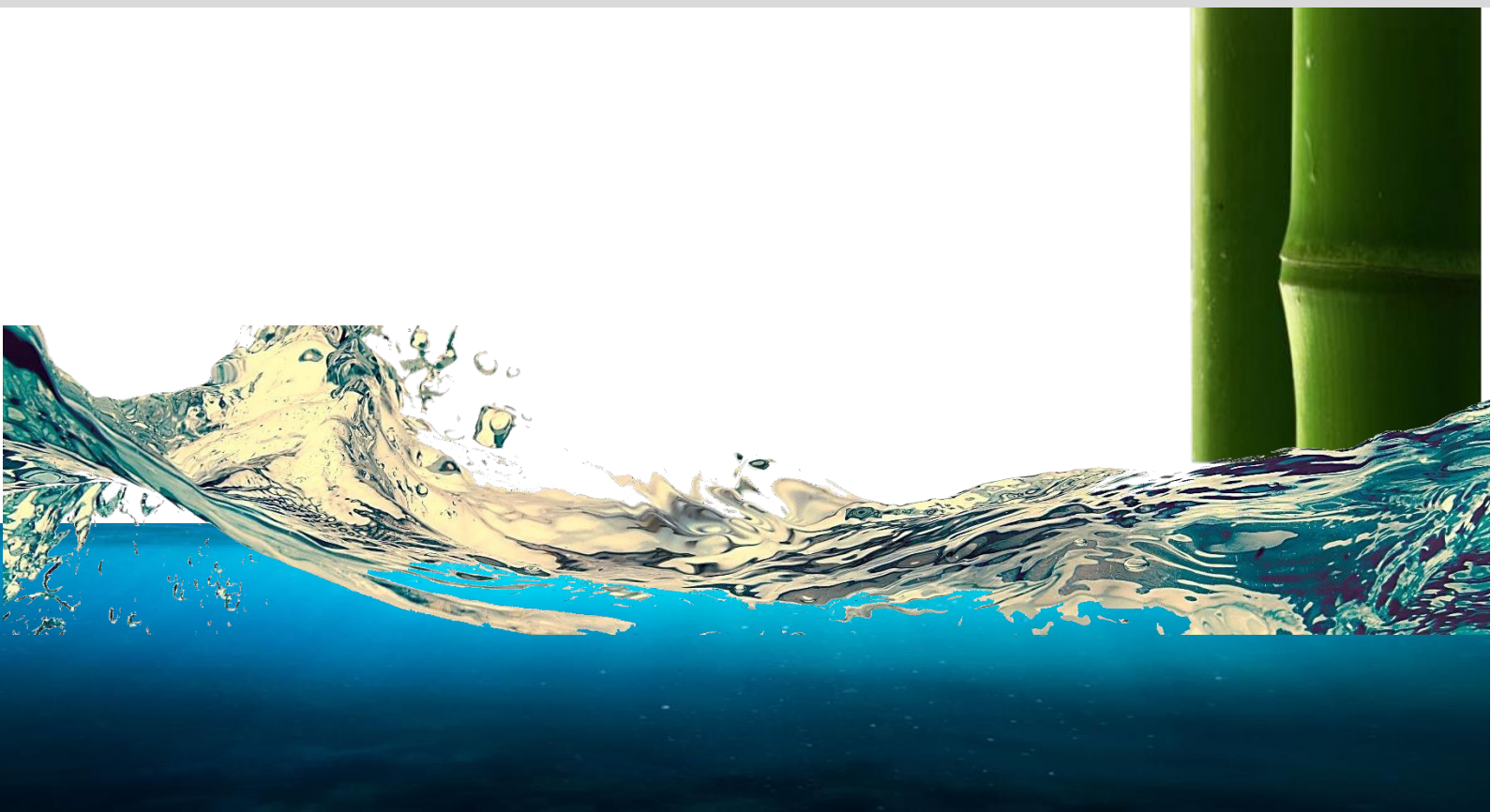


CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY POLICY



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1.0 INTRODUCTION

1.1 ONGC conducts its business as a responsible corporate and believes in holistically addressing all issues related to People, Planet and Profit for a sustainable business and better future for all living beings and is committed to achieve inclusive growth of the marginalized and deprived sections of the society through its CSR initiatives to be implemented within the geographical boundaries of India, with preference to its Operational Areas, by supplementing government's effort and / or by making independent efforts.

1.2 Vision

To support responsible and sustainable initiatives, while taking care of the concern for People, Planet and Profit.

1.3 Mission

Continually enhance the triple bottom line benchmarks of economic, environmental and social performance through committed involvement of the employees and other relevant stakeholders.

To develop social wealth for the communities we engage with.

Promote efficient usage of scarce resources, encourage green energy initiatives and develop innovative solutions to fulfil the vision by stepping beyond the mandatory provisions.

1.4 Strategy

ONGC will endeavour to take up CSR Activities for promoting Healthy Environment and Environmental Sustainability with a view to mitigating the impacts of its operations on the environment and shall focus its CSR efforts towards bettering the lives of its surrounding communities by broadly addressing the focus areas of Education, Healthcare, Nutrition and Drinking Water in its Onshore areas of operation and Development of Coastal Community and Marine and Coastal Ecology in Offshore areas of operation. All the projects included in the Annual Action plan appended with CSR policy will actually corresponds to the focus areas of CSR of ONGC i.e. Education, Healthcare, Nutrition and Drinking Water in its Onshore areas of operation and Development of Coastal Community and Marine and Coastal Ecology in Offshore areas of operation. Additional focus areas of CSR interventions may be added in CSR policy annually after taking approval of the Board.

2.0 DEFINITIONS

2.1 "**Act**" means the Companies Act, 2013 (18 of 2013) and its subsequent amendments such as Companies (amendment) Act 2020;

2.2 "**Administrative overheads**" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

2.3 "**Annexure**" means the Annexure appended to the amended CSR rules notified in January 2021 ;

2.4 "**Corporate Social Responsibility (CSR)**" means the activities undertaken by ONGC in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the rules, but shall not include the following, namely:-

- (i) activities undertaken in pursuance of normal course of business of the ONGC;
- (ii) any activity undertaken by ONGC outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

(iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
(iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

(v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;

(vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

2.5 "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

2.6 "**CSR Policy**" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

2.7 "**Net profit**" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

(i) any profit arising from any overseas branch or branches of ONGC, whether operated as a separate company or otherwise; and

(ii) any dividend received from other companies (such as HPCL) in India, which are covered under and complying with the provisions of section 135 of the Act:

2.8 ; "**Ongoing Project**" means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

2.9 "**Public Authority**" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005); This clause should be read in the context of Clause no. 7.4(c) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 is with reference to the Transfer of assets.

2.10 "**section**" means a section of the Act

2.11 "**Rules**" means the Companies (CSR Policy) Rules issued by the Ministry of Corporate Affairs (MCA) as amended from time to time. Any subsequent revisions to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 will be construed to be accepted by ONGC.

2.12 "**International Organization**" means an organization notified by the Central Government as an international organization under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;

3.0 PURPOSE

- This CSR policy is a policy statement containing the intent, approach and direction given by the board of ONGC, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan, mode of implementation of CSR projects, monitoring mechanisms to monitor implementation of CSR projects of ONGC and assess the impact of CSR projects on Sustainable Development Goals;

- To adopt Environmentally Sustainable business practices in ONGC's normal operations with a view to gradually reduce our carbon and water footprint, innovative management of waste, prudent energy management and biodiversity conservation.
- To envision, execute and manage long enduring projects of upto 3 years duration with a wide geographical spread and larger social impact with focus on inclusive growth of marginalized and deprived sections of the society as well as achievement of Sustainable Development Goals..
- To persuade our business partners for adopting similar practices for CSR and Sustainable development.

4.0 SCOPE & INTERPRETATION

4.1 ONGC has developed this Corporate Social Responsibility (CSR) and Sustainability Policy in consonance with the CSR Policy framework enshrined in **the section-135 of Companies Act, 2013** (Act) and in accordance with the **Companies (CSR Policy) Rules, 2014** (Rules) notified by Ministry of Corporate Affairs, Government of India and subsequent amendments in the (Rules) and the **Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021** notified by the Ministry of Corporate Affairs, Government of India in January 2021 and **Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises** issued by Department of Public Enterprises, Government of India (DPE Guidelines, 2014) which are effective from 1st April 2014 and subsequent guidelines issued by Department of Public Enterprises(DPE), Ministry of Heavy Industries Govt. of India.

4.2 It shall apply to all CSR Projects / Programmes undertaken by ONGC as listed in the CSR policy of ONGC and approved by Board of ONGC on the recommendation of CSR Committee of the Board of ONGC, within the geographical limits of India alone, except for training of Indian sports personnel representing any State or Union territory at national level or India at international level and preferably towards the benefit of marginalized, disadvantaged, poor and deprived sections of the community and the environment and achievement of Sustainable Development Goals.

4.3 Any point not covered by this Policy would be interpreted in accordance with the existing Companies (CSR Policy) Amendment Rules of 2021 and latest DPE Guidelines, with regard of CSR implementation by CPSEs, with the former taking precedence over the later in case of any conflict.

5.0 GOVERNANCE

5.1 Board of ONGC, taking into account the recommendations of its CSR Committee, will devise guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan of CSR activities in ONGC, mode of implementation of CSR projects, monitoring mechanisms to monitor implementation of CSR projects of ONGC and assess the impact of its CSR projects on Sustainable Development Goals;

5.2 Board of ONGC shall also approve multi-year project undertaken ONGC in fulfilment of its CSR obligations having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board of ONGC based on reasonable justification;

- 5.3 In case of ongoing project, the Board of a Company shall monitor the implementation of the 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.
- 5.4 Board of ONGC may alter Annual action plan of CSR activities at any time during the financial year, as per the recommendation of its CSR Committee of the board, based on the reasonable justification to that effect.
- 5.5 Board of ONGC shall ensure that Administrative Overheads shall not exceed 5% of the total CSR Expenditure of the company for the financial year;
- 5.6 The Board of ONGC shall satisfy itself that the funds disbursed for implementing CSR projects have been utilized for the purposes and in the manner as approved by it and the Director (Finance) shall certify to the effect.
- 5.7 The Board of ONGC shall monitor the progress of approved CSR projects and programs with respect to timelines through the CSR Committee and Executive Committee of ONGC.
The monitoring framework of implementation of CSR project shall be devised by ONGC with the help of expert organizations.
- 5.8 The CSR Committee of the Board shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-
(a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in the Schedule VII of the Act;
(b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 issued by Ministry of Corporate Affairs, Govt. of India, will be followed by ONGC in this regard;
(c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
(d) monitoring and reporting mechanism for the projects or programmes; and
(e) details of need and impact assessment, if any, for the projects undertaken by the ONGC:
Provided that Board of ONGC may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee of the board, based on the reasonable justification to that effect.”
- 5.9 The Corporate CSR Group , New Delhi and the CSR Departments at work centres will be responsible for administering and executing the policy. As ONGC CSR activities evolve further and in line with Government Guidelines and Amendments issued from time to time, the policy may be revised with the approval of the Board of ONGC based on recommendations of the CSR Committee.

6.0 CSR ACTIVITIES

- 6.1 “Corporate Social Responsibility (CSR)” means the activities as defined at clause no 2.4, CSR and Sustainability Policy of ONGC.
- 6.2 Projects / Programs will be identified by the Corporate CSR Group, New Delhi and the CSR Departments at work centres across India, approved by the Board of ONGC on the recommendation of CSR committee of the board at the beginning of the Financial year and will be made a part of the policy document uploaded on the ONGC website.
- 6.3 The powers for approval and sanction of individual projects shall be as per the delegated powers in the Book of Delegated Powers, 2015 (as approved by the Board of ONGC and as modified from time to time).

6.4 Budgets will be allocated for CSR projects through a process incorporating identification of suitable implementation agencies, need assessment (where ever required) and clear outlining of desired outcomes of CSR projects. The CSR projects / programs / initiatives, to be undertaken must fall within the purview of the Schedule – VII of the Companies Act, 2013 (as amended from time to time).

6.5 All CSR activities will be in the form of projects / programs, which will, as far as possible, entail the following components:

- i. Need Based Assessment / Baseline survey / Study where considered necessary / feasible;
- ii. Identification of specific and measurable objectives / goals in identified sectors and geographies;
- iii. Formation of the project and preparation of Detailed Project Report (DPR);
- iv. Identification of time lines – clear specification of start date and end date;
- v. Specification of annual financial allocation;
- vi. Clear identification of beneficiaries (by name where possible);
- vii. Clear identification of milestones for the complete duration of the Project / programme;
- viii. Preparation and signing of agreement with Implementing Agencies;
- ix. Preparation and implementation of a comprehensive and concurrent documentation procedure;
- x. Robust, periodic review & monitoring;
- xi. Evaluation & Assessment, preferably both concurrent and final (wherever possible, by a competent third party);
- xii. Mandatory Reporting on Management Information System devised for the purpose of monitoring progress of CSR projects.

6.6 Opportunities for complementing / supplementing Government initiatives / programmes will be explored. However, funds will not be deposited in Government accounts except where the Act / Rules specify such allocation.

6.7 ONGC would assign priority to multi-year projects/programmes of medium or long duration having timelines not exceeding 3 years (excluding the year in which it was approved) in order to ensure emphasis on long-term outcomes / impacts.

6.8 ONGC will lay emphasis on the sustainability of its projects / programmes to ensure they remain relevant and viable even upon disengagement at the end of the project period.

6.9 ONGC will explore possibilities for collaborating / co-operating with other Corporate / National / Multi-lateral / Bi-lateral Agencies in order to synergise its efforts and increase both financial resources as well as outcomes and impact in such a manner that the CSR Committee is in a position to report separately on such projects or programmes in accordance with the rules.

6.10 ONGC may also consider participation in larger Projects / Programmes where more than one Corporate / National / Multi-lateral / Bi-lateral Agency is involved in such a manner that the CSR Committee is in a position to report separately on such projects or programmes in accordance with the rules.

7.0 CSR PLANNING

7.1 To assist in planning of the activities, the indicative budget allocation for broad sector of Activities will be delineated in the Annual Action Plan which shall be formulated and recommended by the CSR Committee and submitted to the Board for approval and shall include the following:

- a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021;
- c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d) monitoring and reporting mechanism for the projects or programmes; and
- e) details of need and impact assessment, if any, for the projects undertaken by the company:

7.2 However, the Board may alter such plan any time during the financial year as per the recommendation of the CSR Committee based on reasonable justification to that effect.

7.3 Broadly, the CSR Annual Action Plan for CSR Activities will be in line with the CSR Strategy of ONGC with focus on Healthy Environment; Education, Healthcare, Nutrition and Drinking Water in Onshore Assets; and Development of Coastal Community and Marine and Coastal Ecology in Offshore Assets.

7.4 The Guidelines issued by the Department of Public Enterprise (DPE) Government of India from time to time for spending CSR in specific focus areas shall also be considered for forming the Annual Action Plan for of CSR projects.

7.5 ONGC shall give preference to well defined Project operating principles during the planning stage for the identification and implementation of its CSR Projects / Programmes in order to ensure optimal utilisation of the CSR budget.

7.6 ONGC shall endeavour to understand the stakeholder expectations through a structured engagement process and communication strategy and shall leverage this understanding for betterment of all the stakeholders.

7.7 ONGC will endeavour at all times to build and develop the skills of its CSR team and enhance level of CSR awareness within the organization and may also engage International Organizations for capacity building of its own CSR personnel.

8.0 CSR IMPLEMENTATION

8.1 Implementation of the CSR projects or programs shall be through the agencies fulfilling the criteria laid down under the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (and as amended from time to time). Implementing agencies shall necessarily be fulfilling the criteria specified in Annexure-1 of this Policy. Only duly registered agencies on MCA portal with a valid registration number will be hired for CSR project implementation.

8.2 ONGC will endeavour at all times to build and develop the skills of its CSR team and enhance level of CSR awareness within the organization and may also engage International Organizations for capacity building of its own CSR personnel.

9.0 CSR BUDGET AND CSR EXPENDITURE

9.1 The Board of ONGC will ensure that in each Financial Year (FY), at least two percent of the average net profit (calculated as per Section 198 of the Companies Act 2013) accrued during the three immediately preceding Financial Years is spent on CSR activities / projects / programs.

The Board of ONGC will satisfy itself that the funds disbursed have been utilised for the purposes and in the manner as approved by it and the Director (Finance) shall certify to the effect.

9.2 In the event, that amount indicated in para 9.1 above is not spent in its entirety in that Financial Year, the reasons thereof will be outlined as per section 134 (3) (o) of the Act to be shared with all the stakeholders through the Annual Report and the unspent amount shall be transferred to any fund included Schedule VII of the Act until such a fund is specified in Schedule VII.

9.3 In an event where ONGC makes any surplus or profit from pursuing the CSR projects / programmes, these will not form part of the business profit but will, instead be ploughed back into the same project or shall be transferred to the unspent CSR Account and spent in pursuance of CSR Policy and Annual Action Plan of the Company or transferred to a fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

9.4 In an event where CSR expenditure is in excess of requirement as per section 135 of Companies Act, 2013, such excess amount may be set-off against the requirement to spend as per Section 135 of Act, up to immediate succeeding three financial years subject to the condition that

(a) this excess amount shall not include any surplus arising out of CSR projects; and

(b) Board of ONGC shall pass a resolution to this effect

9.5 Any capital asset created/acquired out of CSR funds shall be held by a company established under section 8 of the Companies Act, 2013, or a registered Public Trust or Registered Society having charitable objects and CSR Registration Number, or beneficiaries of the said project, in the form of self- help groups, collectives, entities or a Public Authority as defined in in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);

9.6 A transfer of Capital Asset and Sustainability of CSR assets policy will be designed by ONGC on the lines of Build& Transfer (BT) mechanism of Public Private Partnership policy guidelines of NITI Ayog and Govt. of India

9.7 Expenditure towards Impact Assessment will be booked towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

9.8 For all contributions received from other companies / sources towards the CSR Corpus / Budget, ONGC will claim CSR expenditure only for funds that are provided from its own resources.

10.0 MONITORING & EVALUATION

10.1 In case of ongoing project, the Board of a Company will monitor the implementation of the 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.

10.2 A comprehensive Monitoring mechanism will be devised by ONGC to ensure that the CSR process functions as mandated by the Act and the Rules, ensuring that all Projects / Programmes are duly implemented as budgeted. This will be done on the basis of the following:

- Engaging National & International Organizations, if required, for designing, monitoring and evaluation of the CSR projects or programmes
- Allocation of a separate budget for setting up and running the monitoring system;
- Installation of an electronic MIS and human architecture that shall work together to ensure a firm check on spends and the actual implementation of activities as planned;
- Release of funds only against verified utilisations.

10.3 The monitoring system devised by ONGC will include:

- Real Time Monitoring(RTM) of CSR Project progress using digital technology and physical monitoring against monitoring standards;
- Regular field visits to Project / Programme sites by designated teams;
- Comprehensive documentation / compilation of Field Reports;
- Regular interaction with beneficiary communities to obtain feedback;

- Monitoring of timely fund utilization to ensure that Projects / Programmes as budgeted are actually being carried out and/or
- Any other activity that the CSR Committee may deem necessary in the larger interest of its CSR initiatives.
- The monitoring of the projects shall be carried out and quarterly report shall be submitted to the CSR Committee. Professional agencies/International Organizations may also be hired for carrying out Monitoring & Evaluation.

11.0 IMPACT ASSESSMENT/EVALUATION OF CSR

11.1 In order to assess the impact of its CSR Projects and Programmes, maximize outcomes and build-in sustainability, scalability and replicability, ONGC shall undertake the following activities:

- Wherever possible, Base line data shall be collected before start of the project.
- As far as possible efforts will be made to use Quasi Experimental Research design for assessing the impact of CSR projects.
- Impact Assessment, through an independent agency, of the CSR projects having outlay of Rs. 1 Cr. or more and which have completed not less than one year before undertaking the impact study
- Placing before the Board, the Impact Assessment reports and annexing the same to the annual report on CSR

12.0 REPORTING:

12.1 ONGC will make a full report of its CSR projects / programmes undertaken during the previous year in the format prescribed for the “Annual Report on CSR Activities to be included in the Board’s Report” in the Companies (CSR Policy) Amendment Rules, 2021 which is in consonance with section 134(3)(o) of the Act.

12.2 Annual Sustainability Report shall report the annual CSR and Sustainability Development achievements, agenda and initiatives undertaken during the year.

13.0 DOCUMENTATION:

13.1 ONGC will endeavour at all times to put in place, for all projects / programmes, an effective documentation process. The comprehensive documentation would include – printed material, audio recordings, video recordings etc.

13.2 Also, Project completion report documenting the key project parameters, implementation process, deliverables envisaged and the outcome achieved along with end line data and the suggestions / recommendations for scalability and replicability of the project may be developed wherever feasible.

13.3 Documentation of all data generated during project execution shall be maintained by the CSR department.

14.0 DISCLOSURE

ONGC shall comply with Section 135 (2), 135 (4) (1) and 134 (3) (o) of the Act thereby ensuring that it makes a full disclosure of its CSR Policy, Strategy, Projects / Programmes, Activities, monitoring mechanism, Implementing Agencies, Expenditure details as well as the composition of the CSR Committee of the Board on the corporate website of ONGC i.e. www.ongcindia.com.

15.0 ACCOUNTING AND AUDITING

15.1 ONGC will follow the Accounting and Auditing Guidance Note / Standards duly approved by the Ministry of Corporate Affairs, Government of India or Department of Public Enterprises, Government of India, if any.

15.2 Both Financial and non-Financial audit of CSR activities and programmes shall be done in accordance with the Guidelines issued by Institute of Chartered Accountants of India (ICAI) and Bureau of Indian standards (BIS)

CRITERIA TO BE FULFILLED BY IMPLEMENTING AGENCIES

- a) a company established under section 8 of the Act, or a registered public trust or a registered society or 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
- **Every entity, covered under sub-rule (1) of Rule 4 to the Rules of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01st day of April 2021.**
 - **All organizations desirous of implementing CSR projects must have established track record of 3 years in similar activity.**
 - **All Implementing Partners will have to furnish the relevant information pertaining to the eligibility criteria as above and this will be in addition to the information already required to be furnished as per existing ONGC CSR Checklist.**
 - **Agencies not fulfilling the criteria as mentioned above will not be considered as Implementing Agencies for CSR Projects.**

In case of any ambiguity arising in the CSR & Sustainability Policy and existing ONGC CSR Checklist, former (CSR & Sustainability Policy) shall supersede the latter (ONGC CSR Checklist).