



GAIL

CSR

POLICY

(As amended in July, 2010)

INDEX

1. Concept

- 1.1. Short title & Applicability
- 1.2. CSR Vision Statement & Objective

2. Resources

- 2.1. Funding & Allocation
- 2.2. Overall Budget distribution For CSR

3. Planning

- 3.1. Identification of Thrust Areas/ Strategic Initiatives

4. Implementation

4.1-4.6 General Points for implementation

4.7. Process of Implementation

4.7.1. Identification of Programmes

4.7.2. Area of CSR Activity

4.7.3. Project Based Approach

4.7.4. Long term programmes

4.8. Executing Partners/Agencies

4.9. Powers for approval

4.10. Criterion for identifying executing agency

4.11. Agreement between GAIL & Executing Agency

5. Monitoring & Feedback

6. General

GAIL CSR Policy

Chapter 1

1. CONCEPT:

1.1. SHORT TITLE & APPLICABILITY:

- 1.1.1 This policy, which encompasses the company's philosophy for delineating its responsibility as *a corporate citizen* and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the '**GAIL CSR Policy**'.
- 1.1.2 This policy shall apply to all CSR initiatives and activities taken up at the various work-centres and locations of GAIL, for the benefit of different segments of the society, specifically the deprived, under-privileged and differently abled persons.

1.2. CSR VISION STATEMENT & OBJECTIVE:

- 1.2.1. In alignment with *vision* of the company, GAIL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a *Socially Responsible Corporate*, with environmental concern.
- 1.2.2. The objective of the *GAIL CSR Policy* is to:
- Ensure an increased commitment at all levels in the organisation, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its stakeholders.
 - To directly or indirectly take up programmes that benefit the communities in & around its workcentres and results, over a period of time, in enhancing the quality of life & economic well-being of the local populace.
 - To generate, through its CSR initiatives, a community goodwill for GAIL and help reinforce a positive & socially responsible image of GAIL as a corporate entity.

Chapter 2

2. RESOURCES

2.1. Funding & Allocation:

2.1.1. For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, GAIL will allocate 2% of its previous year's Profit after Tax (PAT), as its *Annual CSR Budget*.

2.1.2. From the annual CSR Budget allocation , a provision will be made towards the following expenditure heads, on a year on year basis:

2.1.2(a) Contribution Towards Corpus of GAIL Charitable and Education Trust:

An amount of Rs. 5 Crores will be earmarked each year, as contribution towards the corpus of the *GAIL Charitable and Education Trust*, till the corpus reaches a figure of Rs. 50 Crores. (The GAIL Charitable and Education Trust have been constituted for award of scholarships to meritorious and needy students and for grant of awards to the top ranking performers in select National competitive examinations as specified in the documents of the Trust.)

2.1.2(b) Contribution Towards Relief For Natural Calamities Or Disasters:

Allocation of 10% of the CSR budget each year, subject to a minimum of Rs. 5 Crores, will be made for rendering relief/contribution in the event of Natural calamities or disasters affecting the communities in & around the areas where GAIL has its operations.

Any unutilised amount under the annual allocation against this head will be carried forward to the next year, exclusively for this purpose, upto a maximum accumulation of Rs.50 crores.

Expenditure for extending immediate relief in cases of natural calamities can be approved by Director (HR) upto a ceiling of Rs. 5 lac in a single case, without reference to the

CSR Review Committee. Further, in their respective geographical areas, OI/C's of GAIL work centres will be empowered to approve expenditure up to Rs.2.5 Lacs in each case/event, without immediate reference to the Corporate Office. However, all such expenditure will be required to be subsequently informed to the Corporate CSR department, who in turn will place it before the CSR *Sub Committee* for information.

2.1.2(c) Need Identification, Impact Assessment and Sponsorship of CSR events/publications:

3% of the annual CSR Budget will be earmarked towards cumulative expenditure on *Need Identification, Impact Assessment Studies as well as towards Sponsorship of CSR events/publications.*

2.1.2(d) Allocation of budget to GAIL work centres where CSR activities are concentrated:

Larger GAIL work- centres which have a dominance of SC/ST population & hence undertake significant CSR programmes will be allocated a minimum annual CSR budget as below:

Pata & Vijaipur : Rs. 4 crores

Jhabua : Rs. 2.5 crores

2.1.2(e) Allocation towards MoP&NG/Govt. Schemes:

In adherence of the Govt./MoP&NG instructions, GAIL will earmark a certain quantum, as may be advised for participation in common CSR programmes undertaken collectively by oil PSU's. (Currently this is 20% of its annual budget)

2.1.3. Allocation of the Annual Budget for CSR activities in any given year, will not be less than the CSR allocation for the previous year.

2.1.4. Any unspent/unutilised CSR allocation of a particular year, will be carried forward to the following year, i.e., **the CSR budget will be non-lapsable in nature.**

Chapter 3

3. PLANNING

3.1. Identification of Thrust Areas And Strategic Initiatives:

3.1.1. For purposes of focusing its CSR efforts in a continued and effective manner, the following seven **Thrust Areas** have been identified:

- i. Environment Protection / Horticulture
- ii. Infrastructure Development
- iii. Drinking water/ Sanitation
- iv. Healthcare/ Medical facility
- v. Community Development
- vi. Education/Literacy Enhancement
- vii. Skill Development / Empowerment

3.1.2. As a guideline for the work centres to distribute their annual CSR Expenditure amongst the 7 thrust areas, an indicative percentage, as below, has been suggested. However, the actual distribution of expenditure among these *thrust areas* will depend upon the local needs as may be determined by the need Identification studies or discussions with local government/bodies/citizen's forums/NGOs.

Sr.No.	Thrust Areas	% allocation
1	Environment Protection / Horticulture	20%
2	Infrastructure i.e. Building/Roads/ Electrification/ Street lighting	15%
3	Drinking water/ Sanitation	10%
4	Healthcare/ Medical Facility	20%
5	Community Development	10%
6	Education/ Literacy Enhancement	10%
7	Skill Development/ Empowerment	15%

3.1.3 Considering the fact that as the premier Natural Gas transmission & marketing company, GAIL is the provider of clean energy resource, efforts should be made, that to the extent feasible, *Strategic CSR initiatives* are undertaken in the areas that align to its business operations, such as the following:

3.1.3.1. Community Kitchen through natural gas alternative Energy (Solar / Wind)/biomass/bio gas etc.

3.1.3.2. Community Lighting / Heating through Solar Power.

3.1.3.3. Support to research in sustainable development, e.g. Environment Preservation/pollution control/ Carbon Reduction Technology etc.

3.1.3.4. Study on most endangered forest cover due to domestic energy needs of nearby communities and providing alternative energy resources in those areas to the extent possible.

3.1.3.5. Waste & Plastic Management initiatives

3.1.4 For contributing towards the cause of *Environment Protection*, GAIL will support the **3 UN Global Compact Principles** pertaining to the Environment as below :

3.1.4.1. Support a precautionary approach to environmental challenges;

3.1.4.2. Undertake initiatives to promote greater environmental responsibility;

3.1.4.3. Encourage the development and diffusion of environmentally friendly technologies.

3.1.5 GAIL will dovetail its CSR activities in a manner that it facilitates the fulfillment of the *National Plan Goals* and objectives, as well as the *Millennium Development Goals* so as to ensure gender sensitivity, skill enhancement, entrepreneurship development and employment generation by co-creating value with local institutions/people. Activities related to Sustainable Development will form a significant element of the total initiatives of CSR.

3.1.6. For "Preparedness and Capacity Building" in Disaster Management (DM), GAIL CSR will take up innovative social investments in the community/specific programmes, through *Public-Private Partnership* with the Government, by networking with the Ministries in Government of India /NDMA at the National level and State Governments / SDMA's at the State level

Chapter 4

4. IMPLEMENTATION:

- 4.1. CSR programmes will be undertaken by various work centers of GAIL to the best possible extent within the defined ambit of the identified '*Thrust Areas*'
- 4.2. The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.
- 4.3. Programmes which involve considerable financial commitment and are undertaken on a timeframe of 2-5 years, will be considered as '*flagship programmes*' and accorded enhanced significance.
- 4.4. By and large, it may be ensured that at least 60% of the CSR programmes are executed in and around the areas adjoining GAIL installations in remote areas/along the GAIL pipeline.
- 4.5. Initiatives of State Governments, District Administration, Local Administration as well as Central Government Departments! Agencies, Self-Help Groups, etc., would be dovetailed and synergized with the initiatives taken by GAIL.
- 4.6. Project activities identified under CSR are to be implemented by specialized agencies, which could include - Voluntary Organizations (VOs) formal or informal Elected local bodies such as Panchayats, Institutes/Academic Institutions, Trusts, Self Help Groups, Govt./Semi Govt./Autonomous organisations, Mahila Mandals, Professional Consultancy organization etc.
- 4.7.1. The process for implementation of CSR programmes will involve the following steps :

4.7.1 Identification of programmes at Corporate and work centre level will be done by means of the following :

- (a) Need identification Studies by professional institutions/agencies
- (b) Internal need assessment by cross-functional team at the local level
- (c) Receipt of proposals/requests from District Administration/local Govt. etc.
- (d) Discussions and request with local representatives/Civic bodies/Citizen's forums/VOs

4.7.2 Area of CSR activities: CSR works being focussed in the areas adjoining work centres, the programmes identified should normally fall within a radius of 50-100 kms. from GAIL installations/work centres.

4.7.3 Project based approach: GAIL workcentres will follow a project based accountability approach to stress on the long term sustainability of CSR projects, where its action plan will be distinguished as '*Short-term*,' *Middle-Term & Long Term*; qualified as

Short Term – 6 months to 1 year
Medium Term – 1 year to 2 years
Long Term – 2 year and above –'*Flagship programmes*'.

4.7.4. While identifying long term programmes, all efforts must be made to the extent possible to define the following:

- a. Programme objectives
- b. Baseline survey – It would give the basis on which the outcome of the programme would be measured.
- c. Implementation schedules- Timelines for milestones of the programme will need to be prescribed
- d. Responsibilities and authorities
- e. Major results expected and measurable outcome.

4.8 Powers for approval

4.8.1. CSR programmes as may be identified by each work centre/corporate office will be required to be put up to the CSR Sub Committee of the Board at the beginning of each financial year with due recommendations of the CSR Committees constituted at the local & corporate level.

4.8.2 For meeting the requirements arising out of immediate & urgent situations, CMD is authorised to approve proposals in terms of the empowerment accorded to him by the CSR Sub Committee

4.8.3 To afford a further degree of flexibility in approval of CSR programmes, the following empowerment is afforded to the concerned Functional Director and work centre In-charges:

Sl. No	Powers	Director	ED, if OIC	GM, if OIC	DGM, if OIC
1	Approval and expenditure sanction for CSR programmes and re-appropriation, if any, of approved programmes on its merit. (**)	Rs. 4 lac in each case, subject to an annual ceiling of Rs. 50 lac	Rs. 3 lac in each case, subject to an annual ceiling of Rs, 20 lac	Rs. 2 lac in each case, subject to an annual ceiling of Rs. 10 lac.	Rs. 1 lac in each case, subject to an annual ceiling of Rs. 5 lac

** : All programmes approved in terms of the above delegation to be subsequently brought to the information of the CSR Sub Committee of the Board.

4.9 Executing agency/Partners:

4.9.1. GAIL will seek to identify suitable programmes for implementation in line with the CSR objectives of the Company and also benefit the stakeholders and the community for which those programmes are intended. These works would be done through:

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

4.10 Criterion for identifying Executing agency:

4.10.1. While identifying programmes the concerned work centres will also identify the external agency who would execute the said programme. In case of programme execution by NGOs/Voluntary organizations the following minimum criteria need to be ensured:

- The NGO / Agency has a permanent office / address in India;
- The NGO is a registered society under Societies' Registration Act;
- Possesses a valid Income-tax Exemption Certificate;
- The antecedents of the NGO / Agency are verifiable/subject to confirmation

4.11 Agreement between GAIL & Executing agency:

4.11.1. Once the programmes approved by the Sub Committee of the Board are communicated to the work centres, they will be required to enter into an agreement with each of the executing/implementing agency as per the **Standard Model Agreement**.

Chapter 5

5. MONITORING AND FEEDBACK

- 5.1. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head. The progress of CSR programmes under implementation at work centre will be reported to corporate office on a monthly basis.
- 5.2 The CSR department at the corporate office will conduct *impact studies* on a periodic basis, through independent professional third parties/professional institutions, especially on the strategic and high value programmes.
- 5.3. Work centres and zonal office will also try to obtain feedback from beneficiaries about the programmes.
- 5.4. Appropriate documentation of the GAIL CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the public domain.
- 5.5. CSR initiatives of the Company will also be reported in the Annual Report of the Company.

Chapter 6

6. GENERAL

- 6.1.** In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to Corporate CSR Department. In all such matters, the interpretation & decision of the Director (HR) shall be final.
- 6.2.** Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time.
- 6.3.** The Company reserves the right to modify, cancel, add, or amend any of these Rules.