorsing the company or its products and services.

- Social Responsibility: HCL Foundation was established in 2011 as the corporate social responsibility arm of HCL, a diversified global enterprise active across varied sectors including technology, healthcare and talent management. It is a gold standard not for profit organization that matches the national and international development standards and brings about lasting positive impact in the lives of people through long term sustainable programmes implemented in full engagement with HCL’s own employees and partners. Though HCL Foundation officially came about in 2011, its humanitarian journey pre-dates its inception. As an organization, HCL’s business model has always been aligned with the interests of the society at large.

HCL Foundation is not directly or indirectly through its partners and associates engaged in any activity that involves child or forced labor in any manner. The parent company HCL Technologies has a clear and well-articulated ‘Employee Code of Business Ethics & Conduct Policy’. This document clearly articulates that the company will not indulge in the practices of child labor or bonded labor. The company is not primarily involved in the manufacture or sale of firearms or narcotics, i.e., involvement in these activities constitutes a significant share of company’s total portfolio. HCL Foundation is the CSR wing of the parent company HCL Technologies. The parent company (HCL Technologies) has a CSR policy, enjoys good reputation and has no serious red flag issues areas in the realm of CSR.

HCL Foundation is an equal opportunity provider regardless of any gender, caste and race. The parent company HCL Technologies’ Employee Code of Business Ethics & Conduct Policy has a clear section indicating that it is an equal opportunity employer.

The parent company HCL Technologies has a policy for codes of conduct and labor standards as well. The company is not directly or indirectly through its partners and associates engaged in any activity that involves child or forced labor in any manner. The parent company HCL Technologies has a clear and well-articulated ‘Employee Code of Business Ethics & Conduct Policy’. This document clearly articulates that the company will not indulge in the practices of child labor or bonded labor. HCL Foundation is an equal opportunity provider regardless of any gender, caste and race. The parent company HCL Technologies’ Employee Code of Business Ethics & Conduct Policy has a clear section indicating that it is an equal opportunity employer and following is an excerpt from the same:
“HCL T is an Equal Opportunity Employer and endeavors to treat all potential candidates and employees equally without regard to their race, religion, sex, color, age, national origin, marital status, pregnancy (including child birth), sexual orientation, medical condition, disability etc.”. The company has a health and safety action plan for workers, including the handling of hazardous materials and the prevention of environmental accidents. The parent company HCL Technologies has a policy for codes of conduct and labor standards. The company doesn’t accept unions or attempts to organize a union.

- Environmental Accountability: The parent company (HCL Technologies) has an Environmental, Health and Safety (EHS) impacts policy which clearly provides guidelines for its operation with respect to upholding high environmental, health and safety standards. The company set targets for improved environmental performance, and regularly monitor progress toward environmental, health, and safety targets.

The company assesses, and addresses in decision-making, the foreseeable environmental, health, and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle. The company provides public and employees with adequate and timely information on the potential environment, health and safety impacts of the activities of the enterprise. The company maintains contingency plans for preventing, mitigating, and controlling serious environmental and health damage from their operations, including accidents and emergencies; and mechanisms for immediate reporting to the competent authorities.

The company continually seeks to improve corporate environmental performance, by encouraging, where appropriate, the adoption of technologies and operating procedures in all parts of the enterprise that reflect environmental best practices? Are its products or services designed to have no undue environmental impacts, be safe in their intended use, and be efficient in their consumption of energy and natural resources? Can they be reused, recycled, or disposed of safely. The parent company focuses on provision of Green solutions, Green energy, Green Data Centers, Green guidelines and environmental standards, not just within the company, but throughout their supply chain. The company is free from regulatory lawsuits

- Financial Soundness: D&B were not able to obtain databases regarding financial information for this company. Since the company does not have any operational revenue, a ‘-‘ rating has been assigned. However, the parent company (HCL Technologies) is one of India's foremost private sector companies with an annual consolidated revenue of USD 9.3 billion for 12 Months ended 30th Sep, 2019. The parent company is a publicly traded company. The company publishes an annual report. The link for 2018-19 annual report has been given below: https://www.hcltech.com/sites/default/files/54_hcl_technologies_b.v._2018-19.pdf?download=1. The company has audited financial statements. HCL Foundation has been operating since 2011

- Policy Compatibility: Company is not listed in any U.S. Government restricted list.

2.2 ITC Limited
It is one of India's foremost private sector companies with a market capitalization of US $ 50 billion and Gross Sales Value of US $ 10.8 billion. ITC has a diversified presence in Fast-Moving Consumer Goods (FMCG), Hotels, Packaging, Paperboards & Specialty Papers and Agri-Business. ITC's aspiration to be an exemplar in sustainability practices is manifest in its status as the only company in the world, of its size and diversity, to be carbon, water and solid waste recycling positive. In addition, ITC's businesses and value chains create sustainable livelihoods for more than 6 million people, a majority of whom represent the poorest in rural India.

Recognizing that business enterprises are economic organs of society and draw on societal resources, it is ITC's belief that a company's performance must be measured by its Triple Bottom Line contribution to building economic, social and environmental capital towards enhancing societal sustainability. ITC believes that in the strategic context of business, enterprises possess, beyond mere financial resources, the transformational capacity to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity.

As part of its CSR policy, the organization directs its CSR Programmes, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital, supporting rural development, promoting education, providing preventive healthcare, providing sanitation and drinking water, creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports.

• Corporate Image: The image of the organization is fair as far as dealing with the public and community is concerned. A check of public records shows one legal case in the Karnataka high court. The Karnataka high court has quashed a criminal complaint against ITC Limited's chairman YC Deveshwar and two former executive directors. They had been arranged in a case where one of their famed biscuit brands — Sunfeast Dark Fantasy Choco Fills — was allegedly found not to be carrying the legally mandated on its wrapper. The high court quashed the complaint dated December 17, 2012 and further proceedings in the case pending before the Judicial Magistrate First Class (JMFC) court at Bhadravathi in Shivamogga district against Deveshwar, and PV Dhobale and KN Grant, both executive directors of ITC. Justice BA Patil noted that there were no allegations against the company. There were some positive news articles on ITC's efforts. ITC Limited has collaborated with wastepickers' cooperative SWaCH and Shakti Plastic Industries to recycle multilayered plastic (MLP) into plastic granules, thus, avoiding its dumping at Uruli Fursungi. MLP is a material made using several layers of different polymers and a metallic film in some cases. It is mainly used for packaging of wafers, chocolates, biscuits, sauces, ready-to-eat-meals and other food products. ITC will engage with USAID in a transparent method and, as a part of the FSSM capacity building project, will be part of the capacity building meetings with other stakeholders. It does not expect an exclusive relationship with USAID. There has been no negative publicity and report by the media as known to us. The company is not looking solely for PR opportunities by aligning itself with USAID. The company is not primarily looking for procurement opportunities or money from USAID. The organization is open to form an alliance with US AID without expecting an exclusive relationship. The company willing to accept limitations on the publicity (i.e., press and media coverage) of the alliance.
to ensure that USAID is not perceived to be endorsing the company or its products and services.

- Social Responsibility: As per the company’s Sustainability Report 2018 it has been stated that ITC’s overarching aspiration to create significant and sustainable societal value is manifest in its CSR initiatives that embrace the most disadvantaged sections of society, especially in rural India, through economic empowerment based on grassroots capacity building. Towards this end, the Company has adopted a comprehensive CSR policy outlining programmes and plans to undertake projects and activities to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Schedule VII of the provisions of Section 135 - Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The footprint of the Company’s Social Investments Programme (SIP) projects is spread over 25 states covering 188 districts.

As per the company’s sustainability web section, the core objective of ITC’s CSR initiatives is to secure the livelihoods of marginalized communities not just for today but also for the future. Creating highly collaborative multi-stakeholder partnerships is a key element in ITC’s model. In most initiatives, ITC works in close collaboration with NGOs and target communities. NGOs play the role of project implementation agencies, interacting directly and extensively with target communities who have the final say in major decisions, ensuring that the interventions are suited to their needs and thus have the best chance of sustained success in the long run. Other organizations including academic/technical service providers/financial institutions, etc., from both the public and private sectors are brought in as required so that the best appropriate expertise is made available. ITC also considers state and central governments to be important stakeholders, especially vital in amplifying the scale of its CSR programmes through public-private partnerships.

The company’s CSR interventions are directed towards making current livelihood sources including primarily agriculture and allied activities more productive, profitable and sustainable, i.e. ITC’s e-Choupal initiative and programmes for Watershed Development, Afforestation, Sustainable Agriculture, Livestock Development and Women’s Economic Empowerment.

Moreover, its interventions are aimed at creating capabilities for tomorrow by assisting communities to put in place vital socio-economic infrastructure and equipping them to take advantage of emerging economic opportunities, i.e. ITC’s programmes for supporting Primary Education, Skilling & Vocational Training, Health & Sanitation and Solid Waste Management.

ITC’s Health & Sanitation Programme aims to build awareness on the critical link between sanitation and health so that families come forward with the interest in building toilets for themselves. For maximum impact, campaigns are customized for different groups - men, women, children, community leaders, etc. Community groups - generally women's self-help groups - are formed and they carry out most of the activities; identifying potential households, providing information and building awareness, managing funds, supervising construction, following up on usage. Families get a loan through the Group to build the toilet
but must pay part of the cost. Their financial stake fosters a strong sense of ownership and encourages regular usage.

The company though engaged in the tobacco business, does not manufacture any illegal substance. The company (ITC Limited) has a CSR policy and enjoys good reputation and has no serious red flag issues areas in the realm of CSR. The company is not directly or indirectly through its partners and associates engaged in any activity that involves child or forced labor in any manner as per our knowledge.

The company has a clear and well-articulated ‘No Child or Forced Labor policy’. This document clearly articulates that the company will not indulge in the practices of child labor or bonded labor. Its policy states the following “ITC does not employ any person below the age of eighteen years at the workplace. ITC prohibits the use of forced or compulsory labor at all its units. No employee is made to work against his/her will or work as bonded/forced labor, or subject to corporal punishment or coercion of any type related to work”.

ITC Limited has a policy on promoting diversity & equal opportunity. The policy states that “To ensure that there is no discrimination amongst its employees in compensation, training and employee benefits, based on caste, religion, disability, gender, sexual orientation, race, color, ancestry, marital status or affiliation with a political, religious or union organization or majority/minority group”. The company accepts unions or attempts to organize a union. ITC gives special emphasis to the Occupational Health & Safety interests of its employees (including that of service providers) and all visitors to its establishments. This is ensured through adherence to Corporate Environment, Health & Safety Guidelines, which incorporates best international standards and practices. Corporate resources and expert third-party agencies audit all ITC establishments on a periodic basis in order to verify compliance. The EHS performance of all ITC Units is reviewed periodically at the Corporate Management Committee level.

ITC has a ‘Corporate Governance Policy’ which states that “ITC defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth-generating capacity. Since large corporations employ a vast quantum of societal resources, ITC believes that the governance process should ensure that these resources are utilized in a manner that meets stakeholders' aspirations and societal expectations. This belief is reflected in the Company's deep commitment to contribute to the 'Triple Bottom Line', namely, the development, nurture and regeneration of the nation's economic, ecological and social capital”.

Apart from this the company also has a ‘Code of Conduct’ policy wherein it is stated that “The ITC Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, senior management and employees of the Company. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The Code covers ITC's commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance, and the philosophy of leading by personal example. Any instance of non-adherence to the Code or any other
observed unethical behavior on the part of those covered under the Code is brought to the attention of the immediate reporting authority, who, in turn, reports the same to the Head of Corporate Human Resources. The Code is available on the Company’s corporate website.

- Environmental Accountability: The Company’s mission states that it will undertake business in an environmentally acceptable manner. It has relevant policies focused on environment and social responsibility. In terms of environmental performance, the aim is to minimize impact and create a positive footprint wherever possible. A rigorous system of monitoring resource usage/generation, setting targets in accordance to internal, national and international benchmarks and performance audits has enabled ITC to progressively improve water, energy and waste efficiencies.

ITC is committed to conducting its operations with due regard for the environment and providing a safe and healthy workplace for its employees. The company has a clearly laid out policy on ‘Environment, Health & Safety’. As per its EHS (Environmental, Health & Safety) policy, ITC Limited is concerned about environmental performance and monitors its progress toward environmental, health & safety targets.

As per its sustainability section of its website, it is stated that in terms of environmental performance, ITC aims to minimize impact and create a positive footprint wherever possible. The company also ensures a safe and healthy workplace for the well-being of its employees. All ITC facilities are continually ahead of national legislation and benchmarked to the best international standards and practices in terms of design and infrastructure.

Through its EHS policy, the company assesses and addresses in decision-making, the foreseeable environmental, health, and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle. It provides the public and employees with adequate and timely information on the potential environment, health and safety impacts of the activities of the enterprise. It also maintains contingency plans for preventing, mitigating, and controlling serious environmental and health damage from their operations, including accidents and emergencies; and mechanisms for immediate reporting to the competent authorities.

As per its sustainability section of its website, the company states that to ensure a positive environmental footprint, they adopted a low-carbon growth strategy which focuses on enhanced use of renewable energy sources as well as reduction in specific energy consumption. Efforts to reduce specific water consumption at their units and augment rainwater harvesting activities contributed to the imperative need to ensure water security. Focused waste management initiatives like their flagship WoW (Well-being Out of Waste) programme contribute to addressing yet another national priority. To create sustainable livelihoods, they designed interventions that respond to the unique challenges of our stakeholder communities. Their e-Choupal, watershed development, afforestation and sustainable agriculture interventions strengthen agriculture, while programmes for economically empowering women and livestock development expand rural income streams.

The company does not conduct ‘Green Audit’ as per our knowledge. However, the company states in its sustainability section that they are the only company in the world to have
achieved the rare distinction of being water, carbon and solid waste recycling positive for over a decade, despite our expanding manufacturing base. Further, it states that nearly 41% of the Company's energy consumption is today met from renewable sources. Their growing green building footprint encompasses factories, hotels, offices and employee housing. 25 such buildings have been certified at the highest LEED Platinum level. Moreover, all properties of ITC Hotels are certified at the highest LEED Platinum level.

The company has ISO certification. ITC Limited has a Sustainability policy.

- Financial Soundness: The risk evaluation report states D&B Rating is 5A1 and clear records. ITC is one of India's foremost private sector companies with a market capitalization of US $50 billion and Gross Sales Value of US $10.8 billion. ITC has a diversified presence in FMCG, Hotels, Packaging, Paperboards & Specialty Papers and Agri-Business.


The company has audited financial statements. The company has been in business since 1910.

- Policy Compatibility: Company is not listed in any U.S. Government restricted list.