

No. 3(7)/2011-DPE(MoU)
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Block No.14, CGO Complex,
Lodhi Road, New Delhi.110003

Dated the 24th February 2012


CORRIGENDUM

Sub: Guidelines on Sustainable Development for the year 2012-13

This has the reference to the Sustainable Development Guidelines for the CPSEs issued vide DPE's O.M. No. 3(9)/2010-DPE (MoU) dated 23rd September 2011 and subsequent amendment.

The undersigned is directed to inform that the following changes/modifications are made in the Sustainable Development Guidelines:

Reference para no. & page	Existing para	To be read as/modified as
Para 3.9, page 10	The Department of Public Enterprises, in conjunction with National Foundation for Corporate Social Responsibility under the Indian Council of Corporate Affairs, Ministry of Corporate Affairs, and the CPSEs, will create a National SD Hub which will undertake/ facilitate the following activities.....	The Department of Public Enterprises in conjunction with the CPSEs will create a National SD Hub which will undertake/ facilitate the following activities.....


24.2.2012

(J.R. Panigrahi)
Director(MoU)

Tel: 011 24360841

To

1. Secretaries of all Administrative Ministries/Departments
2. Chief Executives of all CPSEs

No. 3 (11)/2011-DPE (MOU)
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises
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Public Enterprises Bhavan,
Block No. 14, 3rd Floor,
CGO Complex, Lodhi Road,
New Delhi -110 003
Dated : 19th December, 2011

OFFICE MEMORANDUM

Subject: **Addendum to Guidelines on Sustainable Development for the year 2012-13.**

This has the reference to Sustainable Development Guidelines for the CPSEs issued vide DPE's O.M. No. 3(9)/2010-DPE (MoU) dated 23rd September, 2011 read with Guidelines on MoU between CPSE and Government / Ministry Department for the year 2012-13 issued vide DPE's O.M. No. 3(11)/2011-DPE(MoU) dated 31.10.2011.

The undersigned is directed to inform that following changes / modifications are made in **Sustainable Development / Memorandum of Understanding Guidelines** which may be noted for compliance.

Reference page no.	Existing para / clause / points	To be read as / modified as
3	'Energy Management' under Schedule A	<i>'Energy Management and Promotion of Renewable Energy'</i> under Schedule A
6	Para no. (c) Energy Management: CPSE shall be expected to implement measures to optimize usage of energy and increase energy efficiency throughout the organization, in the form of both fuel and electricity. CPSEs may consult the Bureau of Energy Efficiency's Guidelines on Energy Efficiency while deciding on projects/activities under energy management. Projects / activities related to renewable energy / alternative energy would also be considered under Energy Management.	Para no. (c) <i>Energy Management and Promotion of Renewable Energy.</i> CPSE shall be expected to implement measures to optimize usage of energy and increase energy efficiency throughout the organization, in the form of both fuel and electricity. CPSEs may consult the Bureau of Energy Efficiency's Guidelines on Energy Efficiency while deciding on projects/activities under energy management. Projects / activities related to renewable energy / alternative energy / <i>voluntary procurement of Renewable Energy Certificates (RECs)</i> would also be considered under Energy Management.

7	<p>Para no. (a) Carbon Management:</p> <p>CPSE can implement carbon management measures across its activities and operations in a phased manner. Carbon management measures would include steps to reduce carbon intensity of organizations activities / operations. Projects / activities under carbon management can also be linked to appropriate missions of National Action Plan on Climate Change and / sectoral initiatives such as those by the steel and cement sectors.</p>	<p>Para no. (a) Carbon Management:</p> <p>CPSE can implement carbon management measures across its activities and operations in a phased manner. Carbon management measures would include steps to reduce carbon intensity of organizations activities / operations. Projects / activities under carbon management can also be linked to appropriate missions of National Action Plan on Climate Change and / sectoral initiatives such as those by the steel and cement sectors. <i>CPSEs may purchase RECs to offset their Carbon Footprints.</i></p>
20	Bulleted point 'Renewable /Cleaner / Alternative Energy Usage' under 'Energy Management' heading.	Bulleted point 'Renewable / Cleaner / Alternative Energy Usage / Voluntary procurement of Renewable Energy Certificates (RECs)' under heading ' <i>Energy Management and Promotion of Renewable Energy</i> '.
25	New Addition	<p>To be added after bulleted points of Energy Management under separate heading as 'Renewable Energy' :</p> <ul style="list-style-type: none"> • Renewable Energy <ul style="list-style-type: none"> ▪ Project Objective(s): promote utilization of Renewable Energy. ▪ MPI: Resource allocation for setting up of RE generation projects and / or Voluntary procurement of RECs. ▪ OPI: Percentage of total electricity used from renewable energy either through purchase of RE or RECs.

The addendum to the SD guidelines are in bold, italic, underlined and shaded form and available at DPE's website <http://dpemou.nic.in/> on home page under the heading 'MoU 2012-13'.


 19.12.2011
 (J R Panigrahi)
 Director (MoU)
 Tel.: 011- 2436 0841

To :

1. Secretaries of all Administrative Ministries / Departments
2. Chief Executives of all CPSEs

No. 3(9)/2010-DPE (MoU)
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhawan
Block No. 14, CGO Complex
Lodhi Road, New Delhi
Dated: 23rd September, 2011

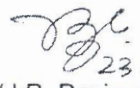
OFFICE MEMORANDUM

Sub: Guidelines on (i) Research & Development and (ii) Sustainable Development for Central Public Sector Enterprises (CPSEs)

The undersigned is directed to enclose Guidelines on (i) Research & Development and (ii) Sustainable Development for Central Public Sector Enterprises. These Guidelines issue with the approval of Minister, Heavy Industries & Public Enterprises.

2. These Guidelines are available on DPE website
<http://dpemou.nic.in/MOUFiles/R&D.pdf> and
http://dpemou.nic.in/MOUFiles/Sustainable_Dev.pdf.
3. CPSEs are requested to implement these Guidelines with immediate effect. However, for the purpose of Performance Evaluation under the MoU system, these Guidelines will take effect from the year 2012-13.
4. All the administrative Ministries/Departments are requested to take note of the above Guidelines and bring these Guidelines to the notice of CPSEs under their control for necessary action.

Encl: as above


23.09.2011
(J.R. Panigrahi)
Director (MoU)
Tel. 24360841

To:

1. Secretaries of all administrative Ministries/Departments
2. Chief Executives of all CPSEs

Guidelines on Sustainable Development for CPSEs

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1. Introduction and Scope

Introduction

1.1 Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable Development involves an enduring and balanced approach to economic activity, social progress and environmental responsibility.

1.2 The Ministry of Environment & Forests in 2006 issued the National Environment Policy (NEP) as a “response to our national commitment to a clean environment as mandated in the Constitution in Articles 48A and 51A (g) and strengthened by judicial interpretation of Article 21.....

The NEP is intended to mainstream environmental concerns in all development activities.....

The dominant theme of the policy is that while conservation of environmental resources is necessary to secure livelihoods and well-being of all, the most secure basis for conservation is to ensure that people dependent on particular resources obtain better livelihoods from the fact of conservation than from degradation of the resource.”

1.3 From the year 2010-11, the Department of Public Enterprises has included Sustainable Development as a compulsory element for CPSEs under “Non-Financial Parameters” having a 5% weightage (5 Marks) in MoU for CPSEs.

1.4 The Guidelines on Sustainable Development (SD) will help to eliminate ambiguity and bring uniformity to the process by specifying the mandate and scope of activities to be performed by CPSEs for Sustainable Development.

1.5 The Guidelines cover projects, activities, expenditure, documentation and monitoring of Sustainable Development initiatives. In the event that a CPSE is unable to adhere or comply with the Guidelines, it shall inform its stakeholders about the aspects of the Guidelines the company was unable to follow either partially or fully.

- 1.6 Sick and / or loss making enterprises need not commit any specific expenditure to SD but may try to attain SD objectives through saving / conservation activities or by collaboration / cooperation with other private / public organizations.
- 1.7 CPSEs shall ensure that a project/activity classified under these guidelines should not be reflected in both the categories of Corporate Social Responsibility (CSR) or Research & Development (R&D). *That is to say one activity must be classified under only one category.*
- 1.8 CPSEs may participate in platforms and forums with a view to sharing past and current efforts and promoting best practices. To this end the DPE may encourage the creation of such platforms and forums.
- 1.9 The SD guidelines will assist CPSEs in implementing their policy, projects/activities and aligning suitably the organizational structure for achieving the goal of Sustainable Development.
- 1.10 CPSEs shall select and implement their SD projects/activities from the following items of Schedule A (core) and Schedule B (specific):

Schedule A

- Waste Management
 - Water Management
 - **Energy Management and Promotion of Renewable Energy**
 - Biodiversity Conservation
 - Material & Natural Resource Management
 - Any other area which may be included from time to time
-

Schedule B

- Carbon Management
- Supply Chain
- External Charters / Mandates
- Life Cycle Analysis
- SD Reporting

- Training
 - Any other area which may be included from time to time
-

Scope

1.11 The guidelines will assist CPSEs in aligning SD into the core of their business planning. Projects/activities which are under the control and influence of the CPSE (including on and off site operations, processes, etc.,) shall be covered under the guidelines.

1.12 The SD projects/activities can also be integrated into a CPSE's existing Environmental Management Systems (EMS) or other sustainability initiatives.

1.13 Projects/activities selected for SD shall be over and above the applicable legal requirements to which CPSEs have to comply.

1.14 To qualify as an SD activity under these guidelines, such an activity **must be**

- a clearly identified project with a start date, end date and a specifically allocated annualized budget,
- having monitorable and measurable performance indicators clearly identified before its commencement.

1.15 To qualify as an SD activity under these guidelines, such an activity **must not be**

- a part of the core business of the CPSE(i.e. something which it is in any case stated to do)
- one implemented in compliance of the applicable legal/statutory requirements.
- an activity which primarily benefits the staff of the CPSE.
- an uncoordinated voluntary effort by members of the staff of the CPSE.
- mere grants/assistance to organizations and institutions.

2. Policy and Planning

Policy

- 2.1** Sustainable Development (SD) initiatives need to be policy driven to ensure efficient and effective implementation across the CPSE. The CPSE shall define its SD policy and the related scope. The policy shall:
- a. be appropriate to the nature and scale of the CPSE's activities, products and services.
 - b. be defined by the items, under Schedule A and Schedule B, that are applicable to the CPSE.
 - c. define a specific organization structure for guidance, implementation, monitoring and review of the projects/activities and targets for SD.
 - d. be documented, implemented, maintained, and communicated to all persons working for the organisation, and on behalf of it.

CPSE's SD policy may be aligned with its existing policies and management systems to further enhance its existing practices.

- 2.2** Based on their SD policy, the CPSE's should develop plans to achieve the goals of the projects/activities. These should be categorised either as long, medium or short term. Short term projects/activities shall be those that have duration of less than 2 years. Medium term projects/activities shall have duration from 2 to 5 years, while long term projects/activities shall have duration of more than 5 years.

Planning

- 2.3** CPSE's Sustainable Development Plan shall clearly specify the projects/activities for implementation as well as procedures and methodologies for monitoring results and modalities of concurrent and final evaluation. It shall also clearly specify information regarding mandatory documentation of SD efforts and the results expected.
- 2.4** Each CPSE shall define the SD projects/activities to be undertaken according to the items of Schedule A and Schedule B, the CPSE's existing activities and operations. Projects/Activities with completion targets that exceed one year shall be required to detail annual targets for the project in each year of its

implementation. Section 3.5 gives the details that the CPSEs shall have to document for their SD Plan.

- 2.5** Each CPSE shall have to undertake projects/activities from a minimum of 2 items of Schedule A and at least one item of Schedule B in line with their operations & business strategy.

Schedule A covers the following items:

a. Waste Management

CPSE shall be expected to implement measures for waste management including the reduction, re-use and recycling of waste materials through proper means. Such projects/activities may also include process innovations including substitution of materials.

b. Water Management

CPSE shall be expected to implement measures for efficient water usage. This can be achieved through various means such as management of water resources for industrial / domestic purposes including ground and surface water.

c. Energy Management and Promotion of Renewable Energy

CPSE shall be expected to implement measures to optimize usage of energy and increase energy efficiency throughout the organization, in the form of both fuel and electricity. CPSEs may consult the Bureau of Energy Efficiency's Guidelines on Energy Efficiency while deciding on projects/activities under energy management. Projects / activities related to renewable energy / alternative energy / voluntary procurement of Renewable Energy Certificates (RECs) would also be considered under Energy Management.

d. Biodiversity Conservation

CPSE shall be expected to implement measures for Biodiversity Conservation which is the practice of protecting, conserving and restoring/reclaiming the ecosystem. The Biological Diversity Act, 2002 defines Biodiversity as "the variability among living organisms from all sources and the ecological complexes of which they are part, and includes diversity within species or between species and of eco-systems."

e. Material & Natural Resource Management

CPSE shall be expected to implement measures for ensuring the management of natural resources such as land, water, air, soil, minerals or any other related resources. Natural resource management specifically focuses on a scientific and technical understanding of resources, ecology and life-supporting capacity of those resources for both present and future generations.

Schedule B covers the following items:

a. Carbon Management

CPSE can implement carbon management measures across its activities and operations in a phased manner. Carbon management measures would include steps to reduce carbon intensity of organizations activities / operations. Projects / activities under carbon management can also be linked to appropriate missions of National Action Plan on Climate Change and / sectoral initiatives such as those by the steel and cement sectors. CPSEs may purchase RECs to offset their Carbon Footprints.

b. Supply Chain

CPSEs are encouraged to initiate and implement measures aimed at greening the supply chain. This also includes the projects / activities taken up by CPSEs with specific focus on introducing the aspects of SD to their supply chains.

c. External Charters / Mandates

This covers project / activities related to providing support for external charters / mandates. In case the CPSEs are paid signatories / members of any external charters / mandates, merely reporting on the same will not be considered. In such cases, active involvement of the CPSEs will have to be demonstrated in terms of individual or group projects / activities executed.

d. Life Cycle Analysis

CPSEs can implement measures for mapping the life cycle impacts of their products / services offered. CPSEs can include projects / activities related to reducing the life cycle impacts of products / services during manufacture or



use or disposal phase. Life cycle impact assessment studies based on ISO 14064 can also be considered here.

e. SD Reporting

Each CPSE shall be expected to report on their SD performance on the public domain. This reporting can be based on any of the globally available guidelines on reporting of SD performance. External assurance of such reports would help increase the weightage of such projects / activities. Mere reporting of SD intentions / forward looking statements will not be considered.

f. Training

CPSEs shall be expected to train its personnel and partners in aspects of SD. All projects / activities related to creating awareness on the CPSEs' SD initiatives amongst its personnel / partners can be considered here. The CPSEs can also consider introducing mandatory hours of SD training for all personnel.

3. Implementation and Operation

Resources, Roles and Responsibility

- 3.1 The management of the CPSEs shall ensure the availability of resources essential to maintain its SD projects/activities. Resources shall include human resources, organizational infrastructure, technology and financial resources. Roles and responsibilities shall be defined, documented and communicated to facilitate the effectiveness of the projects/activities. The minimum financial resource allocation for CPSEs is as given below:

Category of CPSEs Net Profit after Tax (previous Year)	Minimum expenditure for SD projects / activities (Financial Year) (% of profit)
<ul style="list-style-type: none">• Less than 100 crore• 100 crore and above	<ul style="list-style-type: none">• 0.5% of Profit After Tax• Rs 50 lakh plus 0.1% of Profit after Tax (PAT) exceeding Rs 100 crore

This SD budget should be fixed for each financial year. This funding will not lapse. It will be transferred to a SD fund which will accumulate as in the case of the non-lapsable pool for the North East.

- 3.2 Each CPSE shall put in place a specific organizational structure to steer the SD projects and activities. This structure shall define key responsibilities within the various levels of an organization for implementing SD and shall include top to bottom and bottom to top involvement throughout the CPSEs.
- 3.3 Each CPSE shall form a Board-level Designated Committee on Sustainable Development headed by Independent Director as its Chairman to approve SD Plan and oversee the SD performance.

Documentation

- 3.4 A brief description of the CPSE's SD policy, projects and activities may be made available on the CPSE's website, be clearly signposted, and be available in hard copy.

3.5 CPSEs shall clearly specify and document the following:

- a. SD policy.
- b. Objectives of the long, medium and short term plans of the CPSEs.
- c. Projects/activities to be undertaken as a part of the long, medium and short term plan(s), and the description of the projects/activities including its planning, implementation and monitoring.
- d. Resource allocation for the projects/activities.
- e. Defined Responsibilities and Roles.
- f. Expected major measureable and perceivable results/deliverables.

3.6 The planning, implementation and monitoring of all projects have to be documented meticulously. All achieved milestones of projects/activities should be well supported by documentary evidence in form of photographs, and /or reports, wherever applicable. Further the documentation has to be supported by adequate internal / external review.

3.7 CPSEs may, independently or in collaboration amongst themselves, sponsor, develop and implement projects/activities. They may involve external, specialised agencies if required.

3.8 CPSEs shall ensure that necessary capacity building activities and training are provided to their internal staff and external partners. The level of this activity may be considered as an indicator with appropriate weightage.

Research, Advocacy, Promotion and Development

3.9 The Department Of Public Enterprise, in conjunction with National Foundation for Corporate Social Responsibility under the Indian Council of Corporate Affairs, Ministry of Corporate Affairs, and the CPSEs, will create a National SD Hub which will undertake / facilitate the following activities:

- Nation-wide compilation, documentation, and creation of database of SD projects / activities and initiatives of CPSEs;
- Advocacy;
- Research;
- Accreditation of external independent agencies / specialists / consultants for project review;



- Promotional activities, including production of short films, printing of brochures, pamphlets, promotional materials, etc.;
- Coordinated training activities connected with SD
- National and International Conferences, Seminars, Workshops, etc.;
- Think Tanking and Collaboration with external agencies to create a SD Think Tank;
- Setting up a National Data Centre;
- Any other matter as entrusted to it from time to time by the Department of Public Enterprises (DPE);
- Any other activities that it deems fit for the promotion of Sustainable Development.

3.10 CPSEs shall ensure that every project / activity undertaken by them shall be communicated and listed on the central database created by the HUB. *Any project/ activity that does not appear on the database of the HUB will be rated as "Poor" in SD during MoU evaluation (This will become applicable from the time that the Hub becomes fully operational).*

4. Monitoring and Review

- 4.1 Monitoring of Sustainable Development projects/activities is crucial and needs to be conducted periodically. Monitoring helps those involved with SD projects/activities to assess if progress is being achieved in line with expectations. It serves to drive accountability and transparency, informed decision making about project design and management, and provides for learning to implement into future projects. Systematic and structured reporting process will facilitate accountability and transparency between the CPSEs and their internal and external stakeholders
- 4.2 For every project/activity, relevant and appropriate performance indicator shall be identified to compare the actual performance of the project/activity with the planned performance. **(Refer Annexure II - Guidance on Selecting Performance Indicators).**
- 4.3 CPSEs shall implement a monitoring mechanism by its defined organizational structure with clear roles and responsibilities for every project/activity comprising of the following steps:
- a. Creating a logical model and identifying relevant performance indicators for the project/activity
 - b. Conducting a baseline assessment in order to be able to monitor progress
 - c. Monitoring and collecting data of the performance indicators to help gauge the actual performance of the project/activity. This will be done on a quarterly basis or at different frequencies depending on the nature of the performance indicators.

Internal Audit and Verification

- 4.4 CPSEs shall conduct internal review of projects/activities at regular intervals.

Management Review

- 4.5 The top management of the CPSEs shall review the SD projects/activities to ensure that these are implemented efficiently and effectively.

Communication to Stakeholders

- 4.6 CPSEs may publish/communicate information on their SD projects/activities in a structured manner to all their stakeholders and the public at large.

- 4.7** The management shall ensure that appropriate and necessary information that describes the CPSEs' environmental performance is communicated throughout the company. This will allow the internal stakeholders to fulfil their responsibilities to help the CPSEs reach the planned SD performance. The organization may also issue environmental reports or statements that provide information describing its SD policy and related activities to external stakeholders.
- 4.8** Each CPSE shall prepare a stand-alone Sustainability (or related terms like Sustainable Development, Corporate Responsibility, etc.) Report or include a separate chapter in its Annual Report on its implementation of SD projects/activities including information related to physical and financial progress.

5. Project Evaluation

- 5.1 The performance of a project/activity shall be evaluated based on its objective, scope, deliverables and benefits.
- 5.2 Each CPSE shall mention clearly the SD projects/activities and performance indicator which is considered to be the most important/vital for each project at the time of submission of draft MoU. The CPSE will also specify the weights assigned and targets/milestones against each of the project/activities under a five-point scale (Excellent, Very Good, Good, Fair, Poor) of the MoU.
- 5.3 Each CPSE shall discuss the targets and performance indicator of SD projects/activities with the respective Task force, Syndicate Group in the MoU Negotiation meetings. After deliberations, these projects/activities along with performance indicators to be achieved shall be incorporated in the MoU signed. Once the performance indicators are decided in the MoU, evaluation will be based on actual achievement at the end of the year vis-à-vis targets.
- 5.4 Results/benefits of long term SD projects/activities may not accrue in short run or during the year of MoU under consideration, in such a situation the progress made in the efforts made may be taken into consideration. The concurrent as well as final evaluation of the project activity shall be carried out preferably by an external independent agency / specialist / consultant. For purposes of convenience the following may be referred to:
- QCI accredited consultants on the website of Ministry of Environment and Forests;
 - Energy auditors certified by Bureau of Energy Efficiency;
 - Certified personnel from other CPSEs;
 - Any other agencies / specialists / consultants duly certified by Government bodies.

A report of the actual performance of the CPSE's SD projects/activities shall be prepared by the Evaluator, preferably external and be enclosed with its evaluation report for scrutiny and evaluation by the Task Force.

5.5 At the year end, each CPSE shall submit the evaluation report on the SD performance in MoU including actual achievement in respect of expenses on SD as a percentage of PAT and achievement of performance indicator in respect of each of the projects/activities under SD, after passing through the CPSE's top management (Board of Directors or its Designated Committee on SD, etc.) and scrutiny by administrative Ministry/Department. The DPE/Task force will evaluate the actual performance vis-à-vis targets in MoU and award the final score.



6. Filling up Target Setting cum Evaluation Template and Mark / Weight Allotment Procedure for MoU

- 6.1** Each CPSE would be evaluated under the MoU framework for its achievement in the area of SD.
- 6.2** For this purpose, each CPSE would be required to select any 5 Projects i.e. Any 3 projects from Schedule A and any 2 from Schedule B (Ref Annexure I).
- 6.3** CPSE's actual performance vis-à-vis MoU targets on SD will be evaluated on the basis of the following:
- a) SD expenses incurred and
 - b) progress made in respect of chosen projects
- 6.4** CPSE will submit the requisite information on SD in the prescribed Target Setting cum Evaluation Template given at Annexure III at the time of :
- (i) Submission of the draft MoU to the Task Force Syndicate and
 - (ii) Submission of self-evaluation report on or before 31st August each year i.e. just before MoU Performance Evaluation by Task Force

During Submission of Draft MoU

CPSE is required to submit the Projected Annual Expenditure on SD on a five-point scale (Excellent, Very Good, Good, Fair and Poor) (Table 2); 5 Chosen SD Projects along with one performance indicator for each and performance target values on a five-point scale (Excellent, Very Good, Good, Fair and Poor) at the time of submission of draft MoU (Table 3).

During Submission of Performance Evaluation Report

CPSE is required to submit the details of composition of Board or its Designated Committee on SD; regular SD Meetings held, Key decisions taken (Table 1); Total Expenditure incurred for the year on SD and its percentage of Profit after Tax (PAT) (Table 2); actual performance achievement as compared to target value in respect of performance indicator for each of 5 chosen projects (Table 3); total number of chosen projects evaluated by Independent External Agency/Expert/Consultant (Table 4) and Publication of SD Performance

Report (Table 5), on or before 31st August every year. **CPSE is not required to fill up the Score allotted for each Table as the same will be allotted by the Task Force during evaluation of the MoU.**

6.5 Target Setting cum Evaluation Template consists of 5 Tables, details of which are as under:

6.5.1. Table 1: CPSEs shall submit the details of approval of Specific SD Plan and SD Budget, by Board of Directors at the time of submission of draft MoU. In case the details of approval of Specific SD Plan and SD Budget by the Board of Director are not submitted at the appropriate time, "Poor" grade will be awarded at the time of evaluation of MoU.

SD policy will be made available on the website of all CPSEs.

Creation of Board level Designated Committee on SD and minutes of regular committee meetings duly signed by the members will have a weightage of 0.5 out of 5 on SD in the MoU.

6.5.2 Table 2: SD Budget as a percentage of PAT- Each CPSE shall indicate proposed SD budget as a percentage of Profit after Tax (PAT) of the previous year at the time of submission of draft MoU. It will have a weightage of 1 out of 5 on SD in the MoU.

With a view to distinguishing "Excellent Performance" from "Poor Performance", five different performance targets of projected annual expenditure on SD on a five-point scale (Excellent, Very Good, Good, Fair and Poor) shall be fixed in the MoU.

At the end of the year, during performance evaluation of MoU, CPSE shall indicate actual expenditure incurred on SD, as percentage of Profit after Tax (PAT). This should be verified by an Independent Expert or the SD Committee.

6.5.3. Table-3: Projects Chosen by CPSE-

Stage-1: Each CPSE shall submit 5 SD projects (any 3 Projects under Schedule A and any 2 under Schedule B - Illustrative list of projects at Annexure I) at the time of submission of draft MoU to the Task Force.

Each CPSE is required to indicate one performance indicator (illustrative list in Annexure II), which it considers to be the most important/vital /key indicator for each project at the time of submission of draft MoU.

Each CPSE shall assign due weightage to each project at the time of submission of draft MoU. Total weightage for projects chosen will be 2.5 out of 5 on SD in MoU.

Stage 2: During the negotiation meetings, Task Force will discuss SD Projects/Activities and key performance indicators. With a view to distinguishing “Excellent Performance” from “Poor Performance”, five different performance targets on a five-point scale (Excellent, Very Good, Good, Fair and Poor) shall be fixed in the MoU. The Task Force can add/delete/modify the SD Projects, performance indicators, target values and weights.

After deliberations during the negotiation meetings, such projects along with target values against performance indicator(s) and weights as approved by Task Force shall be incorporated in the MoU. However, a CPSE can substitute only one project out of those agreed in MoU during the course of the performance year provided a notice indicating the intention to substitute the same is given to the Task Force member In-charge of SD, three months before the start of the project.

6.5.4 Table 4:

Each CPSE is required to submit documentary evidence in respect of Evaluation of SD projects by Independent External Agency/Expert/Consultant, which will carry a weight of 0.5 out of 5.

6.5.5. Table 5:

Documentation and reporting of SD will be in the form of a stand-alone SD Report or a chapter as a part of the Annual Report which will carry a weight of 0.5 out of 5.

6.6 Assessment of SD in MoU

At the year end, each CPSE shall submit Self-Evaluation Report on SD performance in respect of:

- (i) Actual expenses on SD as against agreed target and as a percentage of PAT (Table 2),
- (ii) Actual achievements/milestones in respect of each SD project/activity agreed in MoU target (Table 3).
- (iii) Evaluation of SD Projects by Independent External Agency/Expert/Consultant (Table 4)
- (iv) Information in respect of documentation i.e. publication of SD Report (Table 5)

Such Self - Evaluation Report of each CPSE shall be duly supported by a report of Independent External Agency/Expert/Consultant.

- 6.7** Each CPSE shall submit the evaluation report to DPE after approval of the Board Directors and through the Administrative Ministry. The Task Force, after due scrutiny, will award the final score out of 5 on Sustainable Development.



Annexure - I

Schedule A

Suggested list of Projects/Activities that may be implemented

The projects/activities given below are only indicative and not exhaustive.

Waste Management

- Cleaner Waste Treatment Processes
- Substitution of Hazardous Chemicals with Cleaner Alternatives
- Recycling / Reduction / Reuse of Waste (in Process)
- Responsible Waste Disposal Practices
- Waste to Energy
- Waste Foot printing

Water Management

- Aquifer Recharging
- Desalination Plants
- Effluent Reduction and Control (beyond statutory requirements)
- Rain Water Harvesting
- Recycling of Sewage Water
- Water Foot Printing
- Watershed Development
- Revival, Maintenance and Upkeep of Natural Water Bodies
- Waste Water Contaminant Reduction

Energy Management and Promotion of Renewable Energy

- Captive Power Generation (Based on clean /alternative fuel)
- Cleaner Coal Technologies
- Energy Efficiency
- Energy Conservation
- Renewable / Cleaner / Alternative Energy Usage / **Voluntary procurement of Renewable Energy Certificates (RECs)**
- Registration of CDM Projects

Biodiversity Conservation

- Land Rehabilitation
- Afforestation
- Flora and Fauna Conservation

- Soil Conservation
- Restoration / Remediation of Habitats (Beyond Compliance)

Material & Natural Resource Management

- Reduce, Re-use and Recycling of Materials and Resources
- Regeneration of Natural Resources
- Material Footprint
- Reduction of Material Intensity
- Reduction of Virgin Material Consumption
- Use of Waste from Other Industries as replacement of natural resources

Others

- Funding and Participating in External Sustainable Development projects/activities like Global Gas Flaring project, Global Methane initiative, Renewable Energy and Energy Efficiency Partnership, SD partnership programs initiated by various state governments and also by the central government, etc.
- Green Buildings
- Reduction of Air Emissions (SPM / SO_x / NO_x / VOCs / POPs / etc.) (Beyond Compliance)
- Reduction of Noise Emissions (Beyond Compliance)

Schedule - B

Suggested list of Projects/Activities that may be implemented

The projects/activities given below are only indicative and not exhaustive.

Carbon management

- Green house gases (GHG) emission reduction initiatives
- Carbon foot printing
- Low carbon strategy development and implementation
- **Development** of Clean development mechanism (CDM) projects

Supply chain

- Greening of supply chain
- Conducting promotional activity on aspects SD performance at supplier premises

External charters / mandates

- Adherence to global initiatives and suitable project selection / development thereof :
 - UN Millennium Development Goals
 - UN Global Compact Principles
 - ISO 26000:2010
 - Any other charter / mandate / program on SD

(Merely being signatory to UNGC / UNMDG will not be considered unless a project / activity within the principles / goals contained therein, is implemented and the same is covered under the Communication on Progress (COP)

Life cycle analysis

- Study of life cycle environmental impacts of products / services offered
- Development of products / services with a low environmental (material intensity, water, energy, waste, GHG emission, biodiversity impact, or all) footprint
- Development of products and services that help to reduce environmental footprint at consumer end (e.g. providing finance for SD projects, developing of rapid transport systems, etc.)

SD reporting

- Reporting and disclosure on sustainable development issues, performance, and practices based on:

- GRI G3 Guidelines
- CDP and water disclosure parameters
- API / IPIECA Guidelines for Oil & Gas sector
- WBCSD focus areas
- UNGC Water mandate
- IFC EHS guidelines
- Any other

Training

- Training of employees, contract labour, vendors, suppliers, partners, local communities and other stakeholders on aspects of SD.
- Creating mandatory hours of SD training for employees

Annexure - II

Guidance on Selecting Performance Indicators

For each project/activity under the defined items of Schedule A and Schedule B, corresponding performance indicator(s) may be identified, monitored and measured to gauge the actual performance of the project that has been taken.

There can be 3 types of indicators:

a. Environmental Condition Indicators (Ambient) (ECI)

Indicators that influence the local, regional, national or global condition of the environment, ecology and energy

b. Operational Performance Indicators (OPI)

Indicators that impact the:

- Inputs of materials, energy and services
- Design, installation, operation and maintenance of the facilities and equipment
- Outputs of products, services, wastes and emissions (recycled, reused materials, etc.)

c. Management Performance Indicators (MPI)

Indicators that are based on:

- Implementation of policies and programmes (trainings)
- Resource allocation & efficient utilisation
- Financial performance (environmental cost management)
- Community relations (interactions on environmental issues)

Examples of Performance Indicators for Projects under items of Schedule A

• **Waste Management**

- **Project Objective(s):** To reduce hazardous waste generated
- **ECI:** Concentration of toxic contaminants in waste outlet stream.
- **MPI:** Percentage of targets to achieving project objective that have been successful as planned.
- **OPI:** Amount of hazardous waste produced per unit of product.

• **Water Management**

- **Project Objective(s):** To reduce water consumption

- **ECI:** Concentration of contaminants in water inlet to plant.
- **MPI:** Cost of Water Savings after implementation of project/activity to achieve objective
- **OPI:** Water consumption per unit of product
- **Energy Management**
 - **Project Objective(s):** To increase the energy efficiency
 - **MPI:** Number of persons trained in implementing Energy Management Systems in the plant.
 - **OPI:** Energy used annually per unit of product
- **Renewable Energy**
 - **Project Objective(s): promote utilization of Renewable Energy.**
 - **MPI: Resource allocation for setting up of RE generation projects and / or Voluntary procurement of RECs.**
 - **OPI: Percentage of total electricity used from renewable energy either through purchase of RE or RECs.**
- **Biodiversity Conservation**
 - **Project Objective(s):** To implement initiatives to protect a particular animal species in the vicinity of the plant
 - **ECI:** Population of specific animal species within a defined area
 - **MPI:** Percentage of initiatives targets that have been achieved
- **Material & Natural Resource Management**
 - **Project Objective(s):** To implement initiatives to ensure the soil quality in the surrounding area of the plant
 - **ECI:** Contaminant concentration in soil
 - **MPI:** Percentage of initiatives targets that have been achieved

Annexure - III

SD Performance Target Setting Cum Evaluation Template

1. To be Filled and Submitted by each CPSE to the Task Force prior to Annual Target Setting as well as prior to Performance Evaluation of MoU.
2. Circuit Breaker: Any CPSE which has not got its Specific SD plan and SD Budget passed by its Board or its Designated Committee will automatically be rated as 'Poor' in SD of MoU.
3. CPSE, while submitting self-evaluation report to DPE, will not fill up score allotted for each table and the total score, as the same will be awarded by the Task force at the time of performance evaluation of the MoU.

S.No.	Activity	
1	Whether Specific SD Plan and Budget passed by Board or its Designated Committee	Yes / No No. and Date of Board Resolution
	1	2

Table 1. SD Committee details ()

Board level Designated Committee Name	Chairman of Board level Designated Committee	Number of regular meetings held	Key decisions during the year
1	2	3	4

Total Score for this Table	0.5
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Score allotted by the Task Force	
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Table 2 Total SD Expenditure as a percentage of PAT			
*Target Value as % of PAT (on a five-point scale: Para 6.5.2 of Guidelines)	Total expenditure (Current FY) (Rs lakhs)	Profit after tax (Previous FY) (Rs lakhs)	Actual Expenditure as % of PAT
1	2	3	4
Total Score for this Table			1.0

Score allotted by the Task Force	
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* Note: - The projected annual expenditure as % of the PAT for the performance year will be considered as target for the year.

Table 3 Projects Chosen by CPSE							
Sr. No.	Schedule A / B	Project / activity (Please refer Annex-I)	Performance Indicator (Please Refer Annex- II and Para 6.5.3 of Guidelines)	Total expenditure on Project / Activity (Rs lakhs)	Duration S / M / L	Target Set (on a five-point scale: Para 6.5.3 of Guidelines)	Target Achieved
1	2	3	4	5	6	7	8
1	A						
2	A						
3	B						
4	A/B						
5	A/B						

Total Score for this Table	2.5
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Score allotted by the Task Force	
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Table 4- Evaluation of Projects

No. of projects evaluated by an Independent External Agency/ Expert/ Consultant, etc.

Total Score for this Table**0.5****Score allotted by the Task Force****Table 5 - Publication of SD Performance Report**

Activity	Yes / No	Mode of SD Report (If reported, whether a stand-alone SD Report or a part of Annual Report, etc.)
1	2	3
SD performance Report		

Total Score for this Table**0.5****Score allotted by the Task Force****Total Score of all Tables****5****Total allotted Score for all Tables**