

2.1 Rationale and Scope of Audit

Iron and Steel industry is the most polluting and resource intensive industry. It consumes huge amount of natural resources like coal, iron ore etc. as raw material. Therefore, the companies in iron and steel industry have the responsibility towards environment protection and peripheral development.

The present performance audit covers the CSR activities of these companies for the period from 2004-05 to 2009-10. Implementation of CSR activities were reviewed broadly with reference to resource allocation for CSR activities, environmental care, safety and peripheral development.

2.2 Audit objectives

The Performance Audit on activities of CSR undertaken by SAIL and RINL was taken up with the objective of assessing whether:

- The Companies have formulated CSR policy which adequately addresses CSR concerns and whether adequate resources for CSR have been provided;
- The companies have an appropriate Environmental Management Plan and System to discharge environment related responsibilities such as pollution control, management of waste and compliance with laws;
- The safety practices prevailing in the companies conform to the norms/standards, rules prescribed; and
- The companies have been able to fulfill their social responsibility in an effective and efficient manner towards peripheral development such as medical & health care, education, livelihood generation, infrastructure development and rehabilitation & resettlement.

2.3 Audit criteria

The following audit criteria were used for assessing the performance of the Companies:

- Environment Policies of SAIL & RINL and instructions for fund allocation for CSR
- Action points relating to 'Integrated Iron & Steel Industry' provided in 'Charter on Corporate Responsibility for Environmental Protection' (CREP) issued by the Ministry of Environment and Forest (MOEF) in 2003.
- Global steel industry data published by World Steel Association.
- Hazardous Waste (Management & Handling) Rules, 1989 as amended from time to time.
- Standards for handling of bio-medical waste provided as per EPA notification dated 20/07/1998.

- Ambient air quality standards as per notification of 11/04/1994 issued under section 16(2) of Air (Prevention and Control of Pollution) Act, 1981.
- Norms for noise level prescribed under Noise Pollution (Regulation & Control) Rules, 2000.
- Provisions regarding health of workers and safety measures as stipulated in the Factories Act, 1948.
- Safety policies of the companies and instructions as per Standard Operating Practices.
- CSR Policy and Plan.
- MOU with the administrative Ministry.

2.4 Audit methodology

Audit examined relevant records based on which preliminary observations were issued to the Management of SAIL and RINL and after receipt of response from the Managements exit conferences were held in December 2010. The response of Ministry of Steel was also suitably incorporated while drawing audit conclusions which are discussed in subsequent chapters.

2.5 Audit Findings

Audit findings are discussed in four chapters as detailed below:

- **Chapter 3:** includes issues relating to CSR policy and implementation set up
- **Chapter 4:** highlights concerns regarding air emission, conservation of energy & natural resources and management of waste etc.
- **Chapter 5:** flags the issues of employees safety, fatal accidents and in-adequate house keeping
- **Chapter 6:** discusses the issues of social development like Education, Medical facilities, absence of need assessment/ survey of society for planning CSR activities and impact assessment of CSR activities.

2.6 Acknowledgement

We acknowledge the cooperation and assistance extended by the Managements of the companies at different levels, which facilitated the completion of this performance audit.