



**CORPORATE
SOCIAL RESPONSIBILITY
POLICY**

CSR Policy Statement

- ❖ *We shall strive to be a leader in the CGD industry by conducting our business sustainably in a socially and environmentally responsible manner.*
- ❖ *We affirm our commitment to enhance the quality of life of our workforce, their families and the communities of the area we operate in.*
- ❖ *We uphold our commitment to serve and partner to government in nation building.*

1. INTRODUCTION

Central UP Gas Limited (**CUGL** or **Company**) recognizes that its business activities have direct and indirect impact on the society. The Company strives to integrate its business values and operations in an ethical and transparent manner to demonstrate its commitment to sustainable development and to meet the interests of its stakeholders.

CUGL has played a major role in reducing the pollution levels in the Kanpur & Bareilly city at present. CUGL is a socially responsible company which undertakes a number of activities which contribute to society and justify its existence as an organization committed to public expectations.

For CUGL, corporate social responsibility (**CSR**) is the responsibility of the company that integrates social, environmental and ethical concerns into company's business process. A responsible business is expected to not only take care of its stakeholders but also to engage and contribute meaningfully towards improving the quality of life of the communities and environment in which it operates.

CSR is, therefore, closely linked with the practice of Sustainable Development. The Company is committed to continuously strive to achieve these objectives.

2. Guiding Principles

Toward this commitment, the Company shall:

- I. Act as a socially responsible company, delivering maximum value to its stakeholders, with which they shall be proud to be associated.
- II. Behave ethically and contribute towards economic development while improving the quality of life of our customers as well as local community and society at large.
- III. Develop strong environment consciousness in our operations and strive towards spreading awareness about the advantages of natural gas.
- IV. Conduct open and transparent business practices that are based upon ethical values and respect for communities and environment.

V. Integrate business functions, goals and strategy with planned community development agenda.

3. Areas of CSR Intervention

The areas listed in the Schedule VII to the Companies Act, 2013 (see Annexure A) shall be taken as the guide for CUGL's CSR initiatives.

CUGL shall encourage interventions in a manner so as to bring all round development of the communities in which they intervene.

Thus wherever possible, CUGL shall promote adoption of communities/segments of the society for CSR interventions. The geographical areas around the commercial activities of CUGL shall be the main focus of these CSR interventions.

In addition, CUGL will also undertake initiatives for underprivileged backgrounds such as the drivers of CNG run autos, taxis, trucks and buses and others.

The primary focus of CUGL will be in form of interventions in areas of health, education, environment and empowerment of women & underprivileged children.

CUGL shall refrain from supporting political parties and their affiliates.

4. Selection of areas for intervention

Each year, the Board level CSR Committee shall select core areas for CSR intervention from the list and the activities to be undertaken in these areas.

It shall recommend the same to the Board of Directors be informed in advance

The on-going CSR projects/ activities shall also be reviewed and put up for necessary approval.

5. CSR Budget and Expenditure

Two per cent of the average net profit (PBT) of the Company made during the three immediately preceding financial years as per relevant provisions of the Companies Act, 2013 shall be taken as the fund available for CSR activities for the prescribed year.

Any surplus arising out of CSR projects/ programmes/ activities shall not form part of the business profit of the Company.

The Company's Board of Directors shall approve the CSR expenditure based on the recommendation of the Board level CSR Committee.

6. Planning

The approach to CSR planning shall be of long-term sustainability. The planning for the CSR initiatives (from amongst the projects/ programmes as mentioned in this Policy) shall start at least three months prior to the financial year in which they shall be implemented. It shall start with deliberations at the level of CSR Committee.

The planning shall take care of the following:

- Requirements relating to baseline survey /need assessment when required
- Activities/ initiatives to be undertaken
- Budget
- Implementing agencies- their selection and terms of engagement
- Prescribe Time-lines
- Responsibilities and authorities for each activity/ initiative.
- Monitoring mechanisms - procedure and methodology
- Expected Outcomes.
- Evaluation – concurrent and final evaluation/impact assessment

The CSR Plan for the year containing list of activities to be undertaken would be put up for approval to CSR Committee every year.

7. Implementation

- a) The implementation of CSR activities in the identified areas shall be undertaken through eligible government/non-government organisations (NGO), registered resident welfare associations, registered trusts, missions, academic institutions, specialised agencies and institutions community based organisations or self- help groups, registered as trusts or societies or companies registered under section 8 of the Companies Act, 2013.
- b) CUGL may also collaborate with other companies for undertaking CSR projects, programmes or CSR activities in such manner that the CSR committee of respective companies are in a position to report separately such projects or programmes.
- c) Implementing agencies shall be selected on the basis of their experience and track record. The prescribed guidelines for selection of NGOs (as per Annexure B of the CSR Policy) shall be used for this purpose. Physical inspection of the site/facility/service shall be undertaken by the CSR sub-committee or by members nominated by the Board level CSR committee prior to, in between and on completion of project.

- d) CUGL shall prepare an agreement for the implementing agency clarifying the responsibility of CUGL and the implementing partner, the fund release pattern and the expected outcome from the initiative. The monitoring and evaluation time frame shall also be clearly indicated.
- e) Fund utilization certificate shall be obtained from the implementing organization upon completion of project along with copies of corresponding invoices/bills. The implementing agencies shall be under obligation to submit audited accounts at appropriate time.
- f) CUGL shall generate awareness among the staff about CSR and its activities. The staff involved with CSR activities shall be provided with adequate training and orientation. The training may also be provided to the implementing partner for their capacity building.

8. Composition of CSR Team

- a) There shall be a Board level CSR Committee comprising three Directors one of whom shall be an independent Director.
- b) The Board level CSR Committee shall be supported by the CSR Subcommittee which shall have following as members – Functional Incharge-O&M , Functional Incharge -HR and Functional Incharge - Finance & Accounts.
- c) Coordination and day to day operations of CSR shall be undertaken by the HR Department, enrolling other functions team member.

The Board level CSR Committee shall monitor the CSR Policy and recommend the proposed interventions as well as CSR expenditure to the Board of Directors of CUGL for approval. It shall update the Board of Directors on the progress in the CSR initiatives on quarterly basis and shall also place the Annual CSR report before the Board of Directors at the end of the financial year.

9. Procedure for receipt, short listing and approval of proposals

The following procedures shall be followed while considering proposals:

- CUGL shall consider proposals received from institutions, agencies, associations or groups (as per section 7 (a) of CSR policy).
- CUGL may develop suitable projects in select focus areas along with agencies having expertise in a particular field.
- CUGL may also associate itself or support Government initiatives which fall in the list of CSR activities of CUGL.

- The proposals shall be evaluated on the basis of prescribed criteria.
- The selected organisations shall be informed at least one month in advance of the financial year so as to complete the required formalities and start the work in time.
- The continuation of ongoing projects shall also be communicated to the implementing partner at least one month in advance.

Approving authority:

- CSR sub-committee shall evaluate all CSR proposals before forwarding the same for approval.
- All the individual CSR proposals upto Rs 10 Lakhs shall be approved by Managing Director/Director (Commercial) on recommendation of CSR Sub-Committee.
- All the individual CSR proposals above Rs 10 Lakhs shall require approval of Board level CSR Committee.

10. Monitoring and Evaluation

- The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programmes or activities undertaken by CUGL.
- Monitoring of CSR projects shall be done by holding quarterly meetings between CUGL and implementing partners, submission of quarterly progress reports by the implementing partners as well as quarterly site visits by the CUGL staff.
- CUGL shall appoint a suitable, credible external agency for end of the year evaluation of the project.
- CUGL shall obtain utilization certificate from the implementing agencies.
- The quarterly monitoring reports and the final evaluation and impact assessment reports shall be placed before the Board level CSR committee who shall apprise of the progress to Board of Directors.
- CSR Sub-committee shall certify the completion of jobs and apprise the status to the Board level CSR Committee.
- The findings of the evaluation shall be reviewed and incorporated in the next level of the initiative.

11. Display of CSR activities on its website

The contents of this CSR Policy shall be disclosed in the Director's report and the same shall be displayed on CUGL's website.

SCHEDULE VII

(See section 135)

ACTIVITIES WHICH MAY BE INCLUDED BY COMPANIES IN THEIR CORPORATE SOCIAL RESPONSIBILITY POLICIES

Activities relating to:—

- (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation "including contribution to the Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation" and making available safe drinking water;
- (ii) Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water "including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga";
- (v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- (viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) Rural development projects.
- (xi) Slum area development.

Explanation.— For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force."

Guidelines for NGO selection

- The NGO should be registered under the Societies Registration Act 1860 or Indian Trust Act 1882.
- It should provide a copy of its by-laws
- It should have a permanent office in Kanpur/Bareilly any other part of India and should be working in Kanpur/Bareilly for past three years.
- It should have a governance structure – A functional board with regular board meetings.
- It should have the required manpower and expertise to handle the initiative. There should be a minimum of two permanent, paid staff.
- It should provide information on the projects undertaken by it till date.
- It should have a clean track record. It should not have been blacklisted for unethical work or misappropriation of funds etc. by any of the Government bodies.
- It should have an established track record of at least three years in undertaking similar programmes or projects.
- It should have a bank account
- It should fulfill Income Tax requirements (PAN , 12A)
- It should have Income Tax exemption certificate
- It should provide information on its funding sources
- It should be able to provide a copy of the audited financial statement for the past three years.
- It should provide a copy of the annual report of last three years.

A copy of the relevant documents in support of the above has to be submitted to CUGL either with the proposal or on approval of the project.