

*GAIL - Hriday
Corporate with a heart*



GAIL CSR POLICY

[REVISED IN MARCH 2015 IN TERMS OF THE PROVISIONS UNDER SECTION 135 OF THE COMPANIES ACT, 2013, CSR RULES AND OTHER RELEVANT SECTIONS.]

GAIL CSR POLICY

1. CSR VISION STATEMENT & OBJECTIVES:

1.1 **VISION STATEMENT** - 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 fulfillment its role as a Socially Responsible Corporate, with environmental concern.

1.2 **OBJECTIVES**

- Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To directly or indirectly take up programmes that benefit the communities in & around its work centres 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, goodwill and pride for GAIL among stakeholders and help reinforce a positive & socially responsible image of GAIL as a corporate entity.

2. COMPOSITION OF CSR COMMITTEE OF THE BOARD:

2.1 The composition of the Corporate Social Responsibility Committee of the Board shall be notified from time to time, in terms of the provisions of Sub – section (1) of Section 135 of the Companies Act, 2013.

2.2 The present composition of the CSR Committee is - C& MD as Chairman of the Committee and Director (HR) and Joint Secretary (Ministry of Petroleum and Natural Gas) as member*.

3. PLANNING

3.1 RESOURCES

3.1.1 For achieving its CSR objectives through implementation of meaningful & sustainable CSR projects or programmes, GAIL will ***spend 2% of the Average Net Profit made by the company during the three immediately preceding financial years. (Net profit to be calculated in accordance with the provisions of Section 198 of Companies Act, 2013).***

3.1.2 The unspent CSR amount in a particular year would not lapse. It would instead be carried forward to the next year for utilization for CSR activities only.

*Committee shall be re – constituted on appointment of Independent Director(s) to the Board.

3.2 IDENTIFICATION OF FOCUS AREAS:

3.2.1 GAIL shall undertake CSR projects or programmes targeted at upliftment of beneficiaries belonging to the under privileged section of the society. The overarching goal of GAIL's CSR initiatives is socio-economic empowerment of people from all disadvantaged groups, as per the intent and provisions of Schedule VII of Companies Act, 2013.

Keeping in view the spirit of executing CSR activities, the broad umbrella of GAIL CSR initiatives will be titled '**GAIL Hriday**' (*Corporate with a Heart*).

3.2.2 GAIL shall undertake CSR projects in sectors as identified under Schedule VII of the Companies Act, 2013 with special focus on the areas given below, each of which is titled by the objective they seek to achieve:

- I. **GAIL Arogya** (Wellness) - Nutrition, Health and Sanitation and Drinking Water projects
- II. **GAIL Ujjwal** (Towards a Bright future) – Education initiatives
- III. **GAIL Kaushal** (Skill) - Livelihood Generation and Skill development initiatives.
- IV. **GAIL Unnati** (Progress)- Rural Development
- V. **GAIL Sashakt** (Empowerment)- Women Empowerment initiatives
- VI. **GAIL Saksham** (Capable) - Care of the elderly and differently abled.
- VII. **GAIL – Harit** (Green) - Environment centric initiatives

The nature of the CSR programmes to be undertaken under each of the above focus areas will be indicated in the 'Operating Guidelines to GAIL CSR Policy'.

3.2.3 As a part of the sustainability initiatives within the organization, GAIL shall give due importance to environmental sustainability even in normal mainstream activities by ensuring that our operations and processes promote renewable sources of energy, reduce / re-use / recycle waste material, replenish ground water supply, protect / conserve / restore the ecosystem, reduce carbon emissions and help in greening the supply chain. However, expenditure towards such

sustainability initiatives would not constitute a part of CSR spends from 2% of profits as stipulated in the Act and the CSR Rules.

4. IMPLEMENTATION:

- 4.1 CSR programmes will be undertaken by various work centers of GAIL within the defined ambit of Schedule VII of Companies Act, 2013 with special focus on the heads as listed at Clause 3.2.2.
- 4.2 Majority of the CSR programmes by value (at least 75%) will be implemented in and around the 'local areas' (within a radius of 100 Kms) adjoining GAIL installations which are largely located in remote areas/along the GAIL pipeline. The balance projects can be taken up anywhere in the country, as per the company requirement/imperatives from time to time.
- 4.3 CSR activities shall be undertaken through various agencies including registered trusts/ societies or companies or autonomous bodies/government departments. In case of NGOs/Trust/Pvt. Companies, an established track record of 03 years in undertaking similar projects or programs would be essential.

5. MONITORING AND FEEDBACK

- 5.1. To ensure transparency and effective implementation of the CSR programmes undertaken at each work centre, a robust monitoring mechanism will be instituted by the company, providing for periodic monitoring at different levels using the following indicative medium:

- 1. Monthly Progress Report**
- 2. Quarterly Progress Report**
- 3. Video Conferencing**
- 4. Site Visits**
- 5. Documentary evidence including photographs, films and videos.**
- 6. Other in – house monitoring mechanisms, as determined by Work Centre CSR Review Committee/CSR Task Force at Corporate Office.**

6. REPORTING

- 6.1 An Annual Report on CSR containing details about the CSR policy and programmes implemented by GAIL shall be included in the Board of Directors' Report for every FY, as per the format prescribed under the Rules to Section 135 of Companies Act, 2013.
- 6.2 Composition of the GAIL CSR Committee will be included in the Annual Report on CSR and also displayed on the GAIL website.

- 6.3 The proforma containing the details of CSR activities to be undertaken by GAIL will be annexed on an annual basis with the policy document.
- 6.4 The Board of Directors' Report shall include a *Responsibility Statement* of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of GAIL
- 6.5 If for some reason, GAIL fails to spend 2% of the avg. net profit of the preceding three FYs on CSR, the reasons thereof, shall be furnished in the report of the Board of Directors under Section 134 (3) (o) of the Companies Act, 2013.

7. GENERAL PROVISIONS

- 7.1 GAIL shall execute all CSR activities and programmes in terms of the systems and procedures as detailed in the '*Operating Guidelines to CSR Policy*' (as maybe notified from time to time) which are aligned/based on the provisions of Section 135 of the Companies Act, 2013, the CSR Rules and the subsequent clarifications and amendments as notified by Ministry of Corporate Affairs.
- 7.2 If necessitated, new CSR activities / projects can be taken up during the course of a year, in addition to CSR activities already incorporated in the CSR policy of GAIL on annual basis, with the Board's approval based on the recommendations of the CSR Committee. The same would be treated as amendment to the policy.
- 7.3 The surplus arising out of CSR projects or programmes or activities shall not form part of the business profit of the company.
- 7.4 No contribution shall be made to any political party through CSR Fund.
- 7.5 The CSR projects or programmes or activities that benefit only the employees of GAIL and their families shall not be considered as CSR activities in accordance with Section 135 of the Act.
- 7.6 For every CSR project/ programme of GAIL, the implementing agency shall abide by the provisions of the GAIL's Fraud Prevention policy as available on http://www.gail.nic.in/final_site/pdf/Drfat_Policy2012.pdf

LIST OF CSR PROJECTS/ACTIVITIES OR PROGRAMMES FOR THE YEAR 2014 – 15 (ANNEXURE TO GAIL CSR POLICY CLAUSE 6.3)

1	2	3	4	5	6	7	8
S. NO.	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED	PROJECTS OR PROGRAMMES (1) LOCAL AREA OR OTHER (2) STATE OR DISTRICT WHERE PROJECTS OR PROGRAMME WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAMME WISE	AMOUNT SPENT ON THE PROJECT OR PROGRAMMES SUBHEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVERHEADS^	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD^	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
1	Long term Flagship and CSR Initiatives with multi – year spread. Projects identified and monitored by Corporate Office but implemented across India, with major focus on areas/regions around GAIL’s operations.	As per Schedule VII to Section 135, Companies Act, 2013.	Pan India	Rs. 97.87 cr (83% of annual CSR allocation of Rs. 118.67 cr)			NGOs/Companies/Trusts/ Govt. bodies/Direct
2	Local Projects identified by work centres	As per Schedule VII to Section 135, Companies Act, 2013.	Pan India	Rs. 20.19 cr (17% of annual CSR allocation of Rs. 118.67 cr)			NGOs/Companies/Trusts/ Govt. bodies/Direct

^ Actual expenditure details to be entered upon compilation of the same.