



OIL & GAS DEVELOPMENT COMPANY LIMITED
(CSR DEPARTMENT)



REVISED CSR POLICY - 2019

Vision

To be leading multinational exploration and production company.

Mission Statement

To become the leading provider of Oil & Gas to the country by increasing exploration & production both domestically and internationally utilizing all options including strategic alliance.

To continuously realign ourselves to meet the expectations of our stakeholders through best management practices by the use of latest technology and innovations for sustainable growth while being socially responsible.

Core Values

- Merit
- Team work
- Dedication
- Integrity
- Safety
- Innovation
- Accountability
- Environment Friendly

PART - I

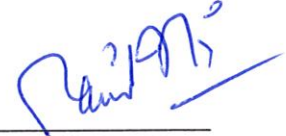
1. About CSR

Corporate Social Responsibility (CSR) is an integral part of OGDCL's business model as the Company believes in responsible business conduct while treating society as a stakeholder. Besides obligatory commitments with the Federal, Provincial and Local Governments, Company also earmarks a portion of its profit for public welfare programmes. CSR at OGDCL is categorized as under:

- (a) Obligatory CSR.
- (b) Voluntary CSR.



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Obligatory CSR

OGDCL as an upstream petroleum Company has commitments with the President of Pakistan under the Petroleum Concession Agreements (PCAs) and Production Sharing Agreement (PSAs) to spend a certain agreed amount on social welfare. The obligation of social welfare spending is governed under the aforesaid concession documents and guidelines issued by the Directorate General of Petroleum Concessions. The concerned Governments may require social welfare obligations to be spent in a particular sector(s) and in a manner as may be specified from time to time.

Voluntary CSR

OGDCL earmarks 1% of its pretax profit every year for CSR. After deducting the amount required for obligatory CSR, the remaining amount is available for voluntary CSR initiatives, programmes, projects and schemes. Voluntary CSR spending will be governed in accordance with the terms of this policy and directives of the Board of Directors.

2. Objective

To formulate a framework for CSR initiatives and implementation of such initiatives in a transparent and socially responsible manner.

3. Fundamental Principles

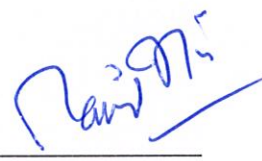
- 3.1 Promote community investment and sustainable growth.
- 3.2 Promote enabling in an environment between the society and OGDCL
- 3.3 Fulfill the aspirations and expectations of communities residing in and around operational areas by providing access to basic amenities, thus improving the quality of their lives.
- 3.4 Undertake poverty alleviation efforts among marginalized community.

4. Role in Development:

Our approach is to integrate social and environmental concerns in business operations through interaction with stakeholders on a voluntary basis. CSR is one of our strategic means and management tool to meet the expectations of stakeholders at large. We understand that the key measure of success is the result of the level of satisfaction of the stakeholders.



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5. CSR Commitments

Corporate Social Responsibility (CSR) includes our commitment to Health, Education, Water Supply, Sanitation, Renewable Energy, Sports etc. Our focus is to improve and bring sustainable changes in the lives of communities associated with OGDCL and the society.

Company also assists Government in natural calamities / disasters. The objective is to develop a meaningful collaboration and cooperation among our employees, shareholders and stake holders on social causes. Company shall maintain standards worthy of being emulated.

6. Corporate Support Shared Values

The proposed schemes received for financial support are scrutinized in line with the company's corporate vision, mission, core values and adherence to following Principles;

- 6.1 Fair and judicious
- 6.2 Respect for the human dignity, autonomy, privacy, rights, and interests
- 6.3 Sustainability
- 6.4 Innovation
- 6.5 Community participation

7. Basis of CSR

CSR involves voluntary integration of social, economic and environmental considerations into company's operation. Following are the basis of CSR initiatives.

7.1 Legal:


Funds are spent in transparent manner for the betterment of communities fulfilling requirements agreed in the concession with GoP/PG or institutions/ Agencies. Voluntary CSR spending will be made in accordance Company Policy and directions of the Board of Directors.

7.2 Ethical:

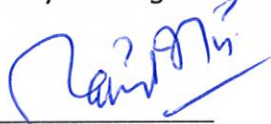
Ethically committed to demonstrate the highest standards of business conduct including but not limited to transparency, accountability and adherence to applicable laws and regulations.

7.3 Beneficial:

Need based welfare schemes for the benefit of community at large are given priority.



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7.4 **Sustainable:**

Requisite arrangements are ensured for the sustainability of the welfare schemes after commissioning

7.5 **Environment:**

Company encourages eco-friendly activities which leave minimum carbon foot print.

7.6 **Impact:**

Commitment to bring sustainable, direct and positive changes in the lives of communities in our operational areas.

8. Institutional Arrangements:

To ensure transparency and procedural certainty in managing CSR activities, matters will be routed through CSR Committee of the Board, CSR Council depending on the nature of case and delegation of powers.

The CSR department will ensure timely utilization of funds and completion of Schemes and initiatives as per policy, procedure and regulatory framework.

Management shall periodically appraise the CSR committee of the Board about the CSR initiatives and spending.

9. Means of Project Implementation:

OGDCL will implement social development projects through any of the following means:


- 9.1 OGDCL's in-house capabilities
- 9.2 Through OGDCL CSR Trust Fund
- 9.3 Federal / Provincial or District Government
- 9.4 Autonomous and semi-autonomous institutions
- 9.5 NGO's / CBO's
- 9.6 Out Sourcing

10. Factors for Consideration of Financial Assistance:

All the requests for financial assistance are to be considered under guidelines of company's CSR policy. Following factors are taken into account;



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- 10.1 Whether the project contributes towards alleviation of poverty and promote economic benefits?
- 10.2 Whether the proposal supports good social causes and charities?
- 10.3 Whether the proposal is in furtherance of protection of the environment and Natural resources?
- 10.4 Whether the proposal meets requirements of fairness and transparency?

11. Sectors /Areas of Corporate Intervention And Funding:

OGDCL will undertake CSR initiatives in the following areas:

- 11.1 Health including training and research
- 11.2 Education including training and research,
- 11.3 Water supply, water resource development and conservation
- 11.4 Skills development of youth
- 11.5 Civic amenities (utilities, sanitation, waste management and disposal etc.)
- 11.6 Physical infrastructure development
- 11.7 Renewable Energy
- 11.8 Environmental protection and preservation
- 11.9 Promotion of sports and training of youth in sports
- 11.10 Promotion of arts, culture & crafts and preservation of heritage
- 11.11 Governance (Human rights), transparency, anti- corruption, business practices, stakeholder's relations, Responsible marketing, public awareness.
- 11.12 Work life balance
- 11.13 Safety (risk Management, Disaster Management)
- 11.14 Any other noble cause of collective benefit and relief etc.

12. Significant Aspects for Proposal Review and Evaluation (Annex-I)

Project proposals for financial-assistance are to reviewed and evaluated by giving consideration to the following aspects: -

- 12.1 Location of Project
- 12.2 Project Outcome
- 12.3 Level of Importance
- 12.4 Initiator of the Project
- 12.5 Beneficiary
- 12.6 Soft image building of the Company and relationship with the stakeholders
- 12.7 Sustainability:
 - 12.7.1 Status of proposed scheme (already functional or new)
 - 12.7.2 Operational and management arrangements


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12.8 Social, Economic, Environmental Impact of the Project

13 Non-Qualifying Activities:

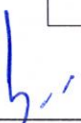
- 13.1 Activities which are against national interest, sovereignty, solidarity and integrity of Pakistan and public safety
- 13.2 Activities which are discriminatory with respect to race, religion, gender, origin, cast , color or creed, except support for construction of mosque and provision of necessary items under special circumstances
- 13.3 Activities that offend other power brokers in the community
- 13.4 All types of Trade Union activities
- 13.5 Sponsorship for marketing purposes
- 13.6 Political activities
- 13.7 Any activity aimed at direct benefit to company employee

PART – II

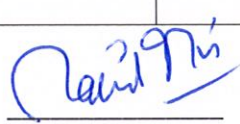
1. Allocation of Budget:

At least 1% of annual pre-tax profit of the Company will be allocated for CSR activities in each fiscal year (Including PCA Obligation).The allocation of CSR Budget sector wise is as under: for any variation in each sector will require approval from CSR Council:

1.1	Health Sector	25%
1.2	Education Sector	25%
1.3	Water inclusive of water supply, water resource development and Conservation and Management	20%
1.4	Civic Amenities inclusive of development of parks and place of public utility, provision of utilities, Renewable Energy, Sanitation, waste management and disposal etc.	10%
1.5	Physical Infra-structure Development inclusive of roads/streets, bridges/ culverts, Water channels, electrification	10%
1.6	Emergency Relief & Rehabilitation, Environment protection and preservation, sports, arts, culture and heritage etc.	10%



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15 % of the CSR budget may be allocated to the OGDCL CSR trust fund to further the CSR objectives of OGDCL, to be spent in accordance with the powers of the trustees and the objectives of the trust fund. And further, any balance amount of UNSPENT from CSR budget will also be transferred to trust fund on 30th June of every year.

2. **Monitoring of CSR Activities:**

Monitoring of progress of an initiative or a project including utilization of funds will be ensured through site visit. An external resource/ expert assistance may be engaged whenever needed.

3. **Evaluation / Impact Assessment:**

Project evaluation or impact assessment may be carried out internally or through third party

4. **Audit:**

Audit of utilization of funds provided to partner organization may be conducted as and when required. Initiatives or projects other than PCA obligations exceeding Rs.1 million will be audited as a rule.

5. **Record of Spending Under CSR:**


The CSR Department, will maintain year wise record of all the contributions/sponsorships along with the description of schemes carried out under CSR Program.

6. **Disclosure and Reporting:**

Appropriate disclosure and reporting will be made to the Board of Directors, regulator and stakeholders regarding CSR initiatives.

OGDCL will disseminate information on Corporate Social responsibility (CSR) carried out during a fiscal year through newsletter annual report and correspondence.

If desired, the company, in addition to disseminating information about implementation progress in annual report, may publish a separate CSR report for its stakeholders.



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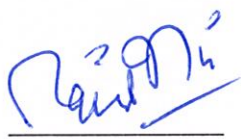
7. **Projection of Company's Contribution Under CSR:**

Steps to be taken for appropriate promotion / publicity of the company's CSR initiatives for community development through electronic media, newspapers, seminars, philanthropic forums etc.

For soft image building of the company the External Communication Department will make requisite arrangements.



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PROPOSAL REVIEW AND EVALUATION SHEET

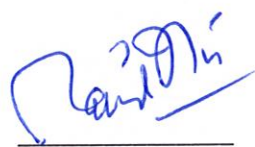
PROJECT AND LOCATION: _____

PROPOSED AND RECOMMENDED BY _____

		Max. Points	Points Obtained
1	PROJECT DESCRIPTION		
a	Geographic priority		
	i OGDCL E&P District	10	
	ii OGDCL concession District	8	
	iii Other areas	3	
b	Project Outcome		
	i Adequately defined	6	
	ii Vaguely defined	2	
c	Level of Importance		
	i Local/District level	8	
	ii Provincial level	6	
	iii National Level	5	
2	PROJECT PROPOSAL RECOMMENDED BY		
	Board of Directors (for E&P District)	10	
	CSR Council/CSR Department	8	
	Public Representatives	6	
	Regional Coordinator/ Field Manager	5	
	Local District Government	4	
	Local Influential	3	
3	BENEFICIARY		
	General Community of the area	8	
	Set of Villages / tribes	6	
	Single village / Small	3	
	Individual	0	
4	IMPACT OF COMPANY		
	Strengthen Company's relations with community and other stakeholders	7	
	Enhances Company's repute	5	
	No impact	0	





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5	PROJECT SUSTANABILITY		
a	Status of Scheme		
	i Already Functional	7	
	ii Non-Functional/ New	5	
b	Willingness/Commitment of Imp. Partner to operate and manage the scheme		
	i Yes	7	
	ii No	0	
c	Operational arrangements		
	i In-place	7	
	ii Planned	5	
	iii Not Planned	0	
d	Status of arrangement of recurring expenditure for the project		
	i Allocated / Available	5	
	ii Committed	3	
	iii None	0	
6	SOCIAL SIGNIFICANCE/IMPACT		
	Yes	5	
	No	0	
7	ECONOMIC SIGNIFICANCE		
	Contribution in local economy		
	i Employment + Income generation	5	
	ii No economic contribution	0	
8	ENVIROMENTAL SIGNIFICANCE		
	Positive effect	5	
	No Effect	0	
9	IMPLEMENTATION/MONITORING		
a	SCM Department OR Through Implementation Committee comprising Local Government/RC/FM/RSO following PPRA rules	10	
	Points Max = 100 Min = 60	Total	
	Remarks:		
	Reviewed by:		


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