

ED/EPS/GC/03

25<sup>th</sup> June 2009

Dear Stakeholders

The UN Global Compact (GC) is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

NMDC joined the GC in the year 2001. Since then, NMDC has been honouring and complying with the ten principles.

The GC incorporates a transparency and accountability policy known as the Communication on Progress (COP) and is a demonstration of a participant's commitment to the UN Global Compact and its principles.

How NMDC has directed its activities in line with the ten principles of the GC is reflected in the Communication on Progress that follows this letter.

I assure you that NMDC is committed to the cause of the GC and will live up to the principles and practices of the Global Compact.

With ward regards

Yours sincerely

Rana Som  
Chairman-cum-Managing Director

## **Principle 1: Business should support and respect the protection of internationally proclaimed human rights.**

### **Commitment**

Being a Government of India company, NMDC owes allegiance to the Constitution of India, which resolves to secure to all its citizens justice, liberty, equality and fraternity and which also encompasses the fundamental human rights as envisioned in the Universal Declaration of Human Rights. NMDC stands committed to support and respect the protection of internationally proclaimed human rights.

### **Systems**

Though there is no specific provision as such for human rights in the Manual on Personnel Management of the company, the sub-stratum of the Manual ensures that its employees enjoy the fundamental human rights.

NMDC has in its management system provisions for health, safety, housing and education. Comprehensively covering all these aspects, NMDC has appropriate systems in place.

### **Actions**

#### **Health**

- NMDC gives full and free medical care to its employees and the eligible members of their families.
- Under the NMDC Contributory Scheme for post-retirement medical facilities, the retired employees and their spouses get medical care for a nominal life-time membership.

#### **Safety**

- Being basically a mining organization, NMDC attaches greater importance for safety of the employees. In its mining projects, NMDC has its own Training Centres equipped with the infrastructure as required under the Mines Vocational Training Rules. These centres cater to the needs of basic training, refresher

training, and training for skilled trades and also for those injured on duty.

- Sufficient number of workmen inspectors are nominated/appointed for mining operations, mechanical installations and electrical installations in terms of the statutory requirement
- Occupational Health Centres have been provided in the projects.
- Doctors have been given specialized training in occupational health.
- Periodical medical examinations of employees are done in accordance with the prescribed schedule.
- Safety appliances such as safety shoes, helmets, rain suits, goggles, etc, are provided to employees periodically.
- Every month safety committee meetings are conducted and accident analysis is discussed and remedial measures implemented.

#### Housing

- NMDC provides accommodation for the employees and the members of their families on nominal rents.
- NMDC provides house building advances for its employees to build their own houses at such locations in India as suitable to them.

#### Education

- NMDC trains its employees regularly to update themselves, professionally, managerially and technically.
- NMDC encourages its employees to better their educational and professional qualification by giving suitable incentives, study leave, etc.
- NMDC takes care of the school education of the employees' children in its projects and gives incentives and scholarships for their higher education. As its projects are located in remote areas, NMDC has arranged for quality schooling facilities at the projects itself.
- The schooling facilities available at the project are extended to the children of the surrounding villages as well.

## Performance during the year 2008-09

- NMDC is providing complete health care of its employees and the members of their families.
- The injury frequency rate was 1.50. Mandays lost on account of accidents were 6806.
- Housing has been extended to all its employees. In addition, house building advances were given to 22 employees (cumulatively to 2167 employees).
- Training coverage is 71.16% of employees. Training mandays as % of working mandays is 1.06.
- Basic education has been extended to 100% of the employees' children.
- Recognizing the meritorious service rendered by the employees on the occasion of this year's Corporation Day, ie, 15 November 2008, NMDC has awarded suitable mementos to (a) 103 employees (cumulatively 6352) who have rendered 20 years' service; (b) 181 employees (cumulatively 5480) who have rendered 25 years' service; and (c) 157 employees (cumulatively 4729) who have rendered 30 years' service by organizing suitable function.
- NMDC has introduced 2 new schemes, (a) to recognise employees who have rendered 30 years service in NMDC, under which 343 employees were awarded suitable mementos at the time of their retirement and (b) to recognise 35 service under which 825 employees were awarded mementos.
- 277 employees (cumulatively 3212) who retired from service were awarded service certificates and suitable mementos during farewell parties, specially arranged in their honour, in appreciation of their service to NMDC.

## **Principle 2: Business should ensure that they are not complicit in human rights abuses.**

### **Commitment**

Being a Government of India company, NMDC owes allegiance to the Constitution of India, which resolves to secure to all its citizens justice, liberty, equality and fraternity and which also supports the fundamental human rights as envisioned in the Universal Declaration of Human Rights. NMDC stands committed to protecting human rights in its workplaces.

### **Systems**

- NMDC, being a Government company, has come to inherit the Government regulations and, therefore, protecting human rights and ensuring that it is not complicit in human rights abuses, is a natural extension to all its policies and programmes.
- The security arrangement in the mines of the company is given to the Central Industrial Security Force (a Government arm), who owes equal allegiance to the Constitution of India and is duty bound to protect human rights.
- A Grievance Redressal procedure is in vogue.
- A separate Committee for redressal of grievances of women employees in particular has been constituted.
- NMDC has recognized Scheduled Caste/Scheduled Tribe Associations in each of its units and corporate office.

### **Actions & Performance during the year 2008-09**

No case of human rights violation has been reported during the year.

**Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.**

**Commitment**

NMDC stands committed to the protection of freedom of association among its employees and business partners.

**Systems**

NMDC has three layers of employees: workmen, supervisors and executives.

1. Workmen, who are mostly location specific, have their own Unions. More than one Union are functioning in each of the main units. Besides their affiliations to national bodies, cutting across such affiliations to central organizations, majority of the Unions at project level have formed an independent apex body called All-India NMDC Workers' Federation (AINMDCWF) positioned at the corporate office at Hyderabad. All these Unions have been given assistance by the Management as considered necessary for their functioning.

The details of such affiliated Unions, unit-wise, are given below:

- a. Bailadila Iron Ore Mine, Kirandul Complex
  - i. Samyuktha Khadan Mazdoor Sangh (SKMS) affiliated to All India Trade Union Congress (AITUC).
  - ii. Metal Mine Works Union (MMWU) affiliated to Indian National Trade Union Congress (INTUC)
- b. Bailadila Iron Ore Mine, Bacheli Complex
  - i. Samyuktha Khadan Mazdoor Sangh (SKMS) affiliated to AITUC
  - ii. Metal Mine Workers Union (MMWU) affiliated to INTUC

- c. Donimalai Iron Ore Mine
    - i. Donimalai Iron Ore Project Employees Association (DIOPEA) affiliated to AITUC
    - ii. Metal Mine Workers Union (MMWU) affiliated to INTUC
  - d. Diamond Mining Project.
    - i. Panna Hira Khadan Mazdoor Sangh (PHKMS) affiliated to BMS
    - ii. Madhya Pradesh Rashtriya Heera Khani Mazdoor Sangh (MPRHKMS) affiliated to INTUC
2. NMDC is totally committed to workers' participation in the management. In pursuit of such commitment, Committees/Councils, both statutory and non-statutory, are functioning at the shop level, project level and at corporate level with equal number of representatives of the management and the Unions.
  3. Supervisors have their own association (NMDC Supervisors' Association) at unit level and at the corporate office.
  4. Executives have their own association (NMDC Officers' Association) at unit level and at the corporate office.

## **Actions**

Decisions affecting each of the Union/Association are taken in consultation with them both at the unit level and at the corporate level giving the status of sole collective bargaining agent to the AINMDCWF. Decisions include wage settlement, incentives, bonus, line of promotions, working conditions, welfare measures, etc.

## **Performance during the year 2008-09**

- All the workmen are subject to collective bargaining agreements and the supervisors and executives are governed by understanding/consultations.
- The collective bargaining has been so useful to the company that no mandays were lost during the year because of rift or strike by employees.
- The unanimous decisions taken at the Joint Committees are implemented and monitored.



## **Principle 4: Business should support the elimination of all forms of forced and compulsory labour.**

### **Commitment**

NMDC stands committed not to resort to any form of forced and compulsory labour.

### **Systems**

- No employee is required to deposit any sum of money for employment in NMDC.
- A service bond is insisted upon from only such of those employees who have been specifically trained at the cost of the company for managerial positions. The bond period is for three years or a nominal amount of Rs.15,000/- (about US \$ 350/-).
- Any employee joining the company should declare that he or she is not an insolvent.

### **Actions**

- Appointment orders issued by the company very specifically state the various important conditions of appointment.
- Printed copies of Service Regulations and other rules are distributed to all Units for reference and use by every employee.
- The workmen in particular are given a copy of the certified Standing Orders precisely containing their general terms and conditions governing service conditions.
- An Executive Handbook containing the rules and regulations of the company has been prepared and distributed widely.
- Employees are given incentives for achieving higher levels of output.
- Workmen have the additional facility of over-time payment for working beyond the prescribed working hours.

### **Performance during the year 2008-09**

No form of forced or compulsory labour was resorted to.

## **Principle 5: Business should support the effective abolition of child labour.**

### **Commitment**

NMDC stands committed not to engage any child labour and do all that it can to abolish it from its surroundings.

### **Systems**

- For appointment in the company, the minimum age prescribed and scrupulously followed is 18 years.
- Age verification is done with reference to approved documents in accordance with the practices prescribed by the Government of India.
- All employees are paid much above the minimum wages prescribed from time to time. Free and complete health care is given to all the employees and the members of their families. Free schooling facilities are provided at projects. Scholarships and hostel accommodation allowance, etc, are given for children's higher education.
- Skill development programme has been launched for training and increasing the employability of local qualified youth of adjoining villages of Bailadila projects by providing monetary and other assistance.

### **Actions**

- All contractors are forbidden to engage child labour.
- Government enforcement agencies like Inspectors from Labour Department inspect the sites of construction to check for employment of child labour. Those found guilty are liable for punitive action by the Government.
- Records of the labourers engaged by the contractors are kept at worksites.

### **Performance during the year 2008-09**

- No child labour was employed by NMDC.
- No child labour was allowed to be employed by the contractors working for NMDC.
- NMDC does not promote trade with organisations engaging child labour.

## **Principle 6: Business should support the elimination of discrimination in respect of employment and occupation.**

### **Commitment**

NMDC, by itself and as a Government company, stands committed to follow the policy of non-discrimination in all matters – recruitment, employment opportunity, promotion, etc.

### **Systems**

- The Constitution of India, under Article 15, unambiguously prohibits discrimination on grounds of religion, race, caste, sex or place of birth.
- As a Government company, NMDC is bound to follow the Government directives, which are abundantly clear against any discrimination in any matters.
- As a measure of protecting and improving the conditions of the downtrodden, special provisions have been made in terms of the Government directives in respect of candidates belonging to Scheduled Caste, Scheduled Tribe and Backward class, both in recruitment and promotion.
- NMDC Recruitment and Promotion Rules provide for qualifications, skill and experience required for candidates for recruitment and promotion at various levels.
- The grievance procedure in the company is designed in a very simple and easy to handle way for the employees to get grievances, if any, to be resolved quickly.
- Unions and Associations representing the various levels of employees have easy access to the management to discuss and resolve discriminations, if any, quickly and effectively.

### **Actions**

- The Industrial Engineering Department of the company periodically assesses and evaluates job contents and job requirements.

### Performance during 2008-09

• Total number of employees	5652
• Scheduled Caste employees	1018
• Scheduled Tribe employees	1229
• Backward Class employees	649
• Men : Women ratio	20.5 :1

## **Principle 7: Business should support a pre-cautionary approach to environmental challenges.**

### **Commitment**

NMDC stands committed to prevention and control of environmental pollution due to its activities, products and services, in a sustained manner. This will be achieved through its well-defined and effectively implemented Environmental Management Systems. NMDC will monitor its environmental performance on regular basis to ensure the continual improvement.

NMDC's Environmental Policy states, 'We shall therefore endeavour to:

- Adopt safe, scientific and environment-friendly methods of mining and allied activities and firmly committing ourselves for total compliance of all applicable environmental laws.
- Maintain the machineries in excellent condition to ensure minimum impact of their operation on environment.
- Install, operate and monitor facilities for prevention and control of air, water and land pollution.
- Management will review the suitability and effectiveness of environmental objectives and targets through its periodic management review process.'

### **Systems**

In order to ensure pollution-free environment, NMDC has built the following programmes into the day-to-day working of the mines:

- Environmental norms as laid down by the Ministry of Environment and Forests, and the State and the Central Pollution Control Boards are meticulously followed.
- Regular physical monitoring for all environmental parameters, like micro-meteorology, ambient air quality, surface and ground water quality and ground water levels, work zone and ambient noise levels and soil quality.
- Detailed ecological and socio-economic studies duly supported by processed satellite data.

- Environment upgradation works like massive afforestation, reclamation of waste rock dumps and mined out areas.
- Disaster Management Plans for the Donimalai tailing dam
- Protection measures for explosives' magazines at the projects.

## **Actions**

- A separate department for environment management, headed by a General Manager has been positioned to extensively monitor and effectively implement environment management programmes.
- Separate Cells for production projects have been set up with qualified and experienced Environment Scientists/Engineers.
- The Research & Development Centre of NMDC is actively engaged in adding value to the waste generated in mining.
- Expert organizations in the area have been engaged to measure and report periodically the various parameters.
- Pollution control measures cover
  - suspended particulate matter and SO<sub>2</sub>, NO<sub>x</sub>, Co in ambient air;
  - noise levels in work zone and ambient air;
  - quality of effluents – BOD of discharge water from oxidation ponds, suspended solids in the tailing dams discharge water, level of dissolved oxygen in natural streams in and around project sites.
- Donimalai mine is implementing a disaster management plan for its tailing dam in association with the Bellary District administration.
- Explosives Magazines at projects have been constructed at isolated places, maintaining more than required distances from the work zones, townships and entertainment places. Round-the clock guard by CISF personnel has been arranged.
- Environmental Impact Assessment (EIA) and Environment Management Programme (EMP) Reports were prepared for Donimalai and Kumaraswamy Iron Ore Project in Karnataka for a designed capacity of seven million tonnes of ROM production per year.
- EIA/EMP Report was prepared for the expanded capacity of one lakh carats of diamonds at the Majhagawan mines in Madhya Pradesh.

- EIA/EMP Report of Bailadila Iron Ore Mines at Kirandul and Bacheli Complex (Chhattisgarh) was prepared.
- Production projects at Bailadila, Donimalai and Panna have obtained ISO 14001:2004 EMS certification.
- The ISO14001:EMS Certificate is valid upto 2011 at BIOM Kirandul Complex, BIOM Bacheli Complex and Donimalai Projects.
- Environment statement/audit reports were submitted to RO, MOEF, Bhopal and Bangalore.

### **Performance during the year 2008-09**

- All the parameters are maintained at much below the prescribed limits.
- Afforestation was done to the extent of 3.45 million saplings covering an area of 1700 Ha.
- The Regional EIA/EMP Report prepared for the Bailadila complex is being implemented for the protection of the environment in and around the mines in the Bailadila region.



**Principle 8: Business should undertake initiatives to promote greater environmental responsibility.**

**Commitment**

NMDC stands committed to promoting greater environmental responsibility in mining and processing of minerals in its mines for sustained development.

NMDC's Environmental Policy states, 'We shall therefore endeavour to:

- Conserve the natural resources by ensuring minimum wastage of our product 'Iron Ore', and 'Diamond', optimum consumption of electricity, fuel oil, lubricant oil and water.
- Promote environmental awareness amongst employees, local communities and interested parties through pro-active communication and training.
- Remain prepared and respond effectively to all foreseeable emergency situations.'

**Systems**

- Environmental aspects are carefully considered and appropriately incorporated at the planning stage of a project itself.
- Training programmes are arranged for employees on environmental awareness.

**Actions**

- NMDC is implementing ISO 14001:2004 environment systems management standard in its major production mines.
- The mines of NMDC participate in competitions on environment management.
- Water used for washing of ore is reclaimed for re-use.
- The electricity generated in the downhill conveyors is fed back into the grid, thereby reducing the draw of electricity from the main grid at its projects in Bailadila and Donimalai.

- Distributed/displayed printed copies of the Environmental Policy of the company among its employees and local communities.

### **Performance during the year 2008-09**

- As against the permissible limit of 120 microns per cu m of SO<sub>2</sub> and No<sub>x</sub> in ambient air, the values actually encountered at NMDC's mines were less than 30 microns per cu m and carbon monoxide was observed to be below the detectable limit of the approved instruments.
- About 25% of the annual consumption of different lubricants in NMDC mines was disposed of to agencies duly authorized for recycling as per HWM Rules and its amendments issued by the Ministry of Environment and Forests, Government of India.

**Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.**

**Commitment**

NMDC stands committed to encouraging the development and diffusion of environment-friendly technologies.

NMDC's Environmental Policy states, 'We shall therefore endeavour to:

- Adopt safe, scientific and environment-friendly methods of mining and allied activities and firmly committing ourselves for total compliance of all applicable environmental laws.
- Maintain the machineries in excellent condition to ensure minimum impact of their operation on environment.'

**Systems/Actions**

- Dust collectors are provided to the drills to control fugitive emissions at source.
- Wet drilling is adopted to mitigate the effect of dust on the work force.
- Main mine haul roads are regularly graded and water mixed with additives is sprinkled to suppress dust.
- Jet sprinklers are provided at all strategic and transfer points to control dust during crushing and transportation of ore in the plant.
- Closed conveyor belt system is provided to control dust generation and spreading during ore transportation.
- Rubber screens and rubber linings are provided at transfer points and along conveyor system to control noise and dust generation.

**Performance during the year 2008-09**

- The adoption of environment-friendly technologies is making NMDC more efficient in controlling various types of pollution well within the prescribed limits and improving the health of employees and the members of their families.

**Principle 10: Business should work against corruption in all its forms, including extortion and bribery.**

**Commitment**

NMDC stands committed to eliminating corruption from all aspects of its functions.

**Systems**

- A full-fledged Vigilance Department is at the Corporate Office and assisted by Vigilance Officers at the projects.
- The Vigilance Department is headed by a Chief Vigilance Officer with the equal status of Functional Director of the Company. He is appointed by the Government of India on deputation.
- Vigilance cases are monitored by the Vigilance Officers under the guidance of CVO.
- Surprise, regular checks CTE type inspections and other major vigilance investigations are carried out based on the strength of complaint/source information.
- A Vigilance Committee has been constituted with the Director (Production), Chief Vigilance Officer and Executive Director (Personnel) as members to look into and monitor vigilance cases from time to time.
- Employees are required to furnish the information regarding acquisition / disposal of movable and immovable property. As per CDA Rules of the Company acquisition of movable property exceeding Rs.50,000/- in case of executive and Rs.35,000/- in case of workmen to be intimated to Vigilance Department within 30 days from the date of its acquisition. But in the case of Immovable property irrespective of its value, prior permission to be obtained before acquisition.

- Foreign travels by employees are also monitored.
- The Chief Vigilance Officer has been nominated as the 'Nodal Authority' to receive complaints and grievances, relating to all activities of the Corporation to determine the vigilance angle or otherwise.

## **Actions**

- Action Plan for the year 2008-09 was finalized wherein various vigilance activities were carried out by the Vigilance Officers. The reports received were discussed in detail and improvements in systems/procedures were suggested.
- Surprise and regular checks were carried out every quarter in the year 2008-09 and the deficiencies and deviations from the procedures wherever noticed brought to the notice of Management for corrective action.
- Pending disciplinary/CTE/CBI cases were reviewed in the quarterly meetings of VOs held at Head Office, and follow-up actions were taken for timely completion of inquiries and awarding penalties.
- Many system improvements such as modification of proprietary certificate, banning of negotiations with L1 party, procurement and awarding of contracts on single tender / nomination basis, implementation of e-payment etc , as part of preventive vigilance.
- Vigilance Awareness Week was observed in the Corporate Office and all units of NMDC. Various competitions, seminars and lecture programmes were arranged to create awareness of Vigilance amongst the community.
- Training Programmes on Conduct Rules were conducted for employees/Executives Trainees as preventive Vigilance.

- The progress on vigilance activities and disciplinary cases were appraised through a Note to Board of Directors for review on half yearly basis.
- On-line system has been provided in the Company's website for lodging of complaints and submission of Annual Property Returns by all the executives.

### **Performance during the year 2008-09**

- The number of cases investigated was eight and punishment awarded in three cases.
- The number of follow-up investigations done was fifteen cases.
- Grievances received are being promptly attended for redressal.
- The details about the contracts concluded for more than Rs. 20 lakhs are placed on the Company's website every month by 10<sup>th</sup> duly indicating the nature of the work, name of the contractor / supplier, value, scheduled date of completion etc.
- CVC guidelines received were circulated to all Heads of Projects/ Departments for strict implementation and doubts raised or clarifications sought by them were attended promptly.
- Thrust Area for the year 2008-09 on "Study of various aspects during Tendering stage like (a) Preparation of Tender document, (b) Inviting and Opening of Tenders (c) Pre-qualification and (d) Tender evaluation including negotiation and award of work" was fixed for study and submission of report by the Vigilance Officers.
- During the year, the Vigilance Officers monitored major procurement and tenders right from the initial stage, to curb irregularities in the beginning itself and reports submitted were discussed in the quarterly meetings. The deviations/violations, wherever noticed informed to Management for remedial actions.

- Annual Property Returns submitted through website by the executives were scrutinized and the defaulters were reminded of the consequences under CDA Rules of the Corporation.
- Integrity Pact was implemented in 10 Tenders issued by NMDC. The threshold limit for implementation of Integrity Pact has been revised on 09.03.09 as follows:

	Previous value (in Rs crores)	Revised value (in Rs crores)
1. Civil Works	50	20
2. Contracts	50	20
3. Procurement	15	10

- Vigilance Department suggested for a uniform recruitment and promotion policy and the committee was constituted by the Management to submit the report.

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