

Corporate Social Responsibility and Sustainability Policy of MSTC
Ltd 2014

1.0 Preamble and Historical Background

- 1.1. 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 scrap trading company into multiproduct diversified, techno savvy company serving the Indian Industry as the premier e-commerce service provider. MSTC is also engaged in procurement of industrial bulk raw materials for Indian Industries, primarily steel sector.
- 1.2 MSTC is committed to the uplift of poor and improving the quality of life of “under privileged citizens” by various CSR initiatives and appropriate services.
- 1.3 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.
- 1.4 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.
- 1.5 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 CSR. MSTC policy was redrafted and approved by the Board on 02.03.2013.
- 1.6 The Companies Act'2013 has been introduced with effect from 1.1.2014 where the Act itself provides for CSR, which applies, to company where it 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.
- 1.7 On 10.07.2014 by DPE OM no.15 (3)/2013-DPE (GM) the provisions relating to CSR by DPE were withdrawn as the Companies Act and CSR Rules shall apply to such categories of companies.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 CSR and Sustainability, vide O.M.No. F.No.15 (13)/2013-DPE (GM) guidelines as a supplement to the Companies Act and CSR Rules. This has been considered while drafting this policy.

2.0 Vision

To integrate with and improve the Social environment by acting as a responsible partner in its quest for inclusive growth.

MSTC resolves to-

- (a) Inculcate a culture of care for the under privileged, socially/ economically backward citizens.
- (b) Encourage development in the fields of Education, Hygiene, and Health.
- (c) Encourage persons with other abilities.
- (d) Comply with the statutory provisions and Govt. guidelines on CSR & sustainability.
- (e) Protect environment and save natural resources for future generation.
- (f) Imbibe environment-friendly culture in the organization for sustainable development.
- (g) Promote women and child related social issues.

3.0 Constitution and Role of CSR Committee

3.1 MSTC Board shall constitute a CSR Committee with an independent director as Chairman and D(F)and D(C), 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. CS shall be the secretary to the committee.

3.2 Role of the Committee

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

4.0. 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 to ensure that the same is hosted in the website of the company.

- (b) Boards' 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 that the activities included under the CSR Policy are being undertaken by the company.
- (c) Board shall also ensure that Company spends at least 2% of the company's average net profit for last 3 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.

5.0. CSR activities

MSTC shall take out any one or more of the activities under schedule VII of the Companies Act, 2013 including any supplementary, clarifications etc. thereto. A list of items under schedule VII and supplement/clarification thereto is enclosed as annexure II of this policy.

(a) Inclusion

MSTC shall give preference to the states where it has got offices. However, MSTC's business activities encompass the whole country; therefore, depending upon need, CSR activity may be undertaken anywhere in India. 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 which is a requirement of any provision of law/regulation or is indirectly a business activity shall also be out of the purview 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 programmes 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.

6.0. Collaborative Projects

- 6.1. MSTC may take up projects in collaboration with other PSUs or with any specialized agency of the Govt. either as PPP model or with co-sponsor to the project. However in such cases 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.

7.0 Budget

- 7.1 The budget on CSR shall be an amount equal to or more than 2% of the company's average net profit for last three years.
- 7.2 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.
- 7.3 The items under para 5(b) exclusions shall not be considered as expenditure under the budget.
- 7.4 If the budget is not spent, the Board shall explain the reasons for not spending the allocated amount in its Report. However, the unspent amount shall be carried forward for utilization in the next year.

8.0 Approaches

- 8.1 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 analysed with visit to the premises /site / office by a team of officers decided by 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.
- 8.2 In case of urgency or compliance of Govt. guidelines/directive, the projects to be placed may be taken up with approval of CMD, only if it is not feasible to call an urgent meeting of the CSR Committee and information to be submitted in the next CSR committee and board meetings. The reason for not being able to call an urgent meeting of CSR Committee shall be placed on record.
- 8.3 Projects may 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.
- 8.4 Local Authorities may be approached on the request of local authorities may be considered for selection of project. They may be involved at the implementation level also.

9.0 Implementation and monitoring.

- 9.1 MSTC shall devise internal mechanism to spread CSR awareness amongst the employees. The initiatives shall be explained in management meetings, CEO's communication to employees and other forum where a group of employees are present.
- 9.2 Training programmes on CSR shall be organised for the employees. The dealing officers may be nominated for external/CSR training and/or interaction with other PSUs.
- 9.3 In case of new incumbents one session on CSR shall be included in induction/orientation programme.
- 9.4 CSR activity shall be in project mode with measurable targets. In case project mode is not possible, the reasons are to be recorded.
- 9.5 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. Empanelled agencies of Government/semi-Government /CSR hub will be engaged wherever possible.
- 9.6 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.
- 9.5 If possible, big projects can be taken up by pooling resources with other CPSEs.
- 9.6 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.
- 9.7 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.
- 9.8 The implementation and monitoring of the CSR activities will be overseen by the CSR Committee apart from the dealing officer. The minutes/recommendation of the CSR Committee shall be placed in Board meeting held immediately after the CSR Committee meeting.