

Corporate Social Responsibility Policy of SAIL

(Revised in March 2021)

1. Vision

To strive for excellence in promoting innovative CSR Initiatives and Improvement in quality of life of communities through ethical, transparent, accountable and sound governance practices and be known as a Corporate Leader in sustainable CSR initiatives.

2. Guiding Principles

2.1 Corporate Social Responsibility (CSR) of SAIL defines the statutory obligations and the Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner, whereby organizations serve the interests of society by taking responsibility for the impact of their activities.

2.2 SAIL recognizes the direct and indirect impact of its business activities on the society and strives to integrate its business values and operations which enable creation and distribution of wealth for the betterment of its stakeholders in an ethical and transparent manner to demonstrate its commitment to sustainable development and to meet the interests of its stakeholders. It is also committed to continuously upgrade its CSR endeavours to make positive impact on the society.

2.3 Stakeholders include employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-government organizations, local communities, environment and the society at large.

2.4 The CSR Policy of SAIL is a statement containing the approach and direction given by the Board, taking into account the recommendations of the CSR Committee of the Board. It includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

3. Objectives

3.1 To create value for the stakeholders and society that are fundamentally linked to SAIL's core business strategies and operations through its services.

3.2 Enhance value creation and foster goodwill for the community in which it operates by enhancing the quality of life of people in the direct impact zone.

3.3 Support the community by assisting the underprivileged people and communities

3.4 Carry out developmental initiatives in order to meet the calls of the present without compromising the ability of future.

3.5 Support local populace by building the image of SAIL as patron of Arts and Sports and Culture.

3.6 To operate in a socially, environmentally and economically responsible manner to succeed by seeking social license.

4. Strategy

4.1 The inspiration of CSR strategy is linked to the core function of the company. By making efforts to “Give Back” to the community, the paradigm underlying SAIL’s Corporate Social Responsibility is centred on the idea of creating “shared value” focussing the Triple Bottom line approach (*People, Planet & Profit*).

4.2 The thrust of the CSR of SAIL shall clearly be on empowerment of communities, inclusive socio-economic growth, capacity building, environment protection, promotion of green and energy efficient technologies, development of backward regions and upliftment of the marginalized and under-privileged sections of the society.

5. Organisation setup for CSR

5.1 The CSR projects in SAIL will be implemented under the guidance of CSR Committee (*Board level committee*) which comprises of functional and independent directors of SAIL who shall be responsible formulating and recommending to the Board an Annual Action Plan in pursuance of the CSR Policy of the Company, that would include:

- i) List of CSR projects/activities/programmes covered under the areas/subjects specified in the Schedule-VII; their Modus operandi. implementation schedules, monitoring & reporting mechanism
- ii) the budget expenditure to be incurred on such CSR activities and modalities of utilisation of funds thereon
- iii) details of need & impact assessment, if any, for the projects undertaken by the Company
- iv) Monitor and recommend the alterations in the CSR Policy and Annual Action Plan of the company, based on reasonable justifications to that effect.

5.2 An officer one rank below the Board level will facilitate/ coordinate Company’s CSR initiatives and will be assisted by a team of designated officials.

5.3 Director (Finance) and Director (Personnel), of SAIL shall certify to the effect that the CSR expenditures have been incurred as per the approved Annual Action Plan of the company in accordance with the Rule 4 (5) of Companies (CSR Policy) Amendment Rules, 2021.

6. Scope of CSR activities

6.1 The scope of SAIL's CSR interventions would be as per the provisions made under Companies Act, 2013, Companies (CSR Policy) Rules, 2014, Companies (CSR Policy) Amendment Rules, 2021 effective from 22/01/2021, DPE Guidelines and circulars issued under the Act from time to time.

6.2 Distribution of CSR budget among the focus areas shall depend on the priorities prevailing during the specific fiscal.

6.3 In line with the Companies (CSR Policy) Amendment Rules, 2021 Rule 2(1) effective from 22/01/2021, following activities would not qualify as CSR activities:

- i. Activities undertaken in pursuance of normal course of business of Company
- ii. Any activity by Company outside India, except for overseas sports trainings of Indians representing State/UT at national/international level;
- iii. Contribution directly/ indirectly to any political party under Section 182 of the Act;
- iv. Activities benefitting employees as defined in Code on Wages, 2019 (29 of 2019) Sec.2 Clause (k);
- v. Activities supported on sponsorship basis for deriving marketing benefits for its products/services;
- vi. Activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- vii. One-off events such as marathons/awards/charitable contributions/advertisements/sponsorship of TV programs /events involving celebrities, specifically for entertainment purposes, etc. (Ref: MCA Circular no.21/2014 dated 18.06.2014)

6.4 In addition to the above, contributions to any institution of worship would also not qualify as CSR activity under CSR program of SAIL.

6.5 In line with the Companies (CSR Policy) Amendment Rules, 2021 effective from 22/01/2021, following activities shall now be considered under CSR program of SAIL :

- a. Overseas sports trainings of Indian sportspersons representing State/UT at National/International level;
- b. Engagement of international organisations for :
 - (i) Designing, monitoring & evaluation of the CSR projects
 - (ii) Capacity building of own personnel for CSR.

6.6 An expenditure not exceeding 5% of annual CSR Expenditure may be incurred on “**Administrative overheads**” i.e. the expenses incurred for ‘General Management & Administration’ of CSR activities in the Company excluding:

- The direct expenditure on the designing, implementation, monitoring & evaluation of a particular CSR project.

6.7 **Capital assets** can be created/acquired under CSR, which would be held by a Section-8 Company/Registered Public Trust/Society, with charitable objects & CSR Registration number or its beneficiaries, like SHGs, collectives, entities or a public authority, provided that :

- The capital asset created before 22/01/21, shall within 180 days(extendable upto 90 more days) comply with this rule with the Board approval on reasonable justification”.
- Title holder of such an asset would be a Section-8 Co./NGO/SHG, etc.

6.8 An expenditure less than Rs. 50 Lakhs or 5% of the total CSR expenditure, whichever is less, can be booked for **Need and Impact Assessments** of the CSR projects, having outlays of Rs. 1 crore or more, which may be undertaken after one year of project-completion, through an independent agency. International organisations (as specified in the Companies (CSR Policy) Amendment Rules, 2021) may also be engaged for the purpose.

7. Geographical coverage

7.1 CSR initiatives will be taken up primarily in the peripheral areas/direct impact zones of SAIL Plants & Units. However, few projects may also be undertaken on Pan India basis as deemed fit.

8. Budget & Expenditure

8.1 CSR Budget shall be allocated during each financial year by the Board of Directors/CSR Committee. Company shall spend at least 2% of the Average Net Profit made during immediately preceding three financial years on its CSR activities as per the provisions of Companies Act, 2013.

8.2 Every endeavour shall be made to spend the entire yearly budget on CSR activities in that year itself.

8.3 At least 80% of the annual expenditure will be incurred on CSR projects undertaken by Plants/Units in their direct impact zone (periphery) with the remaining expenditure being made on Pan India basis.

8.4 The expenditure incurred in excess of mandatory CSR expenditure (as per Section 135(5), i.e. at least 2% of the Average Net Profits of immediately preceding 3 financial years, would be set off/carried forward as 'credit' against the budget requirement of immediately succeeding 3 financial years, for which Board would pass a resolution.

8.5 CSR funds remaining Unspent pursuant to ongoing projects would be transferred to **"Unspent Corporate Social Responsibility Account"** a special Bank account to be opened for that Financial Year in that behalf within 30 days of the ending-fiscal (within April of next FY), and such amount shall be spent by the company in pursuance of its obligation towards CSR within a period of 3 Financial Years from the date of such transfer, failing which, the company shall transfer the same to a Schedule VII Fund within 30 days of completion of the 3rd Financial Year, i.e. (in April month of 4th Fiscal).

8.6 Any surplus arising out of CSR projects would not form part of the business profits of the company. This surplus would be :

- (i) ploughed back into the same project or
- (ii) be transferred to the "Unspent CSR Account" and spent in pursuance of CSR Policy and Annual Action Plan of the Company or
- (iii) transferred to a Fund specified in Schedule-VII, within 6 months of the expiry of a fiscal, i.e. upto September.

8.7 An amount as deemed fit by the Board, may be kept in reserve out of the CSR budget for contributing towards Natural calamity relief work in case of such unfortunate incident taking place in the country. If remained unutilized till the 3rd quarter, this fund may be used for carrying out other CSR activities in the last quarter of the financial year.

8.8 The financial sanctioning authority of each CSR project/Scheme will be as per the following delegation of powers (DOP):

SN	Designation	Financial Powers [Per case/proposal- in consultation with finance (ICWF)]
1	Chairman	Upto Rs.5 Crore
2	Committee of Directors comprising D (C), D (P) & D (F)	Upto Rs.3 Crore
3	D(P)/CEOs / Plant heads	Upto Rs.1 Crore
4	ED (P&A)/HoPs	Upto Rs.10 Lakh

8.9 Ongoing Projects :

- (i) "Ongoing Project" means a multi-year project having timelines not more than 3 Fiscals (excluding the FY in which it commenced) & shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond 1 year by the board based on reasonable justification;
 - Board to monitor the implementation of project with respect to the approved timelines, year-wise allocations & modifications thereof, within overall permissible time period.
- (ii) SAIL is providing financial support to numerous schools in the vicinity of its Plants/Units. The expenditure incurred on this front will be booked under CSR. Such schools where wards of SAIL employees are also studying, the expenditure incurred on the wards of non-SAIL employees only would be reckoned for this purpose, calculated on pro-rata basis.
- (iii) SAIL is extending health care facilities to the poor masses residing in the periphery of its Plants/Units in the form of regular health camps, MMUs, free/subsidized treatment at SAIL hospitals, etc. The expenditure incurred towards providing these facilities shall be booked under CSR. At SAIL hospitals, this expenditure shall be calculated on pro-rata basis for providing health care facilities to non-SAIL persons.

9. Planning (Procedure for identifying of projects)

9.1 Identification of CSR projects/activities at Plants & Units/ Corporate level will be done by any one or combination of the following:

- a. In-house planned projects.
- b. Proposals from District Administration/local Govt. body/public representatives etc.
- c. Proposals/Requests from a registered & specialized body for providing financial assistance for carrying out specific CSR initiative subject to the condition that it fulfils the criteria as prescribed in the statute in this regard. A CSR activity through this mode would only be permissible when it is planned to be carried out in project mode. These Proposals should be considered only after checking the credibility of the associated agency and the quality of its job as per the following procedure:
 - i. Evaluation of necessary documents.
 - ii. Site visits shall necessarily be made for projects having financial implication above Rs. 5 Lacs and only when the visit report is found to be favourable; such projects should be processed ahead.

- iii. For projects exceeding Rs. 25 Lacs, the site visit must be conducted by a cross functional group of officials of the concerned Plant/Unit consisting of at least one representative each from the CSR and Finance departments for assessing the performance of the agency in terms of value for money. It should be clearly mentioned in the proposal that whether similar projects have earlier been carried out by the agency or not.
- iv. With reference to point 9.1 c (iii) above, if similar projects have been/are being carried out by the agency at other location(s), the officials of the Plant/Unit processing the proposal should visit such site and shall record in writing the location, the organisation which is supporting the project, a brief regarding the pre project status of the target beneficiaries, the improvements brought out during implementation/after completion of the project gathered through interaction with the beneficiaries, comments of concerned official of the donor organisation regarding the performance of the agency, in the visit report.
- v. With reference to point 9.1 c (iii) above, if similar projects have not been carried out by the agency earlier, then the quality of the work done by the agency in the past shall be assessed by the same process as mentioned at point 9.1 c (iv) above by visiting any other appropriate project carried out by the agency.
- vi. The visit report (With reference to point 9.1 c (iii) above) must be accompanied with relevant facts, figures, comments of the beneficiaries (mentioning name & other details) & donor's representative (mentioning name & designation) regarding the quality of the work done, photographs, etc. establishing the quality/credibility of the job carried out by the agency
- vii. The administrative cost as percentage of the total project cost should be within reasonable limits depending upon the nature of the project and shall be well justified in the proposal if it is more than 15%.

9.2 On the basis of identified CSR activities/projects, the Annual Action Plan will be prepared by the CSR department of Plants/Units well in advance.

9.3 The so formulated Annual Action Plan will be scrutinized and examined by the subsequent level(s) of authorities at respective Plants/Units as per due procedures. The Annual Action Plan finalized at the Plant/Unit level will then be sent to Corporate CSR. After moderation, if any, and compilation, it shall be put up to the CSR Committee constituted under Section 135 (1) of the Companies Act 2013 and Section 5 of the Companies (CSR) Rules, 2014 for its consideration and necessary modification if any, advised by the said Committee.

9.4 The Annual Action Plan thus finalized shall then be recommended in such form as deemed fit by the CSR Committee to the SAIL Board for its approval. Once approved by the Board, the Annual Action Plan would be incorporated in the CSR Policy of the respective year.

9.5 All efforts should be made to finalize the Annual Action Plan before commencement of the financial year.

9.6 The Annual Action Plan as approved by the Board shall then be communicated to Plants/Units for implementation.

9.7 The Annual Action Plan may, however, be amended/modified by the Board at any time during the financial year as per the recommendation of the CSR Committee based on reasonable justifications to that effect and/or the procedure laid at point (9.1) to (9.4) above.

10. Execution & Implementation methodology

10.1 The CSR activities/projects listed in the approved Annual Plan shall be implemented using internal resources or through an identified suitable agency or through providing financial assistance to NGOs/specialized agencies/trusts/institutions/foundations/societies/bodies/international institutions, etc., in accordance with the provisions of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 and Amendment Rules, 2021.

10.2 CSR activities may also be undertaken through agencies as defined at Section 4 (1, 2 & 3) of the Companies (CSR Policy) Amendment Rules, 2021, who are registered (electronically) with Registrar, Ministry of Corporate Affairs by filling Form CSR-1.

10.3 Except in cases where the CSR project is to be carried out by providing financial assistance to a specific agency, the external implementation partner should be identified following the due procedure in this regard.

10.4 Preferably, executing agencies/entities having strong credentials like established track record of 3 years in undertaking similar activities, recommendation by Govt./other PSUs etc. shall be engaged for undertaking CSR project/schemes.

10.5 In all such cases where the CSR projects/schemes are to be implemented through external agency(s), Plants & Units will be required to specify appropriate Terms & Conditions or to enter into an agreement with the executing/implementing agency as the case may be. The said terms and conditions/agreement shall necessarily include the payment provisions related to monitoring as indicated in the following clause.

11. Monitoring Mechanism

11.1 Primarily the CSR Nodal Officer, who is also group head of CSR department at each Plant & Unit, shall be responsible for monitoring of CSR activities at every stage. The Cross functional CSR Groups formed at Plants/Units at various levels of authorities shall also keep a check and take stock of the progress of CSR projects/programs from time to time and shall take necessary corrective measures if required.

- 11.2 To ensure effective implementation of the CSR programmes undertaken at each Plant & Unit, a monitoring mechanism will be put in place by each Plant & Unit. The progress of CSR programmes under implementation will be reported to corporate office on **quarterly** basis.
- 11.3 For all the projects, the base line/pre-implementation phase data/status in terms of measurable parameters must be documented along with relevant photographs (if possible) before commencement of the project. In case the project is being implemented through external agencies, the base line data shall be collected through in house resources/by engaging a third party.
- 11.4 The CSR projects should include well defined milestones in terms of measurable parameters (preferably in line with the parameters defined for base line study). For projects having duration of one year or more, the time interval between two successive milestones shall not be more than 3 months.
- 11.5 The payments to the external agencies, as the case may be applicable, shall be made in instalments which shall necessarily be inter-twined in appropriate proportion with the achievement of the milestones. However, in case of job being done through Govt. Agencies, the mutually agreed payment terms would be applicable as decided on case to case basis.
- 11.6 The Nodal Officers of the CSR departments of Plant-Unit will inter-alia; keep track of the progress of the CSR projects/activities on a regular basis through status check against the predefined milestones of the project. If possible, the peripheral area should be divided into zones and a Project Manager be made responsible for progress of CSR project of the concern zones. Regular site visits and feedbacks from the targeted beneficiaries are prerequisites.
- 11.7 The impact created by the project shall necessarily be documented and shall include the development/up-gradation achieved in respect of the parameters corresponding to base line data and intermediary milestones (wherever possible) along with relevant photographs. To assess the impact of strategic and high value CSR schemes/projects, specialised independent professional institutions/agencies shall preferably be engaged.
- 11.8 To maintain transparency, details of every project i.e. base line data, targeted beneficiaries, intermediate milestones, targeted outcomes, completion schedule, payment plan, fund utilisation certificates, project completion certificates, Impact assessment etc. should be maintained as prescribed under the Company's rules so that they are available for any cross checks and future scrutiny.

- 11.9 A consolidated progress report of CSR activities at Plant/Unit [in reporting format as prescribed under Companies (CSR Policy) Amendment Rules, 2021] will be provided by the Nodal Officers to the Corporate CSR on a quarterly basis which shall then be put up for consideration of the CSR Committee. On the basis of progress report, the CSR Committee may recommend appropriate action with respect to any project/activity of the Policy.
- 11.10 Plants-Units may also propose any addition /deletion/modification (with proper justification) of project/activity after getting it duly recommended from the respective competent authorities for inclusion in/removal from the CSR Policy. On receipt of such proposals, CSR Committee may consider recommending suitable modification in the CSR Policy for approval of the Board.

12 **Reporting**

- 12.1 Contents of the SAIL CSR Policy and composition of the CSR Committee would be disclosed in the Board's Annual Report and same shall be displayed on the Company's website, in the prescribed format.
- 12.2 The Board's Annual Report in prescribed format (Annexure) shall include the following:
- a) A brief outline of the CSR policy
 - b) Composition of the CSR Committee
 - c) Reference to the web-link to above and CSR projects approved by the board are disclosed on the website of the company
 - d) Details of the amount available for set off, if any
 - e) Average net profit for last three FYs as per Sec.135(5)
 - f) Prescribed CSR Expenditure as per Sec.135(5)
 - g) Surplus arising out of the CSR projects of previous fiscal, if any
 - h) Amount required to be set off for the financial year, if any
 - i) Total CSR obligation for the financial year.
 - j) CSR amount spent or unspent for the financial year. Board Report shall disclose reasons for the same.
 - k) Details of CSR amount spent against ongoing projects for the financial year
 - l) Details of CSR amount spent against other than "ongoing projects" for the financial year
 - m) Amount spent for Administrative Overheads
 - n) Details of Unspent CSR amount for the preceding three financial years.
 - o) Details of Entities and CSR spent for creation or acquisition of capital asset.
 - p) The report would be signed by:
 - Chief Executive Officer or Managing Director or Director or;

- Chairman of the CSR Committee

12.3 The impact assessment reports, if any, shall be placed before the Board and annexed to the Board's Annual Report on CSR.

12.4 After the Annexure, Form CSR-1 shall be inserted, w.r.t Registration of Entities for undertaking CSR Activities (Pursuant to Section 135 of the Companies Act, 2013 and rule 4(1) and (2) of the Companies (CSR Policy) Rules, 2014)

13 Miscellaneous

13.1 This CSR Policy of SAIL encompasses Formulation, Implementation, Monitoring, Evaluation, Documentation and Reporting of CSR activities taken up by SAIL anywhere in India.

13.2 The CSR Policy of SAIL is intended to be in conformity with the provisions of Companies Act, 2013 and DPE Guidelines on CSR. In case of any contradiction between this policy and provisions of the Companies Act, the later shall prevail.

13.3 The Company reserves the right to modify, cancel, add or amend any of the provisions of this policy in accordance to the prevailing statute.

13.4 Notwithstanding any clause in this Policy, no action pertaining to CSR activities shall be taken in contravention of the provisions of Section 135 of the Companies Act, 2013 and of the Companies (Corporate Social Responsibility Policy) Rules, 2014, Companies (CSR Policy) Amendment Rules, 2021 effective from 22/01/2021 and DPE Guidelines.

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This Policy has been revised in compliance to the provisions of Section 135 (3) (a) of the Companies Act, 2013 and Section (6) of the Companies (CSR) Rules, 2014, Companies (CSR Policy) Amendment Rules, 2021 effective from 22/01/2021 and DPE Guidelines

and

approved by SAIL Board of Directors

in its

(479th meeting held on 20th April, 2021)

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