

CIL'S POLICY FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)

I. PREAMBLE

The concept of Corporate Social Responsibility has gained prominence from all avenues. Organizations have realized that Govt. alone will not be able to get success in its endeavor to uplift the downtrodden of Society. With the rapidly changing corporate environment, more functional autonomy, operational freedom etc. Coal India has adopted CSR as a strategic tool for sustainable growth. For Coal India in the present context, CSR means not only investment of funds for Social Activity but also Integration of Business processes with Social processes.

Even much before the issue of CSR became global concern, Coal India was aware of its Corporate Social Responsibility and was fulfilling the aspiration of the Society through well-defined "Community Development Policy" within the periphery of 8 Kms. of the Project sites. This has resulted into a harmonious relationship between Coal India and the peripheral Communities.

II. Introduction:

The Mines of Coal India and its subsidiaries are located in different parts of the country spread in 8 States, and relatively in isolated areas with little contact to the outside society. Mining of coal has profound impact on the people living in and around the areas where the mines are established. The obvious impact of the introduction of any production activity in such areas change the traditional lifestyle of the original inhabitants and indigenous communities and also change the socio-economic profile of the Area. Hence, the primary beneficiaries of CSR should be land oustees, PAP and those staying within the radius of 25 Kms of the Project. Poor and needy section of the society living in different parts of India should be second beneficiaries.

In the aforesaid backdrop, policy on Corporate Social Responsibility of CIL **has been framed after incorporating the features of the Companies Act 2013 and as per notification issued by Ministry of Corporate Affairs, Govt. of India on 27.02.2014 as well as DPEs guidelines and broadly covers** the following: -

- a) Welfare measures for the community at large, so as to ensure the poorer section of the Society derived the maximum benefits.
- b) Contribution to the society at large by way of social and cultural development, imparting education, training and social awareness specially with regard to the economically backward class for their development and generation of income to avoid any liability of employment.
- c) Protection and safeguard of environment and maintaining ecological balance.

III . O B J E C T I V E

The main objective of CSR policy is to lay down guidelines for the coal companies to make CSR a key business process for sustainable development for the Society. It aims at supplementing the role of the Govt. in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of their activities. CIL will act as a good Corporate Citizen, subscribing to the principles of Global Compact for implementation.

IV. AREAS TO BE COVERED

The poor and needy Section of the Society living in different parts of India would normally be covered. The CSR Programme will also cover the existing components of Special Corporate Plan (SCP) and Tribal Sub Plan (TSP) for development of the SC and ST population besides development components for the entire population.

- **In respect of Subsidiary Companies of CIL**, for carrying out CSR activities, 80% of the budgeted amount should be spent within the radius of 25 Km of the **Project Site/Mines/Area HQ/Company HQ** and 20% of the budget would be spent within the State/States in which the subsidiary companies are operating.
- **In respect of CIL (HQ)**, CSR should be broadly executed on All India basis including the areas under Subsidiary Companies.
- **CIL(HQ)** being a Holding Company shall also execute CSR activities for supporting the subsidiaries.
- **In case CSR budget of any subsidiary company is exhausted**, the concerned CMD of that company may refer the particular CSR activity/ project/program to CIL which are considered to be emergent/important by the concerned CMD.

V. ALLOCATION OF FUND

- (i) For subsidiaries of CIL, fund for CSR should be allocated based on 2% of average net profit of the company for the three immediate preceding financial years or Rs. 2.00 per tonne of coal production of previous year whichever is higher.
- (ii) For CIL (Standalone), fund for CSR should be allocated based on 2% of average net profit of CIL (Standalone) for three immediate preceding financial years or Rs. 2.00 per tonne of total consolidated coal production of CIL as a whole of previous year whichever is higher and
- (iii) The unspent amount in CSR budget in a particular year will not lapse and shall be added with CSR budget of subsequent years for CIL and its subsidiaries.

VI. SCOPE

As per Schedule VII of New Companies Act 2013 the following should be the Scope of Activities under Corporate Social Activities:

- i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
- ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and differently abled and livelihood enhancement projects;
- iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv) Ensuring environmental sustainability, ecological balance, protection of Flora and Fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water;
- v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries, promotion and development of traditional arts and handicrafts;
- vi) Measures for the benefit of armed forces veterans, war widows and their dependents
- vii) Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
- viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x) Rural development projects

VII. Implementation:

- a) The investment in CSR should be project based and for every project time framed periodic mile stones should be finalized at the outset.

- b) Project activities identified under CSR are to be implemented by Specialized Agencies. Specialized Agencies could be made to work singly or in tandem with other agencies. Specialized agencies would include:
 - i. Community based organization whether formal or informal.
 - ii. Elected local bodies such as Panchayats
 - iii. Voluntary Agencies (NGOs)
 - iv. Institutes/Academic Organizations
 - v. Trusts, Mission etc.
 - vi. Self-help groups
 - vii. Government, Semi -Government and autonomous organizations.
 - viii. Standing Conference of Public Enterprises (SCOPE)
 - ix. Mahila Mondals/Samitis and the like
 - x. Contracted agencies for civil works
 - xi. Professional Consultancy Organization etc.

- c) Activities related to Sustainable Development will form a significant element of the total initiatives of CSR. Such activities should come under the 3 UN Global Compact Principles pertaining to the Environment Business are asked to
 - a. Support a precautionary approach to environmental challenges
 - b. Undertake initiatives to promote greater environmental responsibility and
 - c. Encourage the development and diffusion of environmentally friendly technologies.

VIII. INSTITUTIONAL ARRANGEMENT

- a) All proposals under CSR activity would be examined by the CSR Committee keeping in view the Companies Act 2013, latest DPEs guideline together with cost benefit analysis. CIL is also in the process of recruiting executives in CSR discipline.

- b) **Till such time its own capability is established, the existing arrangement of getting the proposal examined by TISS would continue. Based on the recommendation of the Company Executives of CSR discipline/ TISS, CSR project proposals/ Programmes/Activities shall be deliberated in the meeting of CSR Committee consisting of HODs/ Senior Executives of different discipline, who in turn would examine and submit its recommendation to Dir. (P&IR)/ Dir. (P), as the case may be and thereafter based on the recommendation of Dir(P&IR)/Dir.(P), approval of the Competent Authority shall be accorded.**

- c) **CIL and Subsidiary Companies having net worth of Rs.500 Crore or more, or turnover of Rs.1000 Crore or more, or a Net Profit of Rs.5 Crore or more during any financial year shall constitute a Board Level Committee on CSR consisting of three or more Directors, out of which at least one Director shall be an Independent Director.**

d) The activities of the CSR Committee will also involve the following:

- i) Interact with the concerned State Officials/Govt. officials, **if required** to confirm the areas for undertaking activities under CSR and ensure to avoid duplicity of the job.
 - ii) To decide the priority of the activities to be undertaken under CSR.
 - iii) To interact with the CSR Implementing agencies for determining the activities to be undertaken.
 - iv) The Committee will monitor and review the progress of activities Undertaken/completed **from time to time.**
- e) Delegation of Power (DOP) for according approval of proposal would be a Under :
- **In respect of Subsidiary Companies of CIL, CSR projects/ programmes/activities** up to Rs. 25.00 lakhs (**Rupees Twenty Five**) shall be approved by the **concerned** CMD of subsidiary **companies** and proposals beyond Rs. 25.00 lakhs shall be approved by respective Boards.
 - **In respect of CIL(HQ), CSR projects/programmes/activities should be approved based on the value of the project as under:**
 - a) **CSR Project/Proposal having value less than Rs. 1.00 Crore (Rupees One Crore) shall be approved by Chairman, CIL.**
 - b) **CSR Project/Proposal having value Rs.1.00 Crore and above and below Rs.10.00 Crore shall be approved by CSR and Sustainable Development Committee of CIL Board.**
 - c) **CSR Project/Proposal having value Rs.10.00 Crore and above is to be recommended by CSR and Sustainable Development Committee for consideration of CIL Board.**
 - **C.S.R. Department of CIL and its Subsidiary Companies would act as “NODAL” Deptt. under the guidance of Director (P&IR), CIL and concerned Director (Personnel) of subsidiary companies as the case may be and would put up all CSR Projects/Programms/Activities to the C S R Committee after obtaining recommendation from TISS.**

IX Base Line Survey & Documentation

- a) Keeping in view the DPEs guideline baseline survey is not insisted upon in every case and flexibility would be granted to opt other method including use of in house expertise and recourses for need assessment studies.**
- b) The CSR activities for high value project (more than Rupees one crore) , base line survey may be carried out and cost benefit analysis has to be ascertained through the above survey. The base line survey may be carried out by an External Agency having proper credential in the field of social activities, as deemed fit by the CSR Committee.**
- c) The CSR activities for providing infrastructural facilities like medical college, institution, where social benefit is involved, baseline survey is not required. The cost benefit and justification for any project has to be ascertained.**
- d) Meticulous documentation relating t o CSR approaches policies, programmes, expenditures, procurement etc. should be prepared and put in the Public Domain, (particularly through the internet) and made available to the National CSR Hub.**

X. Monitoring

- a) The CSR Committee of CIL and its Subsidiaries or their representatives shall monitor the progress of work of ongoing projects from time to time and case to case basis or / the monitoring may be carried out by External Reputed Agency.**
- b) The CSR CELL constituted at CIL and subsidiary level should be headed by an E/8 level officer and will prepare the Annual Report on CSR Activities for placing the same before CSR & Sustainable Development Committee.**
- c) Board Level Committee on CSR and Sustainable Development of CIL as well as subsidiaries shall review the implementation of CSR activities in every six months a n d recommend the amount of expenditure to be incurred on CSR activities.**
- d) The CSR committee shall monitor the Corporate Social Responsibility policy from time to time.**
- e) If the company fails to spend the allocated budget in a particular year, the company shall specify the reasons for not spending the amount in the Directors Report.**

f) CIL as well as subsidiaries shall include a separate/chapter in the Annual Report on the implementation of CSR activities/project including the fact relating to physical and financial progress.

g) Utilization Certificate with statement of expenditure duly certified by a Practicing Chartered Accountant/Authorized Auditor will be submitted by the Organization/ Institution to whom CSR fund is allocated.

XI. UPKEEP AND MAINTENANCE OF ASSETS CREATED:

Maintenance of Assets created under CSR would be the Responsibility of the concerned State Government, local representative of the Society and concerned Non Government Organization (NGO) through which the CSR activities are implemented and an undertaking/consent would also be taken.

XII. REFLECTION OF CSR ACTIVITIES

Annual audit of all activities undertaken by the company would be done by local Authorized auditor. The CSR activities will be reflected in the Annual Report and Accounts of Coal India Limited under Social Overhead (CSR).

The Committee constituted in the area will inspect all sites and reflect the same to CSR Cell for their information, record and further action.

XIII. CONCLUSION

The above guidelines would form the framework around which the CSR activities would be undertaken. Every subsidiary Company should have specific activities to adopt mostly in their close vicinity of the projects extendable up to the affairs of the State to which it is belonging. In case of CIL, it should cover the CSR policy at national level.

This Policy will supersede earlier policies relating to CSR and will come into force with immediate effect.
