

MIDHANI
CORPORATE SOCIAL RESPONSIBILITY
&
SUSTAINABILITY POLICY



MISHRA DHATU NIGAM LIMITED
(Hyderabad)

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PREFACE:

Pursuant to the Guideline(s) issued by Dept. of Public Enterprises (DPE) on Corporate Social Responsibility for Central Public Sector Enterprises dated April 9, 2010 and October 21, 2014 effective from April 1, 2014, and Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 amended from time to time, the Company had constituted 'Corporate Social Responsibility and Sustainable Development Committee' (hereinafter referred as "CSR & SD Committee"), which recommended 'Corporate Social Responsibility and Sustainable Development Policy' (hereinafter referred as "CSR Policy" or "Policy") to the Board of MIDHANI. The policy was approved by the Board and same became effective from April 1, 2014.

The CSR Policy was last amended by the Board at its 234th Board Meeting held on August 18, 2017.

The CSR policy means a statement containing the approach and direction given by the Board of a company, taking into account the recommendations of its CSR & SD Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

On recommendation of CSR & SD Committee, the CSR Policy has been further amended by the Board of Directors at their Meeting held on July 27, 2022.

ABOUT MIDHANI

MISHRA DHATU NIGAM LIMITED (Acronym: MIDHANI) located at Hyderabad, Telangana is a prime specialized metal and metal alloys manufacturing company set up in the early 1970s to manufacture critical materials required in the strategic sectors of India's defense industry and for sectors like nuclear power, satellite launch vehicles, aircraft etc. MIDHANI started commercial production in 1983 and has since then successfully supplied special metals and alloys to customers in India's space, missile, nuclear, armaments, and aeronautics entities. The special metals and alloys manufactured at MIDHANI are part of an import substitution strategy, which is designed to reduce the India's reliance on foreign suppliers and achieve self-sufficiency.

PREAMBLE

MIDHANI has been undertaking various activities like community development, pollution control and environment development, etc.

In deference to the Companies Act 2013 and DPE guidelines this policy aims at developing company specific social responsibility strategies in long, medium and short term period with built in mechanism for implementation and monitoring towards all-round development of **people belonging to weaker sections of the society. However preference shall be given to the people residing in and around the Company's area of operation.**

POLICY STATEMENT

To be a Responsible Corporate Citizen committed to Socio – Economic development through social innovation and to build a better sustainable way of life for the weaker sections of the society through suitable projects or programs.

SHORT TITLE & APPLICABILITY

This policy may be called the MIDHANI Corporate Social Responsibility & Sustainability Policy has come in force w.e.f 01.04.2014 and amended from time to time.

DEFINITIONS:

- a) "Act" means the Companies Act, 2013 (18 of 2013);
- b) "Administrative overheads" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- c) "Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in The Companies (Corporate Social Responsibility Policy) Rules 2014 amended from time to time.
- d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Companies Act, 2013 ("the Act").
- e) "CSR Policy" means a statement containing the approach and direction given by the board of a Company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

- f) "Net Profits" means the net profit of the Company as per its financial statements prepared in accordance with the applicable provisions of the Companies Act, but shall not include (i) any profit arising from any overseas branch or branches of the Company (whether operated as a separate company or otherwise); and (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.
- g) "Ongoing Project" means a multi-year project undertaken by a 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 project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

Words and expressions used and not defined in this Policy but defined in the Act shall have the same meanings respectively assigned to them in the Act.

CSR & SD COMMITTEE COMPOSITION AND ITS FUNCTION

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors of the Company are required to constitute a Committee of Directors called "Corporate Social Responsibility Committee" ("CSR Committee"). The CSR & SD Committee shall consist of at least 3 Directors, out of which at least one Director shall be an Independent Director. The Company Secretary shall act as the Secretary to the Committee.

The function of CSR & SD Committee are as below:

The CSR & SD Committee shall formulate and recommend to the Board, an annual action plan in pursuance of this Policy, which shall include the following, namely:-

- a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- b) the manner of execution of such projects or programmes;
- c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d) monitoring and reporting mechanism for the projects or programmes; details of need and impact assessment, if any, for the projects undertaken by the company;
- e) Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

Responsibilities of the Board:

The Board shall:

- a) Form a CSR Committee and disclose the composition of the CSR Committee.
- b) Approve the CSR Policy after taking into account the recommendations made by the CSR Committee.
- c) Approve/modify the activities as recommended by the CSR Committee.
- d) Place the CSR Policy on the Company's website.
- e) Ensure implementation of the activities under CSR.
- f) Ensure expenditure of requisite amount on CSR every year as per law.
- g) Disclose reasons for not spending the amount (if applicable) in the Annual Report to the Shareholders of the Company.
- h) Ensure that the administrative overheads are not more than 5% of the total CSR Expenditure.
- i) Ensure that the funds so disbursed have been utilized for the purposes and in the manner as approved by Board / CSR Committee and the Chief Financial Officer shall certify to the effect.
- j) Approve transfer of unspent CSR Amount in accordance with the law. The Accounts and Finance Team shall prepare the statement of spent /unspent CSR amounts and facilitate for transfer of the same.

CSR Cell

The Human Resource (HR) Department of the Company may upon its discretion constitute a CSR cell to facilitate CSR activities and its monitoring.

OBJECTIVES

- ✚ To identify and to offer a helping hand to the needy & economically weaker sections of the society and to contribute to their growth and development.
- ✚ To promote awareness programs against social evils such as Alcoholism, AIDS etc., and to spread the awareness of legal rights & responsibilities.
- ✚ To provide suitable assistance to the victims of natural calamities such as Floods, Earth Quakes epidemics etc., in any part of the Country.

- ✦ To promote cultural, social & sports activities.
- ✦ Any other activity with approval of the Board.

CSR BUDGET AND EXPENDITURE

- a) The Annual Action plan recommended by the CSR & SD Committee shall be approved by Board of Directors who shall ensure that at least 2% of average net profit made by the Company during the 3 immediately preceding financial years is utilized for CSR activities /projects in every financial year.
- b) The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- c) Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project 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 of the Act, within a period of six months of the expiry of the financial year.
- d) Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135 of the Act, such excess amount may be set off against the requirement to spend under sub-section (5) of 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 MIDHANI shall pass a resolution to that effect.
- e) The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by:-
 - i) company established under Section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number; or
 - ii) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - iii) a public authority:

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 shall not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

Contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act 2013, shall not be considered as CSR activity.

Activities which are for the benefits of employees of the company or their family members shall not form part of CSR activities.

Any surplus arising out of the CSR activity shall not form part of the business profits of MIDHANI.

SCOPE OF CSR ACTIVITIES & PROJECT/ PROGRAM IDENTIFICATION

The activities to be covered and the projects to be undertaken shall be the activities laid down in Schedule VII of the Companies Act 2013 as amended from time to time.

Selection of activities shall be based on the following-

- ✦ The need assessment /Baseline Survey by Professional Bodies;
- ✦ Receipt of proposals/requests from District/Local Govt. etc.,
- ✦ Discussions with local representatives/Civil bodies
- ✦ Discussions with Citizen's forums/Voluntary Organization
- ✦ Appeals given by State/Central Government/Ministries from time to time due to floods and natural calamities disasters etc.
- ✦ Based on study conducted by MIDHANI.

MODALITY FOR EXECUTION

- ✦ The CSR Committee shall examine and recommend the projects / program to the Board for its approval and largely adhere to the following:
- ✦ Technical appraisal of the project and identifying encumbrances if any, which may delay the project schedule.
- ✦ Financial appraisal of the project especially the cost estimates and the funding arrangement.
- ✦ Clarity on definition of project milestones and their measurability, especially approvals and clearances for the plan/designs/layouts from the state/ central govt. departments.
- ✦ Time chart/ project schedules and funding requirements for each stage.

- ± Payment terms and its linkages with the physical progress and contribution of share from other parties, if any.
- ± Draft MoU with the execution agency/organization detailing the roles and responsibilities of the agency, MIDHANI and any other party

The Board shall ensure that the CSR activities are undertaken as below:

- ± Directly by MIDHANI/in collaboration with other CPSE; or
- ± a Company established under Section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other Company, or
- ± a Company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- ± any entity established under an Act of Parliament or a State legislature; or
- ± a Company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

In order to build CSR culture, MIDHANI will encourage employees to participate voluntarily in the projects /programs taken under CSR.

PROJECT/PROGRAM MONITORING PROCESS

The fundamental goal is to see that all the programs and activities are positive and running successfully. In general the following shall be applicable for all the project/programs under implementation.

- a) MIDHANI shall monitor the execution and progress of the project/program through due process
- b) Towards identification of social needs/projects/ activities to be undertaken, if considered necessary by the CSR & SD Committee, MIDHANI may engage any professional agency for undertaking baseline/need assessment survey in any of the project areas/locations.
- c) The Board of MIDHANI shall satisfy itself 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 the effect.

- d) The Board's Report of MIDHANI shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II as applicable, as per the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021 notified by MCA.
- e) Whereas MIDHANI having an average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of its CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study
- f) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- g) For undertaking impact assessment, MIDHANI may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

In general the following shall be applicable for all the project / programs under implementation.

- i. MIDHANI shall monitor the execution and progress of the project / program from time to time.
- ii. The execution agency/organization shall submit quarterly reports of physical and financial performance of the project in terms of the sanction letter.
- iii. MIDHANI may consider appointing an independent external agency for evaluation of CSR Projects and its benefits to the intended beneficiaries.
- iv. CSR projects of MIDHANI are subject to scrutiny and audit by external agencies.

a) Steps for monitoring projects taken up directly by MIDHANI / MIDHANI trust:

- ✦ The CSR Projects shall be monitored by HR Department.
- ✦ HR Department shall recommend for payment as per terms of purchase order / contract / work order / MoU.
- ✦ HR Department shall coordinate and record progress of work as per the agreed time schedule.

b) Steps for monitoring projects taken up through NGOs /Voluntary Organizations:

- ✦ CSR projects shall be allotted to NGOs / Trusts (other than MIDHANI) / Society having an established track record of three financial years in undertaking similar programs or projects.
- ✦ The CSR Projects taken up through NGOs / Trusts shall be monitored jointly by HR Department and respective organizations.

- ✚ MIDHANI and the implementing agency shall jointly prepare a time schedule for the project execution.
- ✚ HR Department shall recommend for payment as per terms of purchase order / contract / work order / MoU.
- ✚ HR Department shall coordinate and record progress of work as per the agreed time schedule.

c) Steps for monitoring projects taken up through State/District Authorities:

- ✚ The Projects taken up through State/District Authorities shall be monitored by both HR Department and the implementation agency either jointly or independently.
- ✚ Finance shall be provided by MIDHANI in suitable installments on recommendation by HR Department. After release of the first installment for initiation of the work, further release of fund shall be based on progress of the work /utilization certificate submitted by the respective Agency.

PROJECT EVALUATION

- i. In order to determine the degree of success and effectiveness of the project /program, an impact assessment shall be carried out after the project is completed and expiry of necessary minimum gestation period (period for impact to be felt). A survey shall be conducted to assess the impact of CSR project in terms of social, economic and environmental benefits accrued to the intended beneficiaries.
- ii. The survey shall be conducted among beneficiaries through a structured questionnaire, personal interview, telephonic feedback, etc. designed keeping in mind the prior data of baseline survey or need assessment study.
- iii. The stakeholders may be interviewed during the site visits and their responses recorded in order to gauge the impact of the CSR & Sustainability projects in their social, environment and economic well-being.
- iv. The surveys may be conducted by CSR Cell or through the help of an external agency.
- v. The sample size selected for impact assessment survey shall be representative of the local population.
- vi. The report of impact assessment shall include:
 - ✚ Name, address and contact details of the person/household surveyed
 - ✚ The parameters on which the impact assessment is based
 - ✚ The status in terms of then and now

- ✦ Photographs, if any, of the group meeting/ community engagement along with the date and location
 - ✦ Photographic or narrative description of improvement
 - ✦ Details of survey team members
 - ✦ Brief summary about the new initiatives which can be taken up further
- vii. The findings of the survey shall be scrutinized, analyzed for deficiencies, if any, and suitable corrective measures will be taken for further improvement in the company's CSR initiatives.

AMENDMENTS TO CSR POLICY

If the terms of the policy differ from any existing or newly enacted laws, rules, guidelines, directives, regulations issued by Govt. of India from time to time will take precedence over this policy till such time the policy is amended to conform to the relevant law, rules, directives, guidelines issued by Govt. of India.

INFORMATION DISSEMINATION

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access. The CSR programs undertaken by the Company may be disseminated through Company's website, Annual Reports and other appropriate modes.

MANAGEMENT COMMITMENT

The Board of directors, management and all employees subscribe to the philosophy of MIDHANI CSR policy.

SUSTAINABILTY POLICY

OBJECTIVES

- ✦ To balance our economic, environmental and social needs, allowing prosperity for now and future generations.
- ✦ To secure economic development and environmental protection.
- ✦ To encourage, conserve and enhance our resource base, by gradually changing the ways in which we develop and use technologies.
- ✦ To minimize consumption of fossil based energies.
- ✦ To promote use of recycled materials and materials from renewable sources.

BUDGET

Budget for SD shall be separate from CSR budget to be decided on yearly basis by the CSR & SD Committee.

A separate account for the Sustainable Development Fund will be created. Funds will not lapse and will be transferred to this fund for use in subsequent years.

- a) The Board of Directors shall accord approval for the funds to be spent in a particular financial year under the various projects identified.
- b) Training, impact assessment and administrative expenses related to SD projects shall also form part of this expenditure.

SELECTION OF SD PROJECTS

MIDHANI would endeavor to undertake Sustainable Development activities in a continued, efficient and effective manner. Identification of SD project would be from Schedule – “A” and Schedule – “B” mentioned as under:

SCHEDULE – A

- a) WASTE MANAGEMENT
- b) WATER MANAGEMENT
- c) ENERGY MANAGEMENT & PROMOTION OF RENEWABLE ENERGY
- d) BIO DIVERSITY CONSERVATION
- e) MATERIAL AND NATURAL RESOURCE MANAGEMENT

- f) ANY OTHER AREA WHICH MAY BE INCLUDED FROM TIME TO TIME

SCHEDULE – B

- a) CARBON MANAGEMENT
- b) SUPPLY CHAIN
- c) EXTERNAL CHARTERS / MANDATES
- d) LIFE CYCLE ANALYSIS
- e) SD REPORTING
- f) TRAINING
- g) ANY OTHER AREA WHICH MAY BE INCLUDED FROM TIME TO TIME

Any one project from Schedule-“A” or / and one project from Schedule-“B” may be selected for implementation.

MIDHANI will follow a project based accountability approach to stress on the long term sustainability of SD projects, where its action plan will be distinguished as **Short term, Middle Term & Long Term:**

Qualified as:

- a) Short Term – Less than two year duration.
- b) Medium Term – Two to five years duration
- c) Long Term – Beyond five years duration.

IMPLEMENTATION

After approval by the Board, MIDHANI shall implement the project / programs in the following ways:

- a) **By MIDHANI**
- b) **In collaboration with other CPSE**
- c) **Through consultants**

PROJECT EVALUATION

The performance of the project/activities shall be evaluated based on its objective, scope, deliverables and benefits.

MIDHANI shall submit the details with respect to SD projects/activities undertaken.

Evaluation of actual achievement and vis-a-vis targets will be carried out at the end of the year.

Report of actual performance of the SD projects / activities shall be prepared.

REVIEW / AUDIT

The expenditure towards SD projects shall be subject to Internal Audit and Verification review.

Review of projects will be carried out by CSR Cell once in three months and by Director(Production and Marketing) once in a quarter. CSR & SD Committee will carry out half yearly review and as and when the committee meets.

COMMUNICATION TO STAKE HOLDERS

MIDHANI shall publish environmental reports or statements that provide information describing the SD policy and related activities to the external stakeholders through the company website.
