MCL’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 Government 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, MCL has adopted CSR as a strategic tool for sustainable growth. For MCL in the present context, CSR means not only investment of funds for social activity but also Integration of Business Processes with Social Processes.

II. INTRODUCTION:

The Mines of MCL and its HQ are located in 4 Districts of Odisha 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 Odisha should be second beneficiaries.

In the aforesaid backdrop, Policy on Corporate Social Responsibility of MCL has been framed after incorporating the features of the Companies Act, 2013 and as per notification issued by Ministry of Corporate Affairs, Government of India on 27.02.2014 as well as DPE 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. OBJECTIVE

The main objective of CSR Policy is to lay down guidelines for MCL to make CSR a key business process for sustainable development for the Society. It aims at supplementing the role of the Government in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of their activities. MCL 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 Areas of MCL 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 of Odisha in which MCL is operating.

In case CSR budget of MCL is exhausted, the CMD of MCL may refer the particular CSR activity/project/program to CIL which are considered to be emergent / important by the CMD.

V. ALLOCATION OF FUND

For MCL, 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.

The unspent amount in CSR budget in a particular year will not lapse and shall be added with CSR budget of subsequent years for MCL.

VI. SCOPE

As per Schedule VII of the 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 including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of 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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
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;

xi. Slum area development (declared as such by the Central or State Government).

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. The fund allocation for undertaking different project under schedule VII for different Area (including HQ) shall be done at the beginning of the year and shall be approved by the Board basing on the recommendation of BSC. However, 20 % would be spent for the people/ organization of peripheral areas and amount would be utilized as per DoP vested with MCL management with an intimation to State/District Authority to avoid duplicacy of work.

All the CSR work at Area level will be undertaken only with prior approval of Director (Personnel), MCL and put up to CSR Sub-committee of MCL HQ for review once in two months basis with an intimation to State/District Authority to avoid duplicacy of work.

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
viii. Standing Conference of Public Enterprises (SCOPE)
ix. Mahila Mandals/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

i. Support a precautionary approach to environmental challenges.

ii. Undertake initiatives to promote greater environmental responsibility and

iii. 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 DPE Guideline together with cost benefit analysis.

b) Based on the recommendation of the Company Executives of CSR discipline, 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 Director (P&IR)/Director (Personnel), as the case may be and thereafter based on the recommendation of Director (P&IR) / Director (Personnel), approval of the Competent Authority shall be accorded.

c) MCL 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 Officials / Committee at HQ and Project Level will also involve the following:

i. Interact with the concerned State Officials/ Government 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 any CSR project proposal in terms of the directive circulated by CIL and decision taken in FDs meeting earlier would be as under:

i. In respect of MCL, CSR projects /programmes / activities up to Rs. 25.00 lakhs (Rupees Twenty Five Lakhs) shall be approved by the CMD of MCL and proposals beyond Rs. 25.00 lakhs shall be approved by MCL Board on recommendation of CSR and Sustainable Development Committee of MCL Board.

ii. Project Proposal up to ₹ 10.00 lakhs shall be approved by Area CGM / GM on the recommendation of Area level CSR Committee. The Area level CSR Committee shall function under the Chairmanship of CGM/GM of Area.
- Project Proposal more than ₹ 10.00 lakhs up to ₹ 15.00 lakhs shall be approved by Director-in-charge of CSR/Director (Personnel) on the recommendation of CSR Committee at HQ. The CSR Committee at HQ shall function under the Chairmanship of Director-in-charge of CSR / Director (Personnel).

- Project proposal more than ₹ 15.00 lakhs up to ₹ 25.00 shall be approved by CMD, MCL on the recommendation of CSR Committee at HQ.

  iii. CSR Department of MCL will act as “NODAL” Deptt. under the guidance of Director (Personnel) of MCL and would put up all CSR Projects/ Programmes/ Activities to the CSR Committee after obtaining recommendation from different Areas of MCL or State administration/ RPDAC as the case may be.

f) Area / RPDAC / MCL, HQ shall act at tandem in order to avoid duplication of activities/projects. At the same time activities undertaken by State / Central authorities on deposit basis shall be a part of the MCL CSR activities.

IX. BASE LINE SURVEY & DOCUMENTATION

Keeping in view the DPE Guideline baseline survey in 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.

a) 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.

b) 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.

c) Meticulous documentation relating to 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

The CSR Committee of MCL shall monitor the progress of work of ongoing projects once in two months.

a) The CSR Cell constituted at MCL 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 at the beginning of the year.

b) Board Level Committee on CSR and Sustainable Development of MCL shall review the implementation of CSR activities in every six months and recommend the amount of expenditure to be incurred on CSR activities.
c) The CSR Committee shall monitor the Corporate Social Responsibility Policy from time to time.

d) 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.

e) MCL 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.

f) Utilization Certificate with statement of expenditure duly certified by a Practicing Chartered Accountant/Authorized Auditor/District Collector 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 MCL 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. MCL should have specific activities to adopt mostly in their close vicinity of the projects extendable up to the affairs of the State i.e. Odisha to which it is belonging.

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

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