

Corporate Social Responsibility (CSR) policy of CIL w.e.f. 08.04.2021

1. INTRODUCTION

The concept of Corporate Social Responsibility (CSR) 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 the society. With the rapidly changing corporate environment, Coal India Limited (CIL) has adopted CSR as a strategic tool for sustainable growth. For CIL 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 became a global concern, CIL 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 kilometers of its project sites. This has resulted into a harmonious relationship between CIL and the peripheral communities.

CIL has formulated the present 'CSR Policy' containing a set of internal approaches/guidelines/principles to be followed while discharging CSR at different levels and as law-abiding corporate entities CIL & its Subsidiaries will also adhere to all such statutes related to CSR in right earnest as and when applicable.

In the aforesaid backdrop, CSR policy of CIL has been framed after incorporating the features of the Companies Act 2013 including amendments to it and notifications issued by Ministry of Corporate Affairs (MCA) and Department of Public Enterprises (DPE), Govt. of India from time to time.

2. OBJECTIVE

The main objective of CSR policy is to lay down guidelines for CIL and its subsidiaries 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 coal mining.

3. ALLOCATION OF FUND

The following guidelines shall be followed for allocation of fund for CSR activities during the financial year:

- a. For subsidiaries of CIL, fund for CSR shall be allocated based on whichever is higher of the following two amounts:
 - i. 2% of average net profit of the company for the three immediate preceding financial years, as per Companies Act or
 - ii. Rs. 2.00 per tonne of coal production of immediately preceding financial year
- b. For CIL (HQ), fund for CSR shall be allocated based on whichever is higher of the following two amounts:
 - i. 2% of average net profit of CIL (standalone) for three immediate preceding financial years, as per Companies Act or
 - ii. Rs. 2.00 per tonne of total coal production of immediate preceding financial year of those subsidiaries of CIL which had not incurred net loss in the immediately preceding financial year
- c. Any unspent or excess amount from CSR budget in a financial year would be accounted for as per the provisions of the extant statute. The basis for calculation of unspent or excess amount shall be the amount required to be spent as per the statutory provisions i.e. 2% of average net profit of the company for three immediate preceding financial years.

4. SELECTION OF CSR PROJECTS/ACTIVITIES

4.1 AREAS TO BE COVERED

Mines of CIL and its subsidiaries are located in different parts of the country spread in eight states, in relatively isolated areas. Introduction of any production activity in such areas changes the traditional lifestyle of the original inhabitants and indigenous communities and also changes the socio-economic profile of the area. Mining of coal too has profound impact on the people living in and around the areas where the mines are located. Hence, the primary beneficiaries of CSR activities shall be, Project Affected Areas (PAAs) and those staying within the radius of 25 kilometers of the coal mining projects. CIL and subsidiaries shall ensure that the maximum benefit of their CSR activities goes to the underprivileged sections of the society. CSR activities should be undertaken as per Schedule VII of Companies Act and as per DPE guidelines issued from time to time.

The following guidelines shall be followed in selection of areas for CSR activities:

- a. Subsidiaries of CIL shall spend 80% of the CSR fund of a year within the radius of 25 kilometers of their Project Sites/Mines/Area HQ/Company HQ and rest 20% within the state(s) in which they are operating. The above ratio of 80:20 may be dispensed with by the subsidiaries for a particular year with the approval of its board through board level CSR committee in case the Central Govt. issues any such guidelines/administrative directions, which the company has to otherwise comply with.
- b. CIL (HQ) shall execute CSR activities in whole of India including the areas under subsidiary companies.
- c. CIL (HQ) being the holding company shall also support for execution of CSR projects/programs where subsidiaries are unable to execute such project due to fund crunch. In case available CSR budget of any subsidiary company is insufficient to meet the fund requirements of any govt. mandated CSR activity, the concerned subsidiary may refer the duly approved CSR activity/ project/program to CIL (HQ) with the recommendation of seeking financial assistance after competent authority approvals at the subsidiary level are taken. All such requests would have to be forwarded by CSR Dept. of concerned subsidiary after obtaining approval of its Board/CMD. If CIL approves the activity/project/programme, the activity shall be implemented by the concerned subsidiary whereas the expenditure will be accounted for by CIL (HQ) against its CSR budget. CIL would finance such project subject to approval of the competent authority at CIL and the same will be treated to be the project of the subsidiary whose implementation and monitoring will rest on the concerned subsidiary.

4.2 SCOPE OF PROJECTS/ACTIVITIES

CIL and its subsidiaries would undertake select CSR activities out of the themes listed in Schedule-VII of the Companies Act as amended from time to time. The themes in the scope of CSR policy must be interpreted liberally so as to capture the essence of the subjects enumerated in Schedule VII of Companies Act. Any modifications in Schedule VII of Companies Act or directions from DPE or MOC shall also deemed to have been incorporated in the scope of CSR policy of CIL from the date of such changes being notified by the Government.

5. INSTITUTIONAL ARRANGEMENT

CIL and subsidiaries having net worth of Rs. 500 crores or more, or turnover of Rs. 1000 crores or more, or a net profit of Rs. 5 crores or more during the immediately preceding 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. The Committee shall monitor and review the progress of CSR activities from time to time.

CSR department at CIL and subsidiaries shall act as nodal department for implementation of CSR activities in accordance with the CSR policy under the guidance of Director (P&IR), CIL and concerned Director (P) of subsidiary companies as the case may be.

CIL and subsidiaries shall form inter-disciplinary committees with senior executives from CSR, Civil, Finance and Medical etc. to review the CSR projects scrutinized by the CSR department and recommend them for approval of competent authority. Based on the recommendation of CSR department, CSR project proposals/programmes/activities shall be deliberated in the meeting of these committees who in turn shall examine and submit its recommendation to competent authority for approval through Dir. (P&IR)/Dir. (P), as the case may be. Similar committees may also be formed at area level in subsidiaries.

Delegation of Power (DOP) to approve CSR projects/activities at subsidiaries of CIL shall be as under:

- Projects/activities to be undertaken by mining areas having value up to Rs. 5.00 lakhs shall be approved by concerned Area General Managers.
- Projects/activities to be undertaken by mining areas having value more than Rs. 5.00 lakhs but up to Rs. 1.00 crore and all projects/activities of HQ up to Rs. 1.00 crore shall be approved by CMD of the subsidiary company.
- Projects/activities having value more than Rs. 1.00 crore shall be approved by subsidiary Board on recommendation of CSR committee of Board.
- Subsidiary board may delegate the power to D(P) of the concerned subsidiary to approve CSR projects upto a limit decided by it.

Delegation of Power (DOP) to approve CSR projects/activities at CIL (HQ) shall be as under:

- Projects/activities having value up to Rs. 2.50 crores shall be approved by Chairman, CIL.
- Projects/activities having value more than Rs. 2.50 crores but up to Rs. 10.00 crores shall be approved by CSR committee of CIL Board.
- Projects/activities having value more than Rs. 10.00 crores shall be approved by CIL Board on recommendation of CSR committee of CIL Board.
- For North Eastern Coalfields (NEC), projects/activities having value up to Rs. 5.00 lakhs shall be approved by General Manager (NEC). A monthly report is to be sent to Director (Technical), CIL for his review by NEC. Annual CSR action plan for NEC is to be cleared by Director (Technical), CIL for inclusion in the annual plan and budget for CSR of CIL which is to be approved by CIL Board. Projects/activities of NEC having value above Rs. 5.00 lakhs shall be approved by concerned authorities of CIL (HQ) as per their DOP on recommendation of GM (NEC) and the functional director concerned.

Chairman, CIL/Subsidiaries are empowered to approve modalities/Standard Operating Procedures for implementation of CSR works as per CSR policy. For ongoing projects of CIL (HQ), any deviation with respect to modalities of implementation, scheduling, funding etc. within the approved project value shall be approved by Chairman, CIL. In case of subsidiaries, the above power will rest with Area GM and Director (Personnel) for the projects approved within their respective DoP and with CMD, subsidiary for other projects. In case of NEC, the above power will rest with GM, NEC for the projects approved within his DoP and with Chairman, CIL for other projects.

6. IMPLEMENTATION

The following guidelines/modalities shall be followed while executing/undertaking CSR activities:

1. Around the beginning of every financial year, CSR departments of CIL and Subsidiaries will design an Annual Action Plan. Extant statute as regard to Annual Action Plan shall be abided.
2. Activities under CSR except those relating to contribution to funds specified in Schedule VII shall be in project mode and for every project, time framed periodic milestones should be finalized at the outset.
3. As far as possible, the project should be completed within 2 years from the start and in no case, projects with duration exceeding three years from the start date shall be undertaken. The date of starting of work or release of first instalment, whichever is earlier, shall be

considered as project starting date and that year shall be considered as project start year. CIL/Subsidiary Boards shall monitor the implementation of ongoing projects with reference to the approved timelines and year-wise allocation and shall make modifications, if any, for smooth implementation of the project within the overall permissible time period. CSR department of CIL/Subsidiary shall put up a progress report of all ongoing projects for review/information of Board through CSR subcommittee of Board, preferably once in a quarter.

4. Activities identified under CSR shall be implemented either by CIL/subsidiaries departmentally or through implementing agencies as per extant statute.
5. Implementing agencies having only local presence shall be considered only for small value projects of upto Rs. 5.00 lakhs.
6. Need and justification of all CSR projects/activities shall have to be ascertained. Need assessment shall be carried out either departmentally using in house expertise or through external reputed agencies including implementing agencies. Need assessment may be based on already conducted web surveys, indices, research papers & reports, census reports, demographic & development study reports, DPE surveys, various Ministry/Govt. Reports & publications etc. Wherever required methods such as household surveys, stakeholder interviews, participatory research exercises, baseline surveys etc. may also be used.
7. The suggestions given by the elected representatives/bodies shall be duly considered while finalizing the CSR activities.
8. Memorandum of Understanding (MoU) shall be signed with all implementing agencies for projects having value more than Rs.5.00 lakhs.
9. Extant statute as regard to Impact Assessment of CSR Projects are to be abided.
10. CIL and its subsidiaries as per their need and till their internal expertise is developed may appoint consultants/reputed institutes/paid interns from reputed institutes following due process, for evaluation of proposals reckonable as CSR proposals, need assessment or impact assessment of CSR projects.
11. Extant statute as regard to Creation and acquisition of Capital assets are to be abided.
12. Extant statute as regard to Surplus arising out of CSR activities are to be abided.

7. DATA MANAGEMENT

All the data related to CSR shall be maintained on real time basis with inbuilt mechanism for periodic report generation, having details of expenditure, project closure, beneficiaries with category wise (SC,ST,OBC,PWD), gender wise and age group (Children, Senior Citizens, Others) wise breakup etc. to the extent feasible. There shall be a common format/data sheet for all companies to maintain the indicators/data. Head of CSR departments at CIL and subsidiaries shall ensure the implementation of the information system.

8. MONITORING AND REPORTING

The following guidelines shall be followed for monitoring CSR activities:

1. CIL/Subsidiary Board shall satisfy themselves that CSR funds disbursed have been utilized for the purposes and in the manner as approved and the Director (Finance) shall certify to that effect.
2. Utilization Certificate with statement of expenditure duly certified by a Practicing Chartered Accountant/Authorized Auditor shall have to be submitted by the implementing agencies for the CSR fund provided to them as a one-time grant or in installments. Public authorities may submit Utilization Certificates as per General Financial Rules (GFR) of Govt. of India/State Govt./District level Class – I officer/Divisional head of implementing agency.
3. Board level CSR committee of CIL and its subsidiaries would decide which of the CSR projects are to be audited by an external auditor to be appointed with the recommendation of the CSR subcommittee. The expenditure incurred on such audit of CSR activities may be included in the administrative expenditure.
4. CIL/Subsidiary Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company of that year.

5. Meticulous documentation relating to CSR activities and expenditure shall be prepared and put on the respective websites by CIL and subsidiaries.
6. CIL and subsidiaries shall take CSR mileage by leveraging print, electronic and digital media.
7. The composition of CSR committee of Board, CSR policy and projects approved shall be displayed on their websites by CIL/subsidiaries for public access.

9. DUE DILIGENCE

CIL and its subsidiaries would comply with all statutory provisions on CSR and the amendments thereto, as promulgated from time to time. CIL and its subsidiaries would also comply with all rules, regulations, guidelines, orders, directives or any such communication issued by the Central Govt. from time to time. In case of any statute coming into effect where there is already a policy provision, the said statute, from its effective date will substitute and prevail upon such policy provision. Wherever applicable, the definitions of terms such as ongoing project, administrative overheads etc. as given in the CSR rules notified/circulated by Ministry of Corporate Affairs, Government of India from time to time shall apply.

10. LIMITATION AND AMENDMENT

The CSR policy of company will be governed by provisions under Companies Act, 2013 or any other act that may be introduced, Government guidelines and any other govt. instructions applicable from time to time.
