CGPL - CSR POLICY

Policy for Corporate Social Responsibility in Coastal Gujarat Power Limited

1.0 Preamble
Coastal Gujarat Power Limited (henceforth will be known as CGPL) a 100 % subsidiary of Tata Power is guided by our founder, Mr. Jamshetji Tata, who once said “in a free enterprise, the community is no just another stakeholder in the business but is, in fact, the very purpose of its existence”.

CGPL (Tata Power) believes in integrating its business values and operations to meet the expectations of its critical stakeholders. CGPL’s realization of key stakeholders ranges from communities residing in the villages situated around its plant to those employed by its contractors and suppliers. CGPL is committed to essaying a critical role in the growth and development of the local and regional ecosystem. The CSR vision and mission has been outlined with Tata’s Power’s CSR policy provisioning as a guiding philosophy.

The CGPL’s strategic approach in formulating its CSR vision is based on (a) a Strategic Intent developed by the company, (b) TATA Power’s paradigm of adopting the 80:20 formula wherein 80% of the spent will be aligned to the macro perspectives of the region whereas 20% of the spent will focus on the micro level issues in its immediate vicinity and (c) Section 135 (Schedule VII) of the Company’s Act 2013 (finalized on 27 February 2014). The CSR Policy also takes into cognizance TATA Power’s mandate towards Affirmative Action and exigencies including natural disasters etc. involving stakeholder’s opinion and an evaluative process.

Based on this methodological rationale, CGPL’s CSR policy has been framed to for programmatic planning, implementation and monitoring of its initiatives and effective utilization of its resources. The schematic diagram below explains the flow of emergence of CGPL’s CSR Policy:

Illustration 1: CSR Policy Framework

- Strategic Intent
- Tata Power’s CSR Policy
- Companies Act 2013 and CSR rules 2014
2.0 **Background**

The CSR Policy is based on a “Strategic Intent”\(^1\) which has determined the (a) the broad socio-economic and environmental issues of the region, (b) the manner in which CGPL will methodically address these issues, and (c) finally the partnerships required to achieve sustainable outcomes. The “Strategic Intent” has been evolved through a consultative process and based on available data/information\(^2\) on the region.

The Strategic Intent has two components; (a) the guiding principles (including the broad intervention framework) which are by and large permanent in nature and (b) intervention areas based on the guiding principles. The **Guiding Principles** and the broad **Thematic Framework** for the Strategic Intent has been formulated and the Annual Budget is developed taking into consideration the themes identified within the Strategic Intent; the specific intervention areas within the broad thematic areas will be identified and implemented in line with Annual Budget.

**Illustration 2: Strategic Intent**

The thematic areas for CSR interventions emerging from CGPL’s “Strategic Intent” is aligned with *firstly* the 5 thrust areas of TATA Power’s CSR Policy and *secondly* the “Activity Schedule” of the Schedule VII, Section 135 of the Company Act for the purpose of CSR Reporting. This Policy paper provides the functional directions and the macro level issues, as identified through a series of consultations, expert’s advice and CGPL’s experience in CR interventions. Technically, the macro level issues will be included in TATA Power’s “80% component” of the 80:20 formula of the CSR intervention.

The “20% component” will address the local issues/needs of the power plant’s immediate vicinity will be based on the micro-plan that has been evolved through extensive community level consultations. The “local interventions” will be made more systematic and sustainable.

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\(^{1}\)The Strategic Intent paper has determined the broad areas of intervention and guiding principles.

\(^{2}\)Biodiversity assessment conducted by BNHS, Marine EIA and Model Conformity conducted by NIO, Baseline study by ILFS, Village Micro Planning by MART, TISS Study, MGLI Study, etc.
component” will address the broader issues of regional significance, as discussed before. The issues of regional significance are outlined in the “Strategic Intent” for sustainability for CGPL Mundra.

In the following sections the broad outline of the Strategic Intent for sustainability in CGPL is presented.

3.0 Outline of the Strategic Intent

As has been explained before the “Strategic Intent” has developed guiding principles and the thematic areas of programme implementation. The Guiding Principles of the “Strategic Intent” are:

- Sustainability initiatives will move beyond compliance and address issues of regional and national interest. The sustainability initiatives will aim to address the root cause of the barriers in progress of any given thematic area. The geographical scope of the intervention will be determined by the strategy to address the “root cause”, i.e., if need be the programme will stretch much beyond the area of operation of the power plant. The intervention strategy will also decide partnerships that will be required to execute the programmes with wider impact.

- Community engagement will be the key aspect of CGPL’s strategy for sustainability. This includes concerted efforts to work on behavior change of the community. Specialised agencies will be engaged to deliver these interventions to ensure that the community is genuinely motivated and demands for specific interventions. CGPL will initiate interventions only when community involvement and ownership is ensured.

- Partnerships (corporates with a local presence, government, community based organization, subject experts and NGOs) will be a key strategy for programme execution. CGPL will join existing platforms that are addressing issues of regional significance and also attempt to form a solid partnership with government to supplement critical gaps in execution of government programmes in selected thematic areas.

- With a view to promote sustainability CGPL will aim to leverage funds from partners (corporate, government and NGOs) to meet common interests. Fund raising will be a stated objective of CGPL’s Strategic Intent for sustainability. Fund raised from external sources will be invested on infrastructure or O&M of ongoing projects. The basic idea is to generate maximum community ownership for CGPL’s interventions so that physical and social investments are not converted into liabilities.

- Prior experience of working in CR activities, expert opinion and available data and information suggests that CSR activities will focus on 3 broad areas (Section 5.2) based on local priorities, namely, (1) livelihood linked ecosystem development, (2) areas of basic needs (such as education, health, water & sanitation etc.) and (3) building social capital and infrastructure. Also, the CR and TPCDT team will continue to work on technology innovations to resolve regional and community issues and aspirations.
- CGPL’s CSR activities will be reviewed (See Section from time to time by different layers of Evaluation Teams and Advisory Committee to ensure that the programme is aligned to the policy prescriptions and achieving the avowed objectives.

4.0 Objective of CSR
CGPL aims to establish itself as the “neighbor of choice” and create an environment where the neighbouring community will unequivocally identify CGPL as the most desirable entity in the geographical canvas. CGPL will also address critical socio-ecological issues that have significant bearing on the region and its population. Overall, all CSR interventions will be designed to achieve comprehensive community ownership and achieve sustainable outcomes.

Also, CGPL aims to emerge as a Centre of Excellence based on its CSR performance. Thus, it is imperative that specific and limited thematic areas are identified with careful consideration of CGPL’s capacity to address those thematic areas. This also warrants a comprehensive understanding of the concerns and aspirations of the immediate neighbourhood and subsequently focused actions to resolve the concerns and meet the aspirations.

5.0 Components of the CSR (Corporate Social Responsibility) Policy
CGPL will adopt a participatory approach in executing its CSR activities wherein an organic relationship between the community and its biosphere will be established. The purpose will be to improve the quality of life of the community and also conserve the biosphere by building appropriate programmatic linkages for livelihood associated with harvesting and conservation of natural resources.

Effective community engagement is the most critical approach for both understanding and addressing community needs. Hence this tool, viz., community engagement will be recognized as the most strategic input in CGPL’s CSR work. Also, most appropriate technical methods for conservation of natural resources will be adopted to ensure that the environment is preserved. In the following sections, CGPL’s mandate for adherence to the 80:20 formula of CSR intervention is described.

CGPL will execute the CSR activities through appropriate partnerships with competent NGOs selected through a standard procedure. CGPL will also develop partnerships with Governments and other Funding agencies having areas of common interest. As and when possible CGPL initiatives will be dovetailed with relevant government programmes to optimize results.
5.1 The 20% Component of CSR in CGPL
As has been explained before, the 20% component of CGPL’s activities will be a continuation of CR activities addressing local needs. The programmatic inputs in the immediate neighborhood may vary from providing drinking water and sanitation facilities to supporting agricultural productivity. This essentially will depend on a basic needs assessment of the neighborhood community. (Refer Table 1)

Table 1: The 20% Component of CSR in CGPL: Suggested Sectors

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Proposed area of Intervention</th>
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<tbody>
<tr>
<td>1</td>
<td>Drinking Water and Sanitation</td>
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<tr>
<td>2</td>
<td>Salinity Ingress linked to Livelihood</td>
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<tr>
<td>3</td>
<td>Drip Irrigation linked to Livelihood</td>
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<tr>
<td>4</td>
<td>Water Harvesting and Conservation</td>
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<tr>
<td>5</td>
<td>Building Social Capital (Roads, culverts, etc.)</td>
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<tr>
<td>6</td>
<td>Women Empowerment linked to Livelihood</td>
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<tr>
<td>7</td>
<td>Animal Husbandry</td>
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<td>8</td>
<td>Health Camps/ Support to schools</td>
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<tr>
<td>9</td>
<td>Support to Gaushalas with a view to make these Gaushalas self sustainable within a time frame</td>
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</tbody>
</table>

5.2 The 80% Component of CSR in CGPL: Strategic Intent for CGPL Mundra
CGPL has developed a Strategic Intent (SI) based on diverse stakeholder for consultations. The Strategic Intent has helped to identify the most significant areas of interventions for sustainability, keeping in view the socio economic and environmental characteristics of the local context.

The build up to the Strategic Intent document has been carefully planned to take into account the views of the local opinion leaders, stakeholders and experts, in order to focus on the most significant thematic areas. The “Outline to the Strategic Intent” has elucidated the guiding principles and the thematic framework. The thematic framework is further expanded to indicate the areas of interventions in Illustration 3, as given below:
The **Plan of Action** and **Budget** has been developed on the basis of the **Thematic Framework** and also taking into consideration obligatory expenditure made through CSR. Activities indicated in the Plan of Action will be based on Life Cycle Approach to ensure that sustainable results are achieved. Accordingly, a robust **monitoring mechanism** (See Section 6) will be worked out to guide the Plan of Action with continuous feedback and corrective measures. The Sustainability Advisory Committee will also provide directions regarding the manner of engagement CGPL ought to adopt, vis-à-vis the community, government, non-government agencies and also other corporate in the geographical area of operation.
### Alignment with Company’s Act & TATA Power Thrust Areas

<table>
<thead>
<tr>
<th>Schedule VII, Section 135 of Company’s Act 2013 (Final Notification 27th February 2014)</th>
<th>VIDYA</th>
<th>AROGYA / SWATC</th>
<th>DAKSH</th>
<th>SANRACHNA</th>
<th>AKSHA</th>
<th>Y</th>
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<tr>
<td>Eradicating Extreme Hunger and Poverty and Malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water</td>
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<td>Promotion of Education; including special education and employment enhancing vocation skills specially amongst children, women, elderly and the differently able and livelihood enhancement projects</td>
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<td>Promoting Gender equality and empowering women; setting up homes and hostels for women and orphans, setting up old age 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</td>
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<tr>
<td>Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining of quality of soil and, air and water</td>
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<td>Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and work of arts; setting up of public libraries; promotion and development of traditional arts and handicrafts</td>
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<td>Measures for the benefits of armed forces veterans, war widows and their dependents</td>
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<td>Training to promote rural sports, nationally recognized sports, and Paralympics sports and Olympics sports</td>
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<td>Contribution to the PM’s National Relief Fund or any other fund set up by the Centre or State Government for socio economic development and relief and welfare of SC/ ST, OBC and minorities and women</td>
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<td>Contributions and funds provided to technology incubators located within academic institutions which are approved by the Central Government</td>
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<tr>
<td>Rural development Projects</td>
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6.0 Monitoring, Review and Evaluation

As a part of planning, implementing and monitoring programmes, the technical advisor and CGPL will structure internal process manuals or SOP. These SOPs will be the guide the monitoring processes which will have 4 levels. The same have been outlined below:

Level 1: Local Monthly Review and Reporting; Quarterly Review submitted by the implementing partners and reviewed by the Local Sustainable Advisory Committee; dissemination of MIS and exception reports by execution teams and by the Corporate Social Responsibility Team respectively on a monthly and quarterly basis

Level 2: Senior Leaders BSC review on the progress, effectiveness; action plans and support required.

Level 3: Corporate Sustainability Advisory Committee review, Annual Third Party Impact Assessment Studies will be conducted by the Tata institute of Social Sciences

Level 4: Board committee on CSR Review on quarterly basis

There are two kinds of evaluation undertaken:

- Internal Evaluation: CSR team using CSR Program Effectiveness Index, Community Satisfaction Index and other indicator based tools on annual basis to assess the outcome. All projects will be initiated after collecting baseline data. The progress of the project will be monitored against the baseline.

- External Evaluation: It is also undertaken with reputed academic institutions / Industry association /consultant /market research agencies every year to assess the overall impact on community, which will be calculated on the basis of a social audit or impact assessment report.

Besides evaluation, the basis for ongoing engagement with the community will be undertaken through a stakeholder’s consultation and advised by the Local and Apex Sustainability Committee. Specialised agencies such as TISS will provide technical guidance in studies to assess the community needs and priorities and align the community development programs to meet the CSR objectives. CGPL (Tata Power) will also refer to the studies conducted in its neighbourhood to develop profile of the communities.

CSR committee from time to time will further appraise the CGPL Board
7.0 Corporate Governance

The CSR activities will be implemented through the Sustainability functions of CGPL. A dedicated team of professionals has been engaged to formulate the CSR Policy and also implement it. The Sustainability functions will be guided by the Sustainability Advisory Committee.

8.0 CSR Committee

The CSR Committee members are:

1. Mr. Chandan Roy (Chairman)
2. Mr. Nawasir Mirza
3. Mr. S. Ramakrishnan

9.0 Reporting on CSR activities

CGPL will share all evaluation studies with the CSR committee and other relevant stakeholders. These reports will be made available through the website and will also be emailed to regulatory and government related stakeholders. CGPL is committed towards enhanced transparency, communication and consultation with all our primary and secondary stakeholders. In addition, the activities will be reported as stipulated in the CSR rules 2014.

9.0 Reporting Framework

<table>
<thead>
<tr>
<th>SI No.</th>
<th>CSR Project / Activity</th>
<th>Sector</th>
<th>Project/ Programme</th>
<th>Amount Outlay (BUDGET) project/ programme wise</th>
<th>Amount spent by project/ programme</th>
<th>Cumulative spend up to reporting period</th>
<th>Amount spent direct/ through implementing agency</th>
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<tbody>
<tr>
<td>1.</td>
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<td>1. Local area/ others</td>
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<td>2.</td>
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- List of Evaluation studies conducted
- List of studies for developing methodological rationale (needs assessment and micro-planning documents, if any)