Strategic Intent for CGPL’s Sustainability Programmes

Contents

A. Introduction .......................................................................................................................... 2
B. Principles of CGPL’s Sustainability Model ........................................................................ 4
C. Evolution of Strategic Interventions from Synergistic Structures between Environment and Community .................................................................................................................................................... 6
D. Materiality Assessment ......................................................................................................... 7
E. Delivery Mechanism ............................................................................................................ 9
F. Relevance of sustainability to employees, customers, shareholders, suppliers and partners, government and regulatory authorities ......................................................................................................................... 10
G. Roadmap for the Future ....................................................................................................... 11
Strategic Intent for CGPL’s Sustainability Programmes

A. Introduction

The concept of sustainability for the CGPL power plant, situated in an ecologically sensitive and culturally diverse region like the Kutch district, is interwoven with its core functioning, existence and operations. This is manifested through CGPL’s diverse stakeholder interactions. As a part of designing the strategic intent for the company, critical inputs were taken from experts, senior management, leaders in the community and NGOs that have been engaged with the local community.

Drawing from Tata Power’s conceptualization of sustainability, moving from “compliance to excellence” would be of equal significance to CGPL in terms of matching the expectations of its local and regional stakeholders. ¹

The document positions the strategic intent as per international and domestically ratified paradigms of sustainability. It also aligns the strategic intent within the local regulatory frameworks. The framework will advocate a wider synchronization of sustainability in all core operations and stakeholder engagements of CGPL. This will ensure that the sustainability practices drive the core organizational strategy and objectives.

---


Confidential & Proprietary –Coastal Gujarat Power Limited
Human development cannot be singularly linked with economic growth and concepts like value, ethics, and quality of life are the cornerstones of development. Acknowledging this, the Bruntland Report (1987) defines the three pillars of sustainable development as economic growth, social inclusion and environmental balance. This, however, is not sufficient for creating an ecosphere for inclusion, engagement, diversity, dialogue and inspiring human creativity. Indigenous population around the world have maintained that they find it challenging to be productive when their natural and cultural work is separated, thus making a case for culture to be an integral part of sustainable development.

The 3rd World Congress of the United Cities and Local Governance (UCLG) decided to include culture as the fourth pillar of sustainable development through a framework document of the World Summit.

![Pillars of Sustainable Development](image)

**Figure 2: Pillars of Sustainable Development**

Taking inspiration from the Tata Power’s commitment to the ‘triple bottom line’ concept, CGPL will weave in environmental balance, culture, social inclusion and economic growth into its sustainability strategy.

---

2 United Cities and Local governance is an umbrella organization of cities, local government and municipal organization around the world. Founded in 2004 with a presence across UN Member States across Africa, Asia-Pacific, Europe, Eurasia, Middle East, West Asia, Latin America and North America.
B. Principles of CGPL’s Sustainability Model

The core principles of engagement across stakeholders will be consultations leading to, communication, ownership and collaboration. CGPL has adopted an evidence based approach where direction setting will be defined by independent scientific studies to better understand the short term and long term issues of the region. Apart from this, CGPL will support a viable platform for industries in the region, where issue specific stakeholders can identify sustainable solutions that will conserve the local way of life and natural resources.

Within the framework described above, CSR (Social Development), Environment and Biodiversity will be the 3 intrinsic components of the sustainability functions of CGPL. Apart from meeting the core expectations of stakeholders in an inclusive manner, the company will also achieve excellence through meeting global benchmarks and reporting standards. Similarly, CGPL will abide by all environmental norms and aspire to achieve benchmark standards in its operations.

The Guiding Principles of the “Strategic Intent” are:

- Sustainability initiatives will move beyond compliance at the local level and address issues of regional and national interest. The sustainability initiatives will aim to address the root cause behind the barriers in development of any given area of intervention and attempt to address those issues. 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 meaningfully.

- Community engagement will be the key aspect of CGPL’s strategy for sustainability. This includes concerted efforts to work on awareness and advocacy at the community level. Specialized agencies will be engaged to ensure that the community is genuinely motivated to understand their rights and privileges. CGPL will initiate interventions only when community involvement and ownership or buy-in is visible.

- Partnerships (corporate, government 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 address the last mile gap 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 to ensure long-term viability of such initiatives

- Prior experience of working in CR activities, expert opinion and available data and information suggests that CSR activities will focus on 3 broad areas, namely:
  (1) Livelihood linked ecosystem development
  (2) Areas of basic needs (such as education, health, water & sanitation etc.)
  (3) Building social capital and infrastructure (also determined from a needs assessment)

Besides the sustainability initiatives will strongly support innovations in strategy and programme implementation

- Within these 3 broad thematic areas, specific thematic areas will be identified for implementation through a consultative process, with due consideration to the CGPL CSR team’s capacity to deliver on the programmes. Project selection will be done in systematic manner and process driven manner to emerge as sector leaders in delivering impactful interventions in selected areas

- CGPL’s CSR activities will be reviewed from time to time by different layers of Evaluation Teams and Advisory Committee to ensure that the programme is following the right direction and achieving the avowed objectives

- Environmental Compliance as per statutory provisions will be maintained and reported in a timely manner to multiple stakeholders

- Operations of the power plant will strive to achieve highest standards in energy efficiency and ensure emissions are at par with global benchmarks

- Operations of the plant will be conscious on the impact on local environment and biodiversity
C. Evolution of Strategic Interventions from Synergistic Structures between Environment and Community

Kutch is the largest district of India with a total area of 45,652 square kilometers. It is a rare ecological zone as it supports mangroves, corals, mudflats and marine organisms. According to several studies, the gulf shelters more than 210 species of algae, which along with other species add to the richness of flora and fauna in the region\(^3\). Since the establishment of the Adani port in 1998, the region has seen an explosion of industrial growth. This includes the development of the Ultra Mega Power Plant (UMPP) of Tata Power called Coastal Gujarat Power Limited in 2006.

The social and environmental canvass of the region is going through an evolution emanating from the interface between growing industrialization, the local ecology and the impact of the former two on the local community. In order to understand this complex dynamics and cull out programmatic elements for interventions, CGPL has conducted a series of consultations at the community level to understand the community’s needs and aspirations. Besides, CGPL commissioned numerous primary studies to understand the dynamic social, environmental and biodiversity scenario of the region. Finally two rounds of stakeholder dialogues with subject matter specialists were conducted and the region specific sustainability themes were identified that are depicted below:

Based on the inputs from these various consultations, the thematic areas of significance, identified for CGPL’s intervention are, (a) Livelihood linked biodiversity/ ecology, (b) Basic Needs issues at the community level and (c) Social Capital and Infrastructure\(^4\) combined with structured communication channels across stakeholders\(^5\).

The EMP (Environmental Management Plan) will be updated and strengthened to monitor key parameters on air, land and water quality diligently. It will also be ensured that plant operations are aware of the impact on the surrounding environment and biodiversity. Furthermore, the plant operations will strive to achieve global benchmarks in energy efficiency.

### D. Materiality Assessment

The materiality assessment will provide inputs in designing the sustainability initiatives while also informing the broader organizational strategy. Materiality Assessment has become an increasingly important area of focus in Global Reporting Initiatives (GRI) and International Integrated Reporting Frameworks. CGPL will conduct a materiality analysis to identify long-term sustainability focus areas for the entity. This will entail extensive stakeholder consultations to identify impacts across a grading system and outline measures that will minimize social and environmental impacts.

\(^4\)The CSR policy of CGPL will have a broad alignment with the five core thrust areas identified by Tata Power. Programmes as per the immediate local needs will be allocated 20% of the CSR spend. The remaining 80% spend will be as per the thematic areas emerging from the strategic intent. These thrust areas are also aligned with the schedule VII activities as per CSR outcomes of the Companies Act 2013 and CSR Rules 2014. The identified areas in the schedule VII are key social issues where national level gaps have been reported and are mostly aligned with MDG (2015) or the recently defined Sustainable Development Goals (2030). Tata Power’s core thrust areas are outlined below:

a. Augmenting rural primary education  
b. Building and strengthening healthcare facilities  
c. Enhancing programs on livelihood & employability  
d. Building social capital and infrastructure  
e. Nurturing sustainability for through rural energy solutions, etc.

\(^5\)Increased communication channels and mechanisms for resolving issues was identified as a thematic area for dissemination/recontouring of the strategic intent based on findings of the perception audit and expert consultations
Social and environmental impacts that are of critical concerns for stakeholders, which can safeguard or diminish resource availability over a period of time, are broadly defined as materiality. This can include stakeholder views beyond business operations, a cycle of ascertaining risks and opportunities and prioritising through the lenses of multiple pre-identified stakeholders. Before initiating a materiality assessment, it is important to identify the rationale and objectives for initiating such an exercise and outline boundaries in terms of stakeholders, geography, internal and external impacts. The process undertaken in a materiality assessment is detailed in the figure below.

Prioritizing stakeholders whose inputs should be provided higher weightage will be followed as per the design given below.

- Can the stakeholder significantly impact your business’s ability to create corporate value?
- Is the stakeholder representing a large group with a legitimate concern, based on societal impact of the issue?
- Can the impact of the topic be reasonably assessed (quantitatively or qualitatively)?

---

6 GRI Guidelines
7 KPMG’s handbook on materiality assessment
The materiality assessment could provide critical inputs and serve as a guideline for the GRI report, sustainability report and the annual CSR report.

**E. Delivery Mechanism**

CGPL will adhere to an outcome-oriented approach through TPCDT emerging in a key role for programme delivery. TPCDT’s capacity will be built to engage in community engagements. TPCDT will be self-sufficient to plan, execute and monitor programmes in the field. Strengthening TPCDT with clearly defined work processes to suit the sustainability functions is critical for successful delivery of the sustainability functions. A process manual will be evolved to ensure that SOPs are adopted for (a) engagement with the community in a sensitive and ethical manner, (b) processes to be followed for partner and project selection, (c) work processes to respond to community/environmental needs in a timely manner and (d) monitoring of programmes. The SOPs will also ensure that the project milestones are delivered in a time bound manner to meet the needs and aspirations of the community with a responsive and responsible outlook.

A core community relations team will deliver the CSR initiatives and a sustainability team will be responsible for delivering the broader initiatives.

![Figure 6 Guiding Principles and CSR Delivery Mechanism](image)

*Confidential & Proprietary – Coastal Gujarat Power Limited*
F. Relevance of sustainability to employees, customers, shareholders, suppliers and partners, government and regulatory authorities

Each stakeholder in the ecosystem is critical for the integrated implementation of the strategic intent derived from the overarching CGPL platform and topic specific sub-forums. The sustainability context, team responsibility for deliverables, communication channels and frequency are outlined below:

Table 1: Sustainability Context across Stakeholders

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Sustainability Context</th>
<th>Delivery</th>
<th>Communication collaterals</th>
<th>Frequency of communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Employee awareness and investment in the sustainability intent can result in increased productivity, innovation, staff safety and retention. The purpose here is to appreciate sustainability as a common goal of the Company. The Company to adopt a culture of appreciating sustainability as a common denominator for all functions</td>
<td>HR</td>
<td>Learning and development programme on stakeholder platforms and areas of concern – joint approach of finding solutions</td>
<td>Periodic orientation and feedback sessions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sustainability BE</td>
<td>Employees to be involved in sustainability review sessions and also functions</td>
<td></td>
</tr>
<tr>
<td>Customers (Procurers)</td>
<td>Demonstrate leadership in social and environmental safeguard practices</td>
<td>ED &amp; CEO/ Commercial Team of CGPL</td>
<td>Presentation</td>
<td>Procurers Meeting</td>
</tr>
<tr>
<td>Suppliers/ Vendors</td>
<td>Suppliers/ Vendors awareness on sustainability issues and they adopt sustainability measures</td>
<td>Procurement and Sustainability</td>
<td>Orientation of suppliers/ vendors Adopt common projects on sustainability</td>
<td>Quarterly orientation Annual Feedback</td>
</tr>
<tr>
<td>Lenders</td>
<td>Funders are very attuned to environment and social responsibilities interlinked with industrial development and have evolved stringent compliance and</td>
<td>Operations, HR, Finance and sustainability team</td>
<td>Periodic reports to Lenders on progress of mitigation plan Co-operate with external</td>
<td>As and when required</td>
</tr>
</tbody>
</table>
regulatory frameworks to structure mitigation measures/parameters for community engagement as a part of evaluating sustainability performance

regulatory authorities in an ethical manner and internalize course correction measures in a timely manner

One on one meetings

G. Roadmap for the Future

As CGPL has been fully commissioned since April 2013, it is critical that the expansion is aligned with its core value systems and sustainability commitments. This will result in measurable practices, processes and innovative solutions to improve the quality of human life. This will be implemented through appropriate investments in regional environment & biodiversity conservation keeping in view its impact on the local and regional social microcosm. While the ultimate goal is sustainable power production across numerous states, the existence and processes of the plant will have a more enduring positive impact in attracting more investment and stakeholder collaboration across procuring raw materials, community engagement, employee involvement and customer centricity. As the company is situated in an ecologically sensitive region, the strategic intent of CGPL will be reviewed periodically every 2 years. Any contextual changes can be incorporated through stakeholder inputs and in accordance with international standards, with approval of the CEO and Board of Directors.

Confidential & Proprietary –Coastal Gujarat Power Limited

11