
POLICY ON CORPORATE SOCIAL RESPONSIBILITY

Chapter 1

1. CONCEPT

1.1 PREAMBLE

1.1.1. India has emerged as one of the largest economies in the world, and an increasingly important player in the global scenario, but, it is still home to the largest number of people living in absolute poverty and the largest number of undernourished children due to uneven distribution of wealth which many believe, is the root cause of social unrest.

1.1.2. Government as well as regulators have responded to this unrest and has made mandatory Corporate Social Responsibility provisions under the Companies Act, 2013.

1.2. SHORT TITLE & APPLICABILITY

1.2.1. This 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 "**Shyam Century Ferrous Limited (SCFL) CSR Policy**". It has been prepared keeping in mind the company's Code of Business Ethics and to comply with the requirements of Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, notified by the Ministry of Corporate Affairs vide Notification dated 27th February, 2014 and as amended from time to time.

1.2.2. This policy shall apply to all CSR initiatives and activities taken up at the various work-centres and locations of the Company, for the benefit of different segments of the society, specifically the deprived, under-privileged and differently abled persons.

1.3. CSR VISION STATEMENT & OBJECTIVE

1.3.1. The main objective of the Policy is to establish the basic principles and the general framework of action for management to undertake and fulfil its corporate social responsibility.

1.3.2. In alignment with vision of the company, the company, through its CSR initiatives, will create value 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.

1.3.3. Corporate Social Responsibility is a form of corporate self regulation integrated into a business model. Therefore, the Policy will function as a built-in, self regulating mechanism whereby the business will monitor and ensure its active compliance with the spirit of law, ethical standards and international norms.

Chapter 2

2. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

2.1. The Corporate Social Responsibility Committee shall consist of three or more Directors amongst which one shall be an Independent Director.

2.2. The Committee shall hold meeting as and when required, to discuss various issues on implementation of the CSR Policy of the Company.

2.3. The quorum for a meeting of the Committee on CSR shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two members, whichever is higher.

2.4. The Sitting Fees, if any for attending the meeting shall be determined from time to time by the Board of Directors.

2.5. The CSR Committee shall

2.5.1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013;

2.5.2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) in a financial year;

2.5.3. Monitor the Corporate Social Responsibility Policy of the company from time to time.

- 2.5.4. Formulate and recommend to the Board an annual action plan in pursuance of CSR Policy which is subject to alter by the Board of Directors as and when required.
- 2.5.5. Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.
- 2.6. The Board of Directors shall, after taking into account the recommendations made by the CSR committee, approve the CSR policy for the company and disclose its contents in their report and also publish the details on the Company's website, if any, in such manner laid down in the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- 2.7. The Board of Directors shall ensure that the Company spends at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years in pursuance of its CSR Policy.
- 2.8. **The Board of Directors shall satisfy that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to that effect.**

Chapter 3

3. RESOURCES

3.1. Funding & Allocation

- 3.1.1. For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, the Company will allocate minimum of 2% of its average net profits made during the 3 immediately preceding financial years as its Annual CSR Budget.
- 3.1.2. The Annual CSR Budget shall be spent on activities laid down in Chapter 4.
- 3.1.3. In case CSR amount is spent for creation of capital assets which shall be held in the name of beneficiaries of the CSR projects, CSR implementing agencies having CSR Registration number. In case there is already any capital assets created the same shall comply in terms of the Rules within 180 days from commencement of rules or may be extended by the Board of Directors not more than 90 days with reasonable justification.

- 3.1.4. Any unspent/unutilised CSR allocation of a particular year, will be carried forward to the following year, that is, the CSR Budget will be non-lapsable in nature.
- 3.1.5. Any surplus arising out of CSR activities shall not form part of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR account and spent in as per CSR Policy and annual action plan or transfer such surplus to a fund specified in Schedule VII within a period of six months of the expiry of financial year.
- 3.1.6. In case there is excess spent on CSR over and above the requirements, such excess amount may be set off against requirements upto immediate succeeding 3 financial years provided that the excess amount available for set off shall not include surplus arising out of CSR activities and the Board of Directors passed a resolution to this effect.
- 3.1.7. CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity with the CSR Policy.

Chapter 4

4. PLANNING & IMPLEMENTATION

4.1. The Company shall identify any one or more of the following areas for its CSR spending:

- 4.1.1. eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swach Bharat Kosh set up by the Central Govt. for the promotion of sanitation and making available safe drinking water
- 4.1.2. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- 4.1.3. 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;

- 4.1.4. ensuring environmental sustainability, eco- logical 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 Central Govt. for rejuvenation of river Ganga);
- 4.1.5 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 arts and handicrafts;
- 4.1.6 measures for the benefit of armed forces veterans, war widows and their dependents; [including Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows]
- 4.1.7 training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- 4.1.8 contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio- economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- 4.1.9. a. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
b. Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
- 4.1.10. Rural development projects;
- 4.1.11. Slum area development;
- 4.1.12. Disaster management, including relief, rehabilitation and reconstruction activities

4.2. The CSR projects or programs or activities undertaken by the company in India only shall amount to CSR Expenditure in accordance with the provisions of sub-section (5) of section 135 of the Act.

4.3. The activity/list of activities identified by the Company from time to time from the above items shall form part of this CSR Policy.

4.4. Preference shall be given to local area and areas around the Company for spending the amount earmarked for CSR.

4.5. The Board of the company may decide to undertake its CSR activities recommended by the CSR Committee, through a registered Trust or a registered society or a company established by the company. Provided that –

4.5.1. If such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;

4.5.2. The Company shall obtain Certification from such trust regarding spending of CSR contribution.

4.5.3. Such implementing agency (ies) should be registered with the Ministry of Corporate Affairs by filing CSR-1.

4.6. Exclusions:

4.6.1. The CSR activities shall be undertaken by the company, (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

4.6.2. Any Contribution of any amount directly or indirectly to any political party under section 182 of the Act, by the company shall not be considered as CSR activity.

4.6.3. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.

4.6.4. Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the company.

Chapter 5

5. IMPLEMENTATION

CSR programmes will be undertaken by the Company itself or through implementing agency like, Section 8 Companies or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, established by the Company singly or with any other Company or through such other agencies as specified in Companies (CSR) Amendment Rules, 2021. The Implementing Agency as aforesaid should be registered with the Central Govt.

The Company may collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of respective Companies are in a position to report separately on such projects or programmes.

- 5.1. The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.
- 5.2. Programmes which involve considerable financial commitment and are undertaken on a timeframe of 2-5 years, will be considered as '*flagship programmes*' and accorded enhanced significance.
- 5.3. By and large, it may be ensured that the CSR programmes shall be executed in and around the areas adjoining Company's workplace and factories/ Project sites/ work centres.
- 5.4. In case of emergency and extreme exigency, the Chairman of the Committee is authorised to make immediate contributions for any of the purposes mentioned herein above and such contributions will be ratified at the next meeting of the Committee.
- 5.5. Identification of programmes at Corporate and work centre level will be done by means of the following:
 - (a) Need identification Studies by professional institutions/agencies
 - (b) Internal need assessment by cross-functional team at the local level
 - (c) Receipt of proposals/requests from District Administration/local Govt. etc.
 - (d) Discussions and request with local representatives/Civic bodies/Citizen's forums etc.

Chapter 6

6. MONITORING AND FEEDBACK

- 6.1. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head. The progress of CSR programmes under implementation at work centre will be reported to corporate office on a monthly basis.
- 6.2. The CSR Committee at the corporate office will conduct *impact studies* on a periodic basis, through independent professional third parties/professional institutions, especially on the strategic and high value programmes.
- 6.3. Work centres and zonal office will also try to obtain feedback from beneficiaries about the programmes.
- 6.4. Appropriate documentation of the Company's CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.
- 6.5. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder.

Chapter 7

7. GENERAL

- 7.1 In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.
- 7.2 Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines, Acts, Rules etc., as may be issued by the Government, from time to time.
- 7.3 The Company reserves the right to modify, add, or amend any provisions of the policy as may be required from time to time.