



Haridwar Natural Gas Private Limited

(JV of Bharat Petroleum & GAIL Gas)

HNGPL's Corporate Social Responsibility Policy

Introduction

Corporate Social Responsibility (CSR) is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

Stakeholders of Haridwar Natural Gas Private Limited (HNGPL) include persons directly impacted by the activities of HNGPL, employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-Government organizations, local communities and their public representatives, Gram Sabhas and Panchayati Raj Institutions (PRIs) and society at large.

Haridwar Natural Gas Private Limited (HNGPL) is a Joint Venture company of GAIL Gas Limited and Bharat Petroleum Corporation Limited (BPCL), for implementation of City Gas Projects to supply Piped Natural Gas (PNG) to consumers in domestic, industrial and commercial sectors and Compressed Natural Gas (CNG) & AutoLPG to automobile sector in the District of Haridwar.

The Companies Act 2013 was notified in September 2013. Section 135, which deals with the CSR Activities, has been made effective w.e.f. 1st April 2014. The CSR Rules have also been made effective w.e.f. 1st April 2014. Later, Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 were introduced. The CSR Policy is being prepared to make it compliant with the Company Act 2013 and the corresponding Rules.

Vision and Mission of CSR & Sustainability

Vision

To be a Corporate that sets a long term strategy for Social & Economic Development of communities through initiatives in rural development, education, skill development, health and other areas of national importance and adhere to sustainable environmental practices.

Mission

To align CSR policy with the business policy so as to conduct business in a sustainable manner adhering to the principles of Avoidance, Minimization and Mitigation in dealing with environmental and social issues and to undertake high impact community development projects of national and local importance in consultation with stakeholders

ACTIVITIES TO BE UNDERTAKEN UNDER CSR:

- The activities proposed to be undertaken under CSR shall include all the activities consistent with the CSR provisions of the Act, Schedule VII of the Companies Act 2013, CSR Rules, the Guidelines and the policy directions issued by the Government from time to time. (Henceforth, the Companies Act 2013 will be referred to as the Act 2013"). The focus would be on initiatives that promote Inclusive Growth and address the basic needs of the deprived, underprivileged, neglected and weaker sections of the society, which comprise of SC, ST, OBC, Minorities, BPL families, Old and aged, women/girl child, physically challenged, economically weaker sections, etc.
- The Corporation will give preference to the stakeholders directly impacted by its operation for CSR activities. Since such stakeholders are generally located in the periphery of the commercial operations of the Corporation, HNGPL will accord priority for CSR activities in the local areas and neighborhood areas of its operations.
- The Geographical limits of a district where HNGPL has its presence shall be considered as "local area" for CSR activities. In addition to the CSR activities in the local areas, HNGPL shall also undertake CSR activities outside it. The ratio of CSR spends between the local areas and outside

would be approximately 75:25. However, projects/ activities executed under the directives of GoI or of foremost concern in the national development agenda will be outside the purview of this ratio. Board is authorized to approve any project, irrespective of the amount involved, which is beyond the above ratio.

- Ongoing CSR projects or programs or activities will qualify as valid CSR activities and will be completed as approved.
- The Company will take into account its commitment to its stakeholders while selecting CSR activities provided such activities qualify as CSR activities under the Act 2013.
- Priority will be given for CSR activities to the stakeholders directly impacted by the operations of the Corporation.
- The focus will be on long gestation, high impact projects with commitment being made for the entire expenditure till the completion of the project. Activities which are ad hoc and philanthropic in nature shall be avoided.
- The Multi Year activities/projects proposed to be undertaken by the Company shall not exceed three years excluding the financial year in which it was commenced.
- The CSR activities will be undertaken as projects or programs or activities. Preference will be given to the project mode for the CSR activities.
- CSR projects or programs or activities undertaken in India shall amount to CSR expenditure in accordance to Companies (CSR) rules.

However, the following activities will not be considered as CSR activities:

- (i) Activities undertaken in pursuance of normal course of business of the Corporation.
- (ii) Activities benefitting employees of the Company.
- (iii) Activities taken up under R&R.
- (iv) Contribution of any amount directly or indirectly to any political party.
- (v) Activities which the Board considers ad hoc and philanthropic in nature.
- (vi) Any activity not approved by the Board or Competent Authority as

decided by the Board.

- (vii) Activities carried out for fulfillment of any other statutory obligations under any law in force in India.
- (viii) Any activity undertaken by HNGPL outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level.

Administrative Setup:

As per Companies (Amendment) Act, 2020, Clause 9, where the amount to be spent by a company under CSR provision does not exceed fifty lakhs rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such committee provided under this section shall, in such cases, be discharged by the Board of directors of such company.

Therefore Board may form CSR committee on increase of CSR expenditure of more than 50 Lakhs in any Financial Year.

Role of the Board of Directors:

- (i) The Board shall constitute a CSR Committee consisting of two or more Directors on increase of CSR Expenditure more than Rs. 50 Lakhs.
- (ii) Approve the CSR Policy for the Corporation.
- (iii) Disclose the contents of the Corporation CSR Policy in the Report of the Board of Directors.
- (iv) Ensure placing of composition of CSR committee, if any, Corporate CSR Policy and Projects approved by the Board on the website of the Corporation.
- (v) Ensure that the CSR Policy is implemented. For this purpose it may approve the modalities and administrative arrangements required by the Management within the Corporation to achieve the goals of CSR and have them incorporated into the HNGPL CSR Rules to be framed for the Corporation.
- (vi) Approve the methodology proposed by the authorized representatives for transparent monitoring the progress of implementation of the CSR activities. The Board will decide the periodicity of Reporting to it the progress in implementation of the CSR activities.
- (vii) Ensure that the Corporation spends annually at least two percent of

the average net profit made during the three immediately preceding financial years on CSR Policy. [Average Net Profit must be calculated as provided for in **Section 198** of the Act 2013.]

- (viii) For the ongoing project, the Board of Corporation shall monitor the implementation of project with reference to the approved timelines and year wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- (ix) The Board may delegate powers for ensuring implementation of the CSR Policy as it deems necessary.
- (x) CSR implementation shall be done in accordance to Companies (CSR) Rules 2021.
- (xi) Indicate the activities to be undertaken by the Corporation as specified in Schedule VII.
- (xii) The Board may get a need assessment done for CSR project/program/activity through survey/ study by in-house experts or by external agency. Further, recommendations of State/district administration / Panchayati Raj Institutions, Ministries of Government of India and other stakeholders may be considered for undertaking activities/projects under CSR. On identifying the requirement of the community, a project will be prepared indicating the need for community development activity, time-frame of implementation, action plan, budget requirement etc. Projects shall be broken into Long-term and short-term plans and annual plans.
- (xiii) Approve the projects and programs to be undertaken by the Corporation in pursuance of the approved CSR Policy.
- (xiv) Institute a transparent monitoring system for the CSR Policy.

Role of CFO: shall certify that the funds so disbursed have been utilized for the purpose and in the manner as approved by it within approved timelines.

Internal Administrative Set-Up:

The Corporate CSR authorized representative of HNGPL will be responsible for servicing the Board in all matters relating to the CSR Policy of the Corporation. A Nodal Officer may be nominated by the Board for coordinating the overall CSR activities in HNGPL. The CSR Rules of HNGPL should incorporate the detailed duties and responsibilities of the Nodal officer of HNGPL for the effective implementation of the CSR Policy.

Mode of Execution of CSR Activities:

- The CSR activities shall preferably be implemented in project mode. The implementation of various activities will be normally done through placement of award by the Corporation and/or as per Works & Procurement Policy of the Corporation. Services of various departments of Central/State Govt., Panchayati Raj Institutions etc. may also be availed for implementation of CSR activities preferably through MoU or deposit works. However, mode of implementation shall be spelt out at the proposal stage itself.
- CSR activities/projects/programs are undertaken by the company itself or through “Implementing Partner” as follows-
 - (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
 - (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
 - (c) any entity established under an Act of Parliament or a State legislature; or
 - (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- The Corporation may collaborate with other Corporations/Companies/PSUs for undertaking projects or programs or CSR activities. However, CSR Committees of respective CPSEs/companies should be in a position to report separately on such projects or programs in accordance with the Companies (CSR) Rules.
- The Corporate CSR Nodal Officer will prepare an Annual Action Plan of CSR activities and Budget for the next financial year and put it up for approval of the Board by August of each year for final approval. The Annual Action Plan shall contain following Information:
 - (a) List of approved CSR Project
 - (b) Manner of Execution of CSR Projects

- (c) Implementation schedules and modalities for fund utilization
- (d) Monitoring and reporting mechanism
- (e) Impact Assessment

- Thereafter, Corporate CSR Nodal Officer shall ensure that a detailed proposal is prepared for each project/activity as per the Rules of HNGPL. And be put up for approval of the Board.
- The planning, implementation, monitoring and impact assessment of CSR activities shall be included as an activity under MoU of various Projects. CSR activities shall also be a part of Key Result Areas (KRA) of the executives directly executing CSR projects.
- While proposing and approving the activities of CSR the priorities laid down in the Policy shall be kept in mind
- As a matter of policy, the communities intended to be benefitted shall be consulted and closely involved in the process of identifying, planning and implementation of the CSR activities. Wherever possible, the local authorities and specialised agencies may also be similarly consulted and involved.

Monitoring of CSR Activities:

- The Nodal Officer will be responsible for setting up a transparent monitoring system of the CSR activities of the Corporation.
- The Board may be kept informed regarding the progress in implementation of CSR Policy and activities at every Half Year ending.
- Impact assessment must be done for each project undertaken which have been completed not less than one year under CSR. For projects costing above Rs 1 crores the impact assessment shall be undertaken through external agencies. However, keeping in mind economy of scale the impact assessment, for smaller projects costing below Rs 1 crores, internal impact assessment shall be carried out as per guidelines and Rules framed and approved by the Board.

Reporting:

Role of the Board:

- (i) The Board's report on CSR activities pertaining to a financial year commencing on 1st Day of April of every financial year shall include an annual report on CSR containing particulars specified in the Companies(CSR) Rules notified time to time.

- (ii) The Board shall disclose the contents of the CSR Policy, Composition of CSR Committee, if any and Projects approved by the Board in its report and on the Corporation's website as per the particulars specified in the Companies Rules.
- (iii) If the Corporation fails to spend the specified amount for CSR activities the Board must specify the reasons for inability to spend the said sum in the above mentioned Report of the Board of Directors.

Role of the Nodal Officer:

- (i) The CSR Nodal Officer will periodically submit reports on implementation of CSR Policy to the Board of Directors as directed by the Board.
- (ii) The Nodal Officer/ Authorised Representative will issue a responsibility statement, signed by him/her that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Corporation.
- (iii) The Nodal Officer will take up the change in timelines, deviation in quantities and financial implications of CSR projects to the board every Half Yearly for approval/ratification.
- (iv) Nodal Officer will ensure that documentation of all the activities is meticulously maintained at sites, regional offices and corporate office for audit and reporting.
- (v) The Nodal Officer will compile the reports received from Corporate sites of CSR activities undertaken and prepare a comprehensive Annual Report for the Corporation and submit to the same to Board.
- (vi) The Nodal Officer, with the approval of the Board, shall decide on the manner of publicity to be given to the Annual Report and its harmonization with the Report of the Board of Directors keeping in mind the provisions of the Act 2013.

Funding of CSR activities:

- The Corporation will be required to spend annually at least two percent of the average net profit made during the three immediately preceding financial years on CSR Policy. [Average Net Profit must be calculated as provided for in Section 198 of the Act 2013.]. In case, the company fails to spend such amount, it shall have to specify

the reasons for not spending it. However, commitments/ sanctions made during the year shall not lapse and the sanctioned projects shall be completed under CSR.

- Resources may be pooled with other CPSEs/companies for taking up high value projects, which have greater visibility, more number of beneficiaries, and wider and long lasting visible impacts. However, CSR Committees of respective CPSEs/companies should be in a position to report separately on such projects or programs in accordance with the Companies (CSR) Rules.
- Expenditure on building CSR capacity of personnel of Corporation shall be considered as valid CSR expenditure. However, such expenditure shall not exceed five percent of total CSR expenditure of the Corporation in one financial year.
- Any surplus funds arising out of CSR projects or programs or activities shall not form part of the business profit of the Corporation and shall be adjusted in accordance with the Companies (CSR) Rules.
- All expenditure incurred on the activities involved in the need assessment / baseline study, planning, implementation, monitoring and impact assessment of the projects will be included in the CSR expenditure, including expenditure on administrative overheads, but such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year.
 - The delegation of financial powers to approve CSR projects/activities shall be notified separately from time to time after approval of the Board of Directors.

Communication Strategy

The electronic media shall be used for broader communication with the stakeholders. Display in website, emails, Annual CSR booklet, Annual Report etc. will be key instruments to decipher the CSR initiatives of HNGPL.

General:

This policy shall stand modified by the provisions of the Companies Act / Companies (CSR) Rules as amended from time to time and Government guidelines as and when these are in place and made enforceable.

This policy would serve as the referral document for planning and selection of CSR activities, though, whenever in doubt, cross reference to Companies

Act & Companies (CSR) Rules is advised to avoid any inconsistency with the latter.

The power to modify /amend the CSR Policy will rest with the Board of Directors.

The CEO will be responsible for framing the Rules in accordance with and in furtherance of the CSR Policy 2021, as approved and as amended by the Board from time to time and also for the overall implementation of the CSR Policy, 2021, in HNGPL.

