

## **MCL 's POLICY FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)**

### **1) PREAMBLE**

Corporate Social Responsibility (CSR) is defined within a frame work of Corporate Philosophy which factors the needs of the community and the regions in which corporate entity functions. Policy on Corporate Social Responsibility of Central Public Sector Enterprises is mandatory as per guidelines issued by Govt. of India. Moreover as per Prime Minister's address on inclusive growth/challenges for Corporate entity in a modern democratic society, business must release its wider social responsibility. Corporate industry should invest in environment friendly technology and environment and ecology must be protected, safeguarded for future generations. The Committee on Public Undertaking in its 24<sup>th</sup> report " Social Responsibilities and Public Accountability " of Public Undertaking has brought out that Government believes in making PSEs growth oriented and technically dynamic. Since all PSEs can not be treated on equal footings for undertaking various types of social activities, it is the responsibility of each PSE to identify and implement Social Responsibilities keeping in view its financial ability to sustain such activities.

Policy in CSR of a Central Public Sector Enterprises is mandatory as per guidelines issued by DPE Ministry of Heavy Industries & Public Enterprises, Govt. of India.

In pursuant to this Coal India Limited has framed a policy for CSR applicable to CIL and its subsidiaries. On implementation of CSR policy by CIL, ₹5/- tonne or 5% of retained earnings which ever is higher is being allocated for CSR activities to be carried out in the following year.

Prior to implementation of CSR policy of CIL i.e 2010-11 ₹1/- per tonne was allocated towards community development to be spent in the periphery and the project were carried out by District administration & MCL with due approval of RPDAC.

### **2) INTRODUCTION :**

The Mines of MCL are located in different parts of the Odisha spread in 4 district 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 situated. 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, PAPs and those staying within the radius of 15 Kms of the Project. Poor and needy section of the society living in different parts of Odisha should be second beneficiaries. Moreover, MCL's CSR policy should be integrated with the business plan so that environment and social concerned are well addressed along with growth in business.

In the aforesaid backdrop, policy on Corporate Social Responsibility of MCL is broadly framed taking into account the following measures: -

- a) Welfare measures for the community at large so as to ensure the poorer section of the Society derived the maximum benefits.

- b) It will take care of landless and project affected persons. Proper rehabilitation of the land oustees/displaced persons based on R&R policy separately formulated and the expenditure on R & R issues would be included in the Project Cost.
- c) 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.
- d) Protection and safeguard of environment and maintaining ecological balance.

### 3) **OBJECTIVE**

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

### 4) **AREAS TO BE COVERED**

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

- MCL shall execute CSR within the radius of 15 Kms for every project and including Headquarters. MCL can approve specific cases of projects beyond 15 Kms of mining areas within the State of Odisha.

### 5) **SCOPE**

- i) Education
- ii) Water Supply including drinking water.
- iii) Health care by providing Indoor medical facilities and medicines
- iv) Environment
- v) Social Empowerment
- vi) Infrastructure for Village Electricity/Solar Light/Pawan Chaki etc. Recurring expenditure should be borne by the beneficiaries.
- vii) Sports and culture.
- viii) Generation of employment & setting up Co-operative Society.
- ix) Infrastructure Support.
- x) Grant/donation/financial assistance/sponsorship to reputed NGOs of the Society/locality doing/involve in upliftment of the standard of the society.
- xi) Heritage sites in the CSR purview ensuring involvement of employee's representatives in this Project.
- xii) Empowerment of women for education / health & self employment.

- xiii) Relief of victims and Natural Calamities like Earth Quake, Cyclone, Draught and Flood situation in any part of the country.
  - xiv) Disaster Management Activities including those related to amelioration/Mitigation.
  - xv) Development of smokeless fuel out of coal and also arrangement for distribution of efficient Chula to the villagers.
  - xvi) Adoption of village for carrying out the activities like infrastructural development e.g. road, water supply, electricity and community center etc.
- The above list is illustrative and not exhaustive. CMD may consider CSR activities not falling in this list. The activities will be specific to the village depending on the need assessed for the people. As far as possible efforts will be made to co-ordinate with similar CSR activities that are taken up by the Central or State Govt. All CSR activities should be environment friendly and acceptable to the local people and society .

(i) Education.

- ✓ Support to Technical/Vocational Institutions for their self- development.
- ✓ Academic education by way of financial assistance to Primary, Middle and Higher Secondary Schools.
- ✓ Adult literacy especially amongst those belonging to BPL.
- ✓ Awareness programmes on girl education.
- ✓ Counseling of parents.
- ✓ Special attention on education, training and rehabilitation of mentally & physically challenged children/persons.
- ✓ Spreading legal awareness amongst people and disadvantageous sections of the society about their rights & remedies available.
- ✓ Promotion of Professional Education by setting up educational institutions offering courses in Engg, Nursing, Management, Medicine and in Technical subjects etc. MCL will ask for reservation of seats for MCL's nominated students considering their different aspects.
- ✓ Provide fees for a period of one year or more to the poor and meritorious, preferably girl students of the school in the operational area of the Company to enable them to get uninterrupted education.

- ✓ Provide cycle to needy girl students who are attending school in remote and distant areas.
- ✓ Payment of MCL Scholarship to the Students belonging to SC & ST respectively in the 4 districts i.e Angul, Sambalpur, Jharsuguda and Sundargarh every year who are pursuing Engineering Degree Course (Graduation Course) in IITs, NITs and other Government Colleges and Diploma Engineering Course in Government Engineering College and (MBBS Course) Government Medical Colleges for meeting the reimbursement of tuition fees, Hostels fees (Accommodation charges) and Incidental Fee of Rs.10000/- (Rupees Ten thousand) only per academic session from the academic session 2010-2011 and onward.

The above Scholarships will be operated by MCL(HQ) through respective Government Engineering Colleges, Technology Institutes and Government Medical Colleges.

(ii) Water Supply including Drinking Water:

- Water Supply to village through mobile Tanker in summer till permanent Arrangement
- Installation/Repair of Hand Pumps/Tube Wells.
- Digging/Renovation of Wells.
- Gainful utilization of waste water from Under-ground Mines for cultivation or any other purpose.
- Development/construction of Water Tank/Ponds.
- Rain water-harvesting scheme
- Formation of a Task Force of Volunteers to educate people regarding proper use of drinking water.
- Empowerment to the villagers for maintenance of the above facilities for availability of water.

(iii) Health Care Organizing health awareness Camps on

- Health care by organizing camps and providing health check up & medicine.
- AIDS
- TB and Leprosy
- Social evils like alcohol, smoking, drug abuse etc
- Child and Mother care
- Diet and Nutrition.
- Operation Jyoti - Vision 2020 to help the people of the peripheral area for necessary assistance.
- Blood donation camps.
- Diabetics detection & Hypertension Camps
- Family Welfare.
- Senior Citizen Health Care
- Wellness Clinics.
- Fully equipped Mobile Medical Vans.

- Tele medicine
- To supplement the different programme of Local/State Authorities.

(iv) Environment

- Organizing sensitizing programmes on Environment Management *and Pollution Control*.
- Green belt Development
- Aforestation, Social Forestry, Check Dams, Park.
- Restoration of mined out lands.
- Development of jobs related to agro product i.e Dairy/Poultry/farming and others.
- Plantation of saplings producing fruit.
- *Animal care*

(v) Social Empowerment.

- Self /Gainful Employment Opportunities - Training of Rural Youth for Self Employment (TRYSEM) on Welding, Fabrication, and other Electronic appliances.
- To provide assistance to villagers having small patch of land to develop mushroom farming, medicinal plants, farming & other cash crops to make them economically dependent on their available land resources. Training may be provided by agricultural experts for above farming.
- Organizing training programmes for women on tailoring Embroidery designs, Home Foods/Fast Foods, Pickles, Painting and Interior Decoration and other Vocational Courses.
- Care for senior citizens.
- Adoption/construction of Hostels (specially those for SC/ST & girls)

(vi) Village Electricity/Solar Light

To develop infrastructural facilities for providing electricity through Solar Lights or alternative renewal energy to the nearby villages. Recurring expenditure should be borne by the beneficiaries .

Pawan Chakki as alternative for providing electricity in villages.

(vii) Sports and Culture

- Promotion of Sports and Cultural Activities for participation in State level.
- Promotion/Development of sports activities in nearby villages by conducting tournaments like Football, Kabaddi and Khokho etc.

- Providing sports materials for Football, Volleyball, Hockey sticks etc to the young and talented villagers.
- Promotion of State level teams.
- Sponsorship of National Sports events in Coalfield areas.
- Sponsorship of Cultural event to restore Indian Cultural Traditions and Values.
- Possibility of providing sports facilities for physically handicapped persons may be explored.
- Medias for preparing of documentary films.

**Guide-lines to be followed to promote sports activities by way of granting financial assistance/donation/sponsorship etc.**

Registered Clubs/Institutions which promote Sports activities may be granted financial assistance/donations/sponsorship based on the following norms :-

- 1) Sports talent development programme by Clubs/Institutions may be encouraged provided the proposal is routed through the respective Block Development Office/Sub-Divisional Office/District Office/State Associations/ local people representatives i.e. Panchayet Pradhan/ Mukhiya/ MLA/MP/ Minister etc to ascertain bonafide objective, status of activities and contribution to the society.
- 2) While sanctioning financial assistance/donation/sponsorship for State/ National/International events, MCL could send its representatives to ensure proper utilization of fund for the specific purpose, as well as, to ensure publicity/coverage for Corporate image building.
- 3) While sanctioning financial assistance/donation/sponsorship for encouraging talent search & nurturing by Club & Institution, MCL would also ensure participation of its employees and their wards to avail benefits.
- 4) As per MCL Policy for payment of financial assistance/donation/ sponsorship Registered Clubs/Institution will furnish details as required by MCL i.e. their Registration, PAN No. etc. to establish their bonafides.

**(viii) Generation of employment & setting up Co-operative Society .**

Employment facilities should be provided to the community people specially to the backward section by providing education and training thereby developing their skill for suitable employment. Further opportunities for self-employment should be provided by constructing Shopping Complex in and around the projects

Besides, Co-operative Societies should be formed by active participation of local people for setting up Dairies, Poultries and Piggery etc, which will also help to generate self-employment.

(ix) **Infrastructure Support - construction, repair, extension etc.**

- Auditorium,
- Educational Institutions
- Rural Dispensaries initiated by reputed NGOs.
- Mobile Crèches.
- Bridges, Culverts & Roads,
- Check Dam
- Shopping Complex to facilitate business/self employment for local people
- Community Centre,
- Sulabh Souchalaya,
- Yatri Shed in Bus Stand,
- Burning Ghat/Crematorium
- Development of Park
- Play ground/Sports complex/Good Coaches.
- *Old Age Home.*

6) **IMPLEMENTATION :**

- a) The investment in CSR shall 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 and generally NOT by Staff of the MCL. Specialized Agencies could be made to work singly or in tandem with other agencies.
- c) Such 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.
- (d) The villages falling within 15 Kms of Project/Area shall be identified by CGM/GM of area . In case any village falling in the periphery of two or more areas, the same shall be considered in one area only.

(e) 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 .

This policy shall be effective from the financial year 2011-12.

## 7) SOURCE OF FUND

As per existing CIL guideline on CSR, the fund for the CSR shall be allocated based on 5% of the retained earnings of previous year subject to minimum of Rs.5/- per tonne of coal production of previous year. However as and when there is any change in the fund, its allocation the same will be distributed on proportionate basis.

## 8) FUND ALLOCATION

Out of ₹ 5/- per tonne / 5% of the retained earnings as per CIL guidelines funds to be used for CSR and allocation will be made as follows :-

- (a) Fund to the extent of ₹1/- per tonne of the previous year coal production shall be spent as per the decision of RPDAC.

The RPDAC/PDC will identify the activities to be taken up in the respective periphery area i.e within the radius of 15 Kms of the project / Area/Headquarter within the fund allocated for RPDAC/PDC.

- (b) ₹ 1/- per tonne of coal production in previous year for each year shall be allocated to CGMs/GMs of the Area under CSR head, so that they can take the activities within 15 KMs of their Area. This fund will be distributed to areas on prorata basis on production of previous year.
- (c) Balance fund will be spent by Corporate Social Responsibility Committee (CSRC) at HQ level in the following manner.
  - (i) ₹1/- per tonne of coal production in previous year or 1% out of 5% of retained earnings whichever is more will be allocated to be spent beyond 15KM radius of Project/Area/HQ in the State of Odisha as per CIL Policy.
  - (ii) ₹ 0.2/- per tonne of coal production in previous year to be spent within 15 KMs of Headquarter at Burla, Sambalpur.
  - (iii) After allocation of fund as indicated above the remaining amount will be spent within 15 Km of Project/Area/HQ on the projects recommended by CSRC.

9) INSTITUTIONAL ARRANGEMENT

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 should not form a part of the MCL CSR activities.

A Corporate Social Responsibility Committee (CSRC) would be constituted at HQ and Area level for identification and implementation of activities which involve the followings :-

- (i) The committee will interact with the concerned State Officials/Govt. officials to confirm the areas for undertaking activities under CSR and ensure to avoid duplicity of the job.
- (ii) The committee will decide the priority of activities to be undertaken under CSR
- (iii) The committee will also interact with the *CSR Implementing agencies* for determining the activities to be undertaken. .
- (iv) Based on the total activities to be undertaken the committee will recommended the quantum of Budget for the year.
- (v) Utilization Certificate with statement of expenditure duly certified by an Authorized Auditor will be submitted by the Organization/ Institution to whom CSR fund is allocated.
- (vi) The committee will monitor and review the progress of activities undertaken/ completed and proper documentation of the completed projects.

The committee will also examine the proposal / requests submitted by CSR implementing agencies for Grant of donation / Financial Assistance/ Sponsorship etc. and also submit its recommendation before the Head of CSR committee

The Area level CSRC committee comprising of the followings shall be constituted at each Area :-

1. CGM/GM of Area - Chairman
2. Area Personnel Manager - Convenor
3. Project Officer of each Project of the Area
4. Staff Officer (Civil)/Dy.GM(Civil)
5. Area Finance Manager
6. Staff Officer(L&R)

The Corporate Social Responsibility Committee(CSRC) at HQ comprising of followings shall be constituted :-

1. Director(Pers),MCL - Chairman
2. GM(Civil)/CSR - Convenor
3. Representative of Director(Fin)
4. GM(Civil)/HOD.
5. GM(L&R),MCL

The Corporate Social Responsibility Committee(CSRC) at HQ will examine the proposals received from CGM/GM's, District Administration and other projects, and decide allocation fund at various heads / activities / projects.

CSR deptt. of MCL will be the nodal Deptt. for all the CSR activities related to MCL & its areas, under Director(Pers),MCL & GM(Civil)/CSR,MCL,HQ would put up all cases excluding the cases which are to be decided by CGMs/GMs of Area to the committee for consideration. GM(Civil) CSR will examine the recommendation of RPDAC & will obtain the approval of Director(Pers),MCL for release of the fund to Collector of the respective districts. However it is to be ensured that fund released to the District Administration has been spent for the Project/purpose for which it was intended.

### **APPROVAL OF CSR PROPOSALS**

Approval of CSR proposals will be as under :-

- (i) The recommendation of Area level committee for the proposals shall be approved by CGM/GM of Area as per D.O.P.
- (ii) General Manager(Civil) CSR shall exercise the powers equivalent to power delegated to HOD Civil Deptt. for the projects approved by CSR Committee at HQ level. CSR Cell should be declared as department of MCL.
- (iii) CSR proposals shall be approved by Director(Pers),MCL as per Delegation of Power in pursuant to 55<sup>th</sup> meeting of FDs of Coal India Limited held on 20.11.2010.
- (iv) CSR proposals shall be approved by CMD,MCL as per Delegation of Power in pursuant to 55<sup>th</sup> meeting of FDs of Coal India Limited held on 20.11.2010.
- (v) The proposals beyond the Delegation of Power of CMD will be approved by Board.

Out of Total CSR Budget, 15% and 8% would be allocated separately and exclusively in the Annual Plan for undertaking Welfare Activities under CSR for development of Scheduled Caste and Scheduled Tribes populations respectively and balance 77% Fund would be utilized for implementation of CSR Activities for the entire population including SCs and STs.

The CSR Project should be fixed for each financial year. This fund will not lapse. It will be transferred to CSR fund which will accumulate. CSR committee is empowered for diversion of fund from one head to another head with approval of competent authority as and when necessity arises .

### **11) MONITORING**

- a) At MCL full time CSR deptt. shall be constituted headed by an E-8 level Officer who will prepare the Annual Report on CSR Activities. Monthly Report on CSR should be sent by each area to GM(Civil) CSR highlighting the cumulative outlays and outcomes of the program with specific details.
- b) In every six months Board of Directors of MCL should review the implementation of CSR.

- c) MCL shall include a separate/chapter in the Annual Report on the implementation of CSR activities/project including the facts relating to physical and financial progress.
- d) CSR Project should also be evaluated by an independent external agency. This evaluation should be both concurrent and final.

**12) BASE LINE SURVEY & DOCUMENTATION.**

- (a) The impact made by CSR activities should be quantified to the best possible extent with reference to base line data, which need to be created before the start of any project. Hence Base-line Surveys are mandatory.
- (b) 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.

**13) UPKEEP AND MAINTENANCE OF ASSETS CREATED:**

Maintenance of Assets created under CSR would be the Responsibility of the concerned State Government and local representative of the Society.

Before any Capital investment is made, an undertaking would be taken from the representatives of local community that they would be responsible for maintenance of the Assets.

**14) REFLECTION OF CSR ACTIVITIES**

- i) 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). Proper records should be maintained for the activities taken up, agencies involved etc.
- ii) The Committee constituted in the area will inspect all sites and reflect the same to CSR Cell for their information, record and further action.
- 3) Clear information should be displayed on all the structures completed under CSR.

Name of structure  
Completed on .....  
Courtesy  
“ Mahanadi Coalfields Ltd “  
Funded under Corporate Social Responsibility

- 4) Photographs of all activities should be taken and copy of photograph along with soft copy should be sent to GM(Civil)/CSR,MCL.

15 ) **CONCLUSION**

The above guidelines would form the framework within which the CSR activities would be undertaken. Every Area should have specific activities to adopt mostly in their close vicinity of the projects extendable up to 15 Kms.

Since CSR Policy of MCL includes all the Community Development activities in a broader perspective, the CSR Policy of MCL will supersede earlier policies relating to CSR, i.e., Policy for Community and Peripheral Development of MCL and incorporated part in the Policy of CIL for Payment of Grant and Donation under CSR.

Mahanadi Coalfields Limited will review the Policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.

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