

FERRO SCRAP NIGAM LIMITED CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY POLICY-

1. CONCEPT

1.1 SHORT TITLE & APPLICABILITY:

1.1.1. The policy, which encompasses the company's philosophy for delineating its responsibility as a Corporate Citizen, and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the "**FSNL CSR & Sustainability Policy**".

1.1.2. This policy shall apply to all CSR initiatives and activities taken up at the various units and locations of FSNL, and should give priority to national development agenda like safe drinking water for all, provision of toilets especially for girls, health and sanitation, education etc. for the benefit of different segments of the society, specifically the deprived, underprivileged neglected and weaker sections which comprise of SC, ST, OBCs, Minorities, BPL

1.2 NEED FOR A NEW POLICY ON CSR & SUSTAINABILITY :

As per the new Companies Act, 2013- Section 135 & Schedule-VII of the Companies Act, 2013, which is related to CSR activities which has been made effective from 01.04.2014.

In view of the above, the existing CSR policy of the company needed a comprehensive revision and accordingly this new policy on CSR & Sustainability is prepared.

1.3. CSR VISION STATEMENT & OBJECTIVE:

1.3.1. In alignment with vision of the company, FSNL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a **Socially Responsible Corporate**, with environmental concern.

1.3.2. The objective of the **FSNL CSR Policy** is to:

- Directly or indirectly take up programmes that benefit the communities in & around its work centres and results, over a period of time, in enhancing the quality of life & economic well-being of the local population.
- Generate through CSR initiatives, a community goodwill for FSNL and help reinforce a positive & socially responsible image of FSNL as a Corporate entity.
- Ensure an increased commitment at all levels in the organization To operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- Commitment and involvement of employees through awareness programme for cross section of employees. The programme would be arranged by HRD dept. through external / internal faculties. The HRD dept. shall maintain records, photographs etc. in respect of internalizing socially responsible and sustainable policies in the organizing.

2. DEFINITION AND INTERPRETATION

In this policy, unless repugnant to the meaning or context thereof, the following expression shall have the meaning given to them below:

- 2.1 the term “ Board / Board of Directors shall mean the Board of Directors of the company.
- 2.2 the “ Act” means the Companies Act, 2013
- 2.3 “ Appendix means the Appendix appended to these policy.
- 2.4 “CSR Committee” means the Corporate Social Responsibility Committee of the Board.
- 2.5 Company means Ferro Scrap Nigam Limited”
- 2.6 “ Local Area “ means the area fall within a radius of 50 KMs from Company’s Corporate Office / branch Office / working units.

3. AREA OF OPERATIONS OF THE COMPANY.

The main area of operation of the Company is to carry on the business of processing of steel mills slags and other refuse and debris for the recovery of iron and steel scrap and other metallics and to render all kinds of services to manufacturing of steel and iron and other metallics.

Internal operations and processes of the company ensures environmental sustainability as Iron recovered from the processing are returned to steel plants, which means company is protecting environmental by recycle / re-use of waste material which protect / conserve the natural resources.

4. PLANNING

4.1.1 Identification of CSR & Sustainability Projects / Activities :

The CSR & Sustainability activities shall be as per Schedule-VII of the Companies Act, 2013, Company's CSR & Sustainability activities as arranged according to Schedule-VII is enclosed as appendix-A.

And, the activities which are clearly mandated to be performed by the Government and / or for which Central / State Government's schemes have been sanctioned, should be refrained, as it could result in unnecessary duplication.

The only exception being contributions made for natural calamities / disasters.

5. RESOURCES

5.1. Allocation of funds

- a) With effect from 01.04.2014, Company shall spend in each financial year, at least 2.0% of the average net profits of the company made during the three immediately preceding financial years.

The above shall not be applicable if the Company does not meet the criteria as covered under sub-section (1) of Section 135 of the Companies Act, 2013 for three consecutive financial years.

- b) Any unspent/unutilized CSR fund of a particular year, shall be carried forward to the following year, i.e. the CSR budget will be non-lapsable in nature. However, the reason for not being able to spend shall be disclosed and every effort shall be made to spend the unutilized budget of any year within the next two financial years.
- c) In case the Company is unable to spend the unutilized CSR fund within the next two financial years, the unspent amount would be transferred to a 'CSR Fund', which shall be used for CSR activities.
- d) At least 75% of the CSR budget shall be earmarked for activities which shall be implemented in project mode.
- e) maximum upto 20% may be allocated for other activities.
- f) The CSR Committee (Board Level Committee) shall recommend to the Board, the amount of expenditure, which shall be spent on the CSR & Sustainability activities.

The budgetary allocation shall be approved by the Board of Directors.

6. INSTITUTIONAL ARRANGEMENT

The Board Level Committee for CSR & Sustainability shall be headed by an Independent Director. The Composition of the Committee is to be decided by the Board of Directors of the Company. But it is mandatory to have at least one Independent Director as a member of this committee.

The implementation and monitoring of the CSR & Sustainability activities shall be overseen by the Board Level Committee.

The day-to-day implementation shall be under the overall supervision of a senior level executive, one rank below the Board Level, who shall act as The Nodal Officer.

The Nodal Officer & Head of HRD Dept shall coordinate & implement the CSR & Sustainability activities.

The Board Level Committee and the Nodal Officer and Head of HRD Dept. together will constitute the two-tier organizational structure to steer the CSR & Sustainability agenda of the company.

7. IMPLEMENTATION

7.1. CSR & Sustainability activities will be undertaken by C.O./ various units of FSNL to the best possible extent as per Schedule-VII of the Companies Act, 2013, Company's CSR & Sustainability activities as arranged according to Schedule-VII is enclosed as appendix-A.

7.2. The time period / duration over which a particular project/ activity will be spread, will depend on its nature, extent of coverage and the intended impact of the project / activity.

7.3. The project / activity which involve considerable financial commitment and are undertaken on a timeframe of 2-5 years, will be considered as 'flagship project / activity ' and accorded enhanced significance.

7.4. The CSR projects/activities will be recommended by the CSR Monitoring Committee & approved by the Board in line with the DPE Guidelines from time to time.

7.5. Project activities identified under CSR are to be implemented by FSNL itself with the help of CSR committee / Sub-committee.

7.6. CSR should be implemented in Project mode with measurable targets for easy implementation, where its action plan will be distinguished as 'Short-term', 'Middle-term' & 'Long-term', qualified as :-

Short Term	: 6 months to 1 year
Middle Term	: 1 year to 2 years
Long Term	: 2 years and above - 'flagship programmes'

: 5 :

In case project mode is not possible, the reasons are to be recorded.

Mere donations to philanthropic/ charity or other organizations would not come under the category of CSR.

The budget shall be allocated for the implementation of those activities which are broken down into medium-term and short-term and achievement of targets set for each successive year, till the final completion of the project.

- 7.7. CSR activities should generate community goodwill, create social impact and visibility.
- 7.8. For CSR projects, the time-frame and periodic milestones should be finalized at the outset.
- 7.9 CSR activities shall be monitored by the HRD Dept. at C.O.
- 7.10. The process for implementation of CSR programmes will involve the following steps:-
- 7.11 While identifying Long Term Programmes, all efforts must be made to the extent possible to define the following:-
 - a. Programme objectives
 - b. Baseline survey - it would give the basis on which the outcome of the programme would be measured.
 - c. Implementation schedules:- Timelines for milestones of the programme will need to be prescribed
 - d. Responsibilities and authorities
 - e. Major results expected and measurable outcome.

7.12 Selection & Need assessment of CSR & Sustainability Projects / Activities.

- 7.12.1. The Selection of CSR & Sustainability project / activities will depend upon the local needs as may be determined by the need identification studies or discussions with District Administration / local government / bodies / citizen's forums / NGOs/ Trusts / Societies / Beneficiaries etc and the requests / applications shall be scrutinized and screened by the Corporate level CSR Committee.

The need assessment / baseline survey shall be carried out through in-house expertise and recourses.

However, in case of specialized CSR & Sustainability projects/activities for which in-house capacity is not available, the baseline survey/need assessment shall be carried out by specialized agencies.

In any case, the Company shall maintain the documentary evidence of having got the need assessment study done through its own expertise and resources, or through some specialized agencies, or having accessed reliable data in this regard from recognized authoritative secondary sources.

7.13 Approval of CSR & Sustainability Projects / Activities

All the CSR & Sustainability projects / activities shall be approved by the Board level Committee i.e. CSR & Sustainability Committee and ratified by the Board of Directors.

7.14.1 Executing agency

FSNL will identify suitable Project / activity for implementation in line with the CSR objectives of the Company and benefit the community for which those programmes are intended and will execute the activities by itself with the help of CSR committees/ Sub-committees. However, if need be, FSNL may seek help of implementing agencies through institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year.

7.14.2. Agreement between FSNL & Executing Agency:

Once the approved programmes under CSR are communicated to the units, they will be required to enter into an agreement with each of the executing/ implementing agency as per the **Standard Modal Agreement**.

7.15.1 Reporting

To ensure effective implementation of the CSR & sustainability projects / activities undertaken at a place, a monitoring mechanism will be put in place and Unit Heads shall inform the progress of the CSR & sustainability project / activity to the HOD of the HRD dept. Corporate Office The progress of CSR & Sustainability programmes under implementation at the Unit will be reported by the Unit Heads on a monthly basis, to the HOD of HRD department at Corporate Office, who shall report to the Board Level CSR & Sustainability Committee with regard to implementation of CSR activities and utilization of annual budget The Board Level Committee will in turn, periodically submit the reports to the Board of Directors for their information, consideration and necessary directions.

The periodicity of submission of reports shall be on quarterly basis. Additionally, an Annual Report on CSR & Sustainability activities shall be included in the Board's Report as per Appendix-B as notified by Ministry of Corporate Affairs, as part of the Companies Act,2013.

7.15.2 Periodicity of Meeting :

The Committee will meet at least twice in a year to discuss and review CSR activities and Policy.

A quorum of two members is required to be present for the proceedings to take place. Such other meetings of the Committee can be convened as and when deemed appropriate. The Committee shall have the authority to call such employee(s), Senior Official(s) and or externals, as it may deems fit.

7.15.3 Impact Assessment and Feedback.

The Corporate HRD department, in association with other concerned departments, will conduct impact studies on a periodic basis, through a duly constituted committee for this purpose, especially on the strategic and high value programmes.

7.15.4.The Units/work centres will also try to obtain feedback from beneficiaries about the programmes, and will report to the HOD of HRD department at Corporate Office.

7.16 MoU Evaluation/Performance of the Company

When included in the Annual MOU of the company by the Ministry. The company shall submit the self-assessment reports regarding each performance indicators pertaining to CSR and Sustainability for MoU evaluation if included.

7.17 Documentation

Company's Policy on CSR & Sustainability alongwith a report on its CSR & Sustainability activities shall be made available in Company's website in the format enclosed as Appendix-B.

7.18 Policy documents to be referred for implementation of CSR & Sustainability projects/activities

- a) Policy of company on CSR & Sustainability.
- b) Revised Guidelines on CSR for CPSEs (April'2013), issued by Ministry of Heavy Industries & Public Enterprises, Govt. of India vide their letter reference no. no. F.No. 15(7)/2012-DPE(GM)GL-104 dtd. 12.04.2013.
- c) Any subsequent Amendment/Revision/addendum to the above guidelines issued by Ministry of Heavy Industries & Public Enterprises, Ministry of Corporate Affairs, Ministry of Law & Justice, Govt. of India.
- d) Any subsequent guideline/circular/instruction issued by Govt. of India on CSR activities.

7.19 Contingency

Certain projects/activities which are not approved by Board Level Committee but are required to be implemented on an urgent basis in unforeseen circumstances relating to Natural calamity, can be taken up for implementation after approval from MD and Chairman. The Board Level Committee and Board of Directors would be appraised about such projects/activities during their next quarterly meeting.

7.20 General

- a) The CSR & Sustainability Policy shall be recommended by the CSR Committee (Board Level Committee) to The Board of Directors for its approval.
- b) The Company reserves the right to modify, cancel, add, or amend any of the above rules/guidelines, with the approval of Board Level Committee & ratification of Board of Directors.
- c) Any or all provisions of the CSR & Sustainability policy shall be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government of India, from time to time.
- d) In case of doubt with regard to any of the provision of the policy and also in respect of matters not covered herein, the interpretation & decision of the Corporate management shall be final.

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Appendix-A

CSR & Sustainability Projects / Activities as per Schedule-VII of the Companies Act, 2013

- (i) Eradicating hunger, poverty and malnutrition, “promoting health care including preventive health care” and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- (viii) contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the central govt;
- (x) rural development projects;
- (xi) slum area development;

Explanation.- For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

- (xii) disaster management, including relief, rehabilitation and reconstruction activities.

Appendix-B

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The composition of the CSR Committee.
3. Average net profit of the company for the last three financial years.
4. Prescribed CSR Expenditure (two percent of the amount as in Item no. 3 above).
5. Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year;
 - (b) Amount unspent, if any;
 - (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) project or programs wise	Amount spent on the projects or programs Sub-heads : 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency *
1	TOTAL						

* Give details of implementing agency:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/– (Chief Executive Officer or Managing Director or Director)	Sd/– (Chairman CSR Committee)	Sd/– (Person specified under clause (d) of sub-section (1) of section 380 of the Act) (wherever applicable)
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