



CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

PIOMBINO STEEL LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY**Document Details**

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Preamble

Scope & Applicability of Document

This policy is applicable to Piombino Steel Limited (the “**Company**”) in respect of its operations in India. The following are the key elements of the policy:

- Introduction
- Key Focus Areas
- Strategy Approach towards Corporate Social Responsibility (CSR)
- Implementation strategy
- Monitoring and Evaluation Framework
- Governance Structure
- Budget

Company Introduction

Piombino Steel Limited was incorporated under the Companies Act, 2013 in India on September 21, 2018. The Company is engaged in the business of buying, selling and otherwise trading or dealing in steel and its allied products, iron ore, coal, coke, brick-earth, res, minerals and mineral substance, alloys and metal scraps of all kinds. It is the subsidiary company of JSW Steel Limited. It is the Promoter company of the Bhushan Power & Steel Limited (BPSL). It owns the entire shareholding of BPSL.

Philosophy

The Company is committed to inclusive growth to facilitate creation of a value-based and empowered society through continuous and purposeful engagement and need-based support with long term sustenance in view.

The Company firmly believes in strengthening the social capital. It has adopted a Corporate Social Responsibility Policy wherein it cherishes its relations with the communities and the larger set of stakeholders for working together towards a just and inclusive people and believes in inclusive growth through society.

Further, with aim to empower local stakeholders with better health, education and employment opportunities, and encourage sustainable development. The company encourages CSR activities in line with the desired objective.

Guiding Principles

- The CSR Policy of the Company shall be guided by the regulatory frameworks, international standards & best practices and industry norms, mentioned below:
 - Section 135 of The Companies Act, 2013 ('the Act') and the relevant notified rules.
 - State as well as National Laws & statutes related to social development contribution by corporates.
- In all circumstances the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, as amended by the Govt. of India from time to time, shall prevail over any other rule/ convention/ best practice and above this policy and the same shall be adhered to by the Company.
- The CSR Policy of the Company will be applicable in close coordination with the JSW Group's other Policies as permissible within the ambit of the CSR Act under Section 135 of Companies Act, 2013.
- The Policy would be subject to review by the CSR Committee and the Board of Directors of the Company from time to time, to incorporate and to amend, as necessary.

Key Focus Areas

The Company follows a holistic and integrated approach that is community-led and -managed. The Key focus areas of our interventions include strengthening rural education, provisioning of secondary & tertiary healthcare and strengthening of public health system, helping communities to access basic sanitation & promoting hygiene, contributing towards water and environment conservation, facilitating women-centric livelihoods and promoting agribusiness approach.

In line with the approach and strategy, The company plans interventions in the field of health, education, livelihood, vocational education, environment sustainability and responsible citizenship. The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

Education

- Improving access to quality education for enhancing learning outcomes and life skills including support for need-based infrastructure.
- Creating enabling environment for access to primary & higher education.

Livelihoods

- Self-Reliance Initiatives & Skills enhancement of youth for improving employability.
- Enhancing women workforce participation by creating livelihoods options.

Health & Nutrition

- Improving access to affordable primary and secondary care.
- Improving awareness and health-seeking behaviour amongst community.
- Ensuring support to nearby Health centres during pandemic/disaster situation.

Water, Environment & Sanitation

- Conserving and augmenting water, promoting biodiversity, sanitary living conditions & sustainable livelihoods.
- Ensure zero dumping by promoting waste management practices amongst community.

Other Initiatives

- To undertake other need-based community development initiatives in compliance with Schedule VII of the Companies Act, 2013.

Implementation Strategy

The company would allocate at least 2% of its average Net Profits made during the three immediately preceding financial years for the planning and implementation of CSR activities. All the CSR initiatives are approved by the committee and the same are reviewed periodically.

Taking a note of the importance of synergy and interdependence at various levels, the company would adopt a strategy for working directly or in partnership, wherever appropriate.

- Priority would be given to the areas in the immediate vicinity of the plant locations defined as Direct Influence Zone (DIZ). The policy enables plants to define their own DIZ with the provision that this could be expanded as per the size of operations. However, certain programs might be expanded beyond this geographical purview and upscale. This context is defined as Indirect Influence Zone (IIZ).
- Interventions would be formulated based on needs assessment using different quantitative and qualitative methods.
- Interventions would be adopted based on concurrent evaluation, knowledge management through process documentation and inputs received from the stakeholders.
- Social Mobilization, collaboration with other suitable agencies, advocacy at various levels, and/or appropriate policy changes would form part of the interventions in each sector.
- Interventions would be planned as much as possible to be a part of the larger jointly shared vision of the various stakeholders, development institutions and relevant government programs to bring in leveraging of resources.

Monitoring, Evaluation and Learning

Following enablers shall guide and facilitate the process of monitoring and evaluation through the stages of the program:

Program Design

- a. **KPI (Key Performance Indicators) Matrix:** For long-term & enduring CSR programs a standard set of sector-wise output, outcome, and impact indicators to be devised to define the measurement matrix for each CSR program undertaken by the company. The KPIs shall be used to monitor the program's progress concurrently and the change brought about over time.
- b. **Program Design:** A standard template shall be designed wherein every program has to be defined following the results-based management framework. The template shall provide all relevant information about the program, i.e., rationale, objective, KPIs, detailed budget break-up, activities, and timelines.

Concurrent Monitoring & Reporting

A combination of various mechanisms would be adopted for monitoring of the CSR programs:

- a. Quarterly monitoring by the CSR team.
- b. Half-yearly monitoring by Apex Committee of JSW Foundation and by the Committee of the Board.
- c. Yearly monitoring by the CSR Committee & Board of Directors.

Impact Assessment

The Company strives to capture the impact (social/economic and developmental) of its various initiatives through multiple mediums. The Company shall undertake Impact assessment of programs wherever applicable. The impact assessment studies shall be conducted in such manner as may be prescribed under applicable provisions of the Act and the Rules made thereunder, as amended, from time to time.

The reports of Impact assessments shall be put up for review to the CSR Committee and Board of Directors of the Company and shall be annexed to the annual report on CSR.

Governance

Board

- The Board of the Company shall constitute a Corporate Social Responsibility (CSR) Committee.
- The Board shall approve the CSR Policy of the Company recommended by CSR Committee.
- The Board shall ensure that the administrative overheads shall not exceed permissible limit under the Companies Act, 2013, as modified, currently it is five percent of the total CSR expenditure of the Company for any financial year.
- The Board of the Company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer of the Company or the person responsible for financial management shall certify to this effect.

Corporate Social Responsibility (CSR) Committee

- The Board constituted CSR Committee, along with the CSR team, shall be responsible for the decision making with respect to the Company's CSR policy.
- CSR Committee shall recommend the CSR policy to the Board of the Company, and Board of Directors shall approve the Company's CSR policy.
- The CSR Committee shall formulate and recommend to the Board, an annual action plan consisting of the following:
 - a. The list of CSR programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - b. The manner of execution of such programs;
 - c. The modalities of utilization of funds and implementation schedules for the programs;
 - d. Monitoring and reporting mechanism for the programs; &
 - e. Details of need and impact assessment, if any, for the programs undertaken by the Company Provided that Board may alter the Annual Action plan at any time during the financial year, as per the recommendation of its CSR Committee.
- The CSR Committee shall meet regularly to review the implementation of CSR programs/ programs and give suitable direction

In case of an ongoing program, the Board of the Company shall monitor the implementation of the program with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the program within the overall permissible time period. "Ongoing Program" here means a multi-year program undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding three years

excluding the financial year in which it was commenced, and shall include such program that was initially not approved as a multi-year program but whose duration has been extended beyond one year by the board based on reasonable justification.

Budget

Budget Planning & Expenses

- The Board of Directors of the Company shall ensure that minimum of 2% of the average net profit of the last 3 (three) years is spent on CSR initiatives undertaken by the Company. The "net profit" shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013.
- All expenditure towards the programs shall be diligently documented.
- Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same/similar program or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR Policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- Where a Company spends an amount in excess of requirement provided under Section 135 of the Companies Act, 2013, such excess amount may be set off against the requirement to spend under Section 135, up to immediate succeeding three financial years' subject to the conditions that –
 - (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any; and
 - (ii) the Board of the Company shall pass a resolution to that effect.

Treatment with respect to unspent CSR amount

- If the Company fails to spend prescribed CSR amount, the Board shall, in its report specify the reasons for not spending the amount unless the unspent amount relates to any ongoing project and transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- Any prescribed CSR amount remaining unspent pursuant to any ongoing project, undertaken by a Company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall

be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

Dissemination of the Policy

This Policy, as amended from time to time, shall be published on the Company's website.