

**POLICY
ON
CORPORATE SOCIAL RESPONSIBILITY
(For inclusive growth and Sustainable Development)
OF
MSTC LTD.
A Government of India Enterprise
(Revised) 2018**

1.0 Introduction

Holistic vision and integrated mission encompass every field of research, development and business. As a result, interrelatedness has been established in every branch of study, thus paving the way for finding new links between human activities and natural resources.

The evolution of Corporate Governance and the emergence of Corporate Social Responsibility (CSR) and Sustainable Development (SD) could be viewed in the above context as part of Corporate contribution and compensation to nature and society. Along with profit, welfare also has become a major goal of the business activity of the Corporates in the modern period. Euro – American Corporates in the 20th century introduced the earlier form of CSR. It is the biggest opportunity both for the public and private sector to contribute to nation building efforts, by making an integrated attempt using financial, human, infrastructural, technical, administrative and organizational resources. Sustainable Development and inclusive growth are the broad objectives of modern CSR. Business activities exist to do so much more than making money; they exist to use the power of business to solve social and environmental problems based on local needs, national demand and international context, in partnership with Governments, NGOs and relevant stakeholders.

India is the first country to make CSR for Companies mandatory through legislation. The Department of Public Enterprises (DPE), Govt. of India, issued CSR guidelines in April, 2010. Following these guidelines MSTC also formulated the CSR policy of its own for achieving the inclusive growth and Sustainable Development goals for nation building.

2.0 Preamble and Historical Background

- 2.1 MSTC Ltd. is a Mini Ratna Company under the administrative control of Ministry of Steel, Govt. of India. Established in 1964, MSTC is celebrating its growth on its 50th year, from being a small trading Company into multiproduct diversified, techno savvy trading and ecommerce Company seeing the Indian Industry as a catalyst of trading, procurement and logistic support for raw materials and finished products.
- 2.2 MSTC is committed to the upliftment of poor and improving the quality of life of "under privileged citizens" by various CSR initiatives and appropriate services.
- 2.3 DPE issued CSR Policy guidelines in April, 2010. MSTC prepared a policy in line with the said guidelines, which was approved by the Board on 23.06.2010.
- 2.4 In the year December, 2011 DPE made separate guidelines on Sustainable Development (SD), which mandated formation of S.D. Committee of the Board. MSTC constituted S.D. Committee as per the guidelines. A S.D. policy was prepared and approved by the Board on 26.06.2011.
- 2.5 In the year 2013 the DPE policy guidelines clubbed S.D. with CSR and mandated only one committee, i.e. CSR Committee to look after Sustainable Development as well as CSR. MSTC policy was redrafted and approved by the Board on 02.03.2013.
- 2.6 The Companies Act, 2013 has been introduced with effect from 1.1.2014, where the Act itself provides for CSR, which will be applicable regardless of Govt. or Private Sector Companies. MSTC falls under this category and therefore the Act and Rules apply to MSTC as well.
- 2.7 On 10.07.2014 by DPE OM No. 15(3)/2013-DPE(GM), the provisions relating to CSR by DPE were withdrawn as the Companies Act and CSR Rules shall apply to such categories of Companies. DPE has now issued a CSR and Sustainability guidelines as a supplement to the Companies Act and CSR Rules. This has been considered while drafting this policy.

3.0 Motto

Sustainability of Progress through Sustained Profits.

4.0 The Vision

Blending responsible business with inclusive growth and Sustainable Development for protecting environment, conserving resources and improving human health and education.

5.0 The Mission

5.1 General:

To promote programmes and projects for realising the CSR vision of MSTC, in partnership with NGOs and other relevant stakeholders by sharing time, talent, experience and finance, for building a better India.

5.2 Specific:

- a. To generate and promote awareness and action programmes of CSR along with projects, at the primary, secondary and tertiary levels of education.
- b. To extend help to solve the health problems of poor people through increasing their holistic medical and hygiene facilities.
- c. To empower the differently abled persons to be self-reliant through supporting skill training programmes.
- d. To support programmes for the protection of environment and conservation of resources through alternative sources of energy like solar, rainwater harvesting, etc.
- e. To promote waste management programmes and pollution control measures in urban areas.
- f. To reach out to women and children for their empowerment and development.

6.0 Constitution and Role of CSR Committee

6.1 MSTC Board shall constitute a CSR Committee with an Independent Director as Chairman, and Director (Finance) and any other non-functional Directors, as members. Any change can be made with the approval of the Board. CSR nodal officer shall prepare and place issues to be placed before the committee. Persons related to CSR or any other officer may be called by the Committee during the meeting. Company Secretary shall be the secretary to the committee.

6.2 Role of the Committee

- (a) The CSR Committee shall formulate and recommended CSR Policy of the Company and review the same from time to time and recommend modification, if any to the Board of Directors.
- (b) Recommend amount of expenditure to be incurred during the year and recommend projects to be taken up.
- (a) Monitor the implementation on the basis of information made available.

7.0 Role of the Board of Directors

- (a) On the basis of the recommendation of CSR Committee, Board shall approve CSR Policy, disclose the contents in its report and the ensure that the same in the website of the company.
- (b) Board's Report shall have a report on CSR projects as per the format prescribed under the Companies (CSR Policy) Rules, 2014 (copy annexed as Annexure I to this policy). Board shall also ensure the activities included under the CSR Policy are being undertaken by the Company.
- (c) Board shall also ensure that Company spends at least an amount equivalent to 2% of the average Profit before Tax (PBT) of the preceding three years, in any financial year. In case the Company fails to spend such amount, the Board shall specify the reasons for not spending the amount.

8.0 CSR activities

MSTC shall take out any one or more of the activities under Schedule VII of the Companies Act, including any supplementary, clarifications, etc. thereto. A list of items under Schedule VII and supplement/clarification thereto is enclosed to as Annexure II of this note.

(a) Inclusion

Company shall give preference to local area and areas where it operates. All projects shall be in India only. Govt. guidelines, notifications, instructions, suggestions shall be considered by MSTC and any activity shall be selected on the basis of such guidelines /instructions.

(b) Exclusions

- (i) The expenditure on remuneration of the staff, incidental expenses on traveling, etc. relating to CSR expenditure.
- (ii) Any thing done or legal compliance or environment protection as compliance or as part of business shall also be out of the preview of CSR activities.
- (iii) Benefit to employees, direct or indirect shall be excluded.
- (iv) CSR activities should be undertaken by the companies in Project/ Programme mode [as referred in Rule 4(1) of Companies CSR Rules, 2014). One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programs, etc. would not be qualified as part of CSR expenditure.
- (v) Further, any expenditure on an item not covered under or not in line with activities under the schedule to the Companies Act on CSR, shall be excluded.

9.0 Collaborative Projects

MSTC may take up projects in collaboration with other PSUs or with any specialized agency of the Govt. either as Public Private Partnership (PPP) model or as co-sponsor to the project. However in such case separate report shall be made by MSTC in its Annual Report on CSR. These kinds of projects may be considered if found necessary or the cost of the projects is too high to be taken up independently by MSTC.

10.0 Budget

- 10.1 The budget of CSR shall be an amount equal to or more than 2% of the Company's average Profit before Tax (PBT) for the last three years.
- 10.2 The budget for the year shall be recommended by CSR committee at the beginning of the year and shall be approved in the subsequent Board meeting held after the CSR Committee meeting.
- 10.3 The items under para 8.0 (b) exclusions shall not be considered as expenditure under the budget.
- 10.4 If the budget is not spent, the Board shall explain the reasons for not spending the allocated amount in its Report.
- 10.5 The CSR Committee may sanction CSR projects upto Rs. 5 Lakh each subject to five projects within the approved annual budget of CSR and the information thereof shall be placed in the immediately next Board Meeting held subsequent to the meeting of the CSR Committee.

11.0 Approaches

- 11.1 Management of MSTC shall decide the projects which may be considered keeping in view the merits, budget provisions, Govt. directions, etc. Thereafter the project shall be analyzed with visit to the premises/ sites/ offices by a team of officers decided by the management. If the same is found to be acceptable detailed information on the project along with recommendations shall be put up to the CSR Committee. The Committee thereafter may recommend the same to the Board of Directors.

- 11.2 In case of urgency or compliance of Govt. guidelines/directives, the projects may be taken up with approval of CMD and information may be given in the next Board Meeting.
- 11.3 Projects can be taken up on the request of NGOs who approach MSTC for financial support. MSTC may, suo moto approach NGOs/ other social organizations to implement and maintain projects to be financed by MSTC.
- 11.4 Local Authorities may be approached or the request of local authorities may be considered for selection of project. They may be involved at the implementation level also.

12.0 Implementation and monitoring.

- 12.1 MSTC shall devise internal mechanism to spread CSR awareness amongst the employees. The initiatives shall be explained in management meetings, CEO's communication to the employees and other forums where a group of employees are present.
- 12.2 Training programs for creating awareness and promoting activities on CSR shall be organized for the employees and committee members. The dealing officers and Committee members may be nominated for external/ internal CSR training and/ or interaction with other PSUs.
- 12.3 In case of new incumbents one session on CSR shall be included in induction/orientation programme.
- 12.4 CSR activity shall be in project mode with measurable targets. In case project mode is not possible, the reasons are to be recorded.
- 12.5 MSTC shall implement the project with the help of external specialized agencies. Internal manpower, whenever required may be associated in implementation. These specialized agencies should have enough credibility to be decided by dealing officers. Empaneled agencies of Government/ semi-Government/ CSR hub will be engaged wherever possible.
- 12.6 Evaluation of the project, while it is ongoing and also when it is complete shall be done by dealing officers/CSR Committee with or without help of independent experts. If Committee considers necessary, Impact Assessment may be done by an external Independent Agency.

- 12.7 If possible, big projects can be taken up by pooling resources with other CPSEs.
- 12.8 Monitoring shall be done with key indicators, timeline, budget and corrective actions shall be taken. The monitoring may be done by internal officers. Implementing agency should not monitor the same project. The agency engaged for baseline/need assessment study may, if required, be used for monitoring and evaluation.
- 12.9 In case of public infrastructure projects the local authorities should be involved both at planning and execution stage. The maintenance of project should be the responsibility of the local authorities. A confirmation letter to that extent may be obtained to the extent possible.
- 12.10 The implementation and monitoring of the CSR activities will be overseen by the CSR Committee apart from the dealing officer. The Minutes/recommendations of the CSR Committee shall be placed in the Board Meeting held immediately after the CSR Committee Meeting.
- 12.11 Impact Assessment of CSR activities taken out during a year shall be made for improving the performance in the future.
- 12.12 Every CSR activity shall be considered as an opportunity for nation building through business progress and hence the same shall be publicized for wider spread effects in the society.