



Steel Authority of India Limited, India Communication on Progress 2010



स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड
STEEL AUTHORITY OF INDIA LIMITED



Steel Authority of India Ltd
Ispat Bhavan, Lodi Road
New Delhi-110 003

Communication on Progress (COP)

1.0 Background :

SAIL was established with specific socio-economic objectives and the company has been practicing corporate social responsibility right from its inception. The company's social objectives have been founded on several premises, the major one being that its economic environmental and social interactions need to be carried out effectively and simultaneously since they have considerable overlap, interrelation and interaction. Accordingly, SAIL keeping in mind that steel is the foundation for a sustainable world, has been cognizant of the fact that its contributions to economy, environment and society is critical for its sustainability.

2.0 Adherence to the principles of United Nations Global Compact :

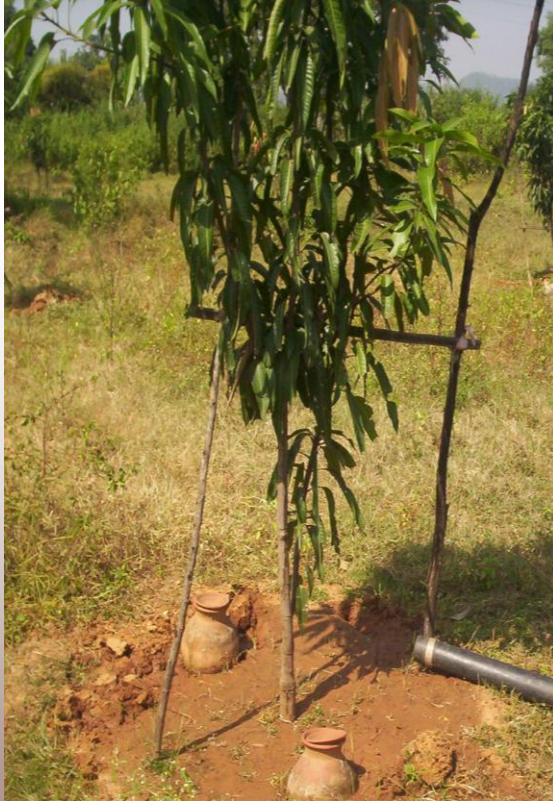
SAIL is committed to support and advance the ten principles within its sphere of influence and making the Global Compact and its principles part of the strategy, culture and day-to-day operations of the company as evident from the following description :

i) Human Rights :

SAIL respects the internationally proclaimed human rights and has framed its policies in consonance with upholding the dignity of its employees and the community living in the periphery of its plants/units. The policies take into consideration the principles of human rights, constitution of India, labour laws, etc. and are applied uniformly across the company. The company strives to ensure that :

- Every citizen has equal right to seek employment in the company irrespective of religion, race, caste, sex, etc.
- Every employee has the right of self-determination and he/she can freely determine his/her social and cultural development.
- Employees are free to form and join any association, trade-union of his choice

Making a meaningful difference in people's lives



Making a meaningful difference in people's lives



Moreover every employee has freedom to take part in cultural life and enjoy the benefits of scientific progress.

The company being acutely aware of its social responsibility, has clearly identified its stakeholders – Government, people of India, employees, customers, suppliers and community, and has been committed to being a value delivery system focused on not only delivering value to all its identified stakeholders, but also striving to maximize it. Thus it is apparent that what the world today perceives as Corporate Social Responsibility has been SAIL's *raison d'être*, the basis of its genesis and purpose of its very existence. Social responsibility for SAIL is not a virtue but a business imperative.

It is no wonder that SAIL's credo clearly states that :

*We value the opportunity and responsibility to make
a meaningful difference in people's lives*

It is with this supervening credo that SAIL has over the years, adopted a **Triple Bottom Line** approach in the pursuit of its social obligations and has endeavored towards *value balancing, value transferring and value adding* relationships with all its stakeholders.

By defining certain socio-economic objectives for itself, SAIL took into account the fact that the purpose of development is to improve people's lives by expanding their choices, freedom and dignity. In this context, SAIL has been right from its inception, through its different units, focused on fulfilling its social obligations by aiming to reach critical thresholds of education, health infrastructure, and community development in order to help its areas of operations escape what the United Nations Development Program (UNDP) terms as "poverty traps" and permit them to achieve takeoff to sustained economic growth.

Anchored in a social context, SAIL's policies and programs have been developed to address the most basic capabilities for human development such as living a long and healthy life, being educated, having a decent standard of living and enjoying political and civil freedom to participate in the life of one's community. As a matter of fact, the first three of these capabilities form the basis of UNDP's **Human Development Index** (HDI). Further, there are linkages between HDI and the **Millennium Development Goals** (MDGs) since several of the MDGs contribute to these capabilities. MDGs are considered to be the benchmarks for progress towards a vision of development, peace and human rights.

Making a meaningful difference in people's lives

Thus, by systematically addressing issues such as health and medical welfare, education, access to water, sanitation, power and roads, women's empowerment, generation of local employment, etc. at each of its plants, SAIL has contributed to both human development as well as MDG.

The "Statement of Objectives" is bolstered by the Credo of the company, that outlines the principles observed whilst discharging its obligations to the stakeholders.

"CREDO"

- We build lasting relationships with customers based on trust and mutual benefit.
- We uphold highest ethical standards in conduct of our business.
- We create and nurture a culture that supports flexibility, learning and is proactive to change.
- We chart a challenging career for employees with opportunities for advancement and rewards.
- We value the opportunity and responsibility to make meaningful difference in people's lives.

Towards the Community

The company accepts its social obligations to the communities in which it operates by :

- a) Promoting concepts of national integration in its broadest sense, through providing community services, developing and assisting domestic institutions and generally ensuring that the company as a whole and its employees act on the ideals of social justice without discrimination; providing know-how and assistance, encouraging talent and growth among members of the communities through assistance towards the establishment of cooperative institutions.



Making a meaningful difference in people's lives



Carrying out programs for peripheral development and supporting educational, charitable and welfare institutions, within and outside steel townships; and

- b) Undertaking programs in steel plants for controlling air pollution, water contamination and disposal of solid wastes aimed at environmental preservation.

The developmental efforts of SAIL have seen the obscure villages of yesterday, where SAIL plants are located, turn into large industrial centres today. **55** Primary Health Centres, **11** Reproductive and Child Health Centres, **16** Hospitals and **6** Super-Specialty Hospitals to provide specialized healthcare to almost **30.60** million people. It has opened over **128** schools in the steel townships to provide modern education to about **70,000** children. Besides adopting and providing free education and facilities to tribal children, SAIL is providing assistance to over 126 schools, with over **69,000** students of villages surrounding its units. In this endeavour, SAIL has achieved a **Girl:Boy** ratio of **1:1** for all levels of education and a **survival rate**, i.e. rate of retaining enrolled students of **93% in SAIL Primary Schools** and **90% in SAIL Secondary schools**.

SAIL has providing access to around **73.31 Lakh people** across **435** villages since inception by constructing and repairing of roads. It has provided access to water infrastructure to people living in far-flung areas by installing over **5100 water sources**, thereby providing drinking water access to around **38.64 lakh** people.



Making a meaningful difference in people's lives



The efforts of SAIL in the development of society have been well appreciated and have been ratified during the year. SAIL has been conferred **Annual SCOPE Award 2008-09 - "SCOPE Meritorious Award for Corporate Social Responsibility & Responsiveness** for the year 2008-09 by the Hon'ble President of India on 10th April, 2010; **Annual FICCI Awards 2008-09** in the category of "The Vision Corporate Triple Impact - Business Performance : Social & Environmental Action and Globalisation Award : 2008-09 "by the Hon'ble Finance Minister of India, Sh. Pranab Mukherjee, on 27th February, 2010, and Bhilai Steel Plant (BSP) -SAIL conferred "Golden Peacock Award for CSR- 2008-09".

The major CSR initiatives undertaken by SAIL are as follows :

a) **Model Steel Villages** : SAIL has adopted 79 villages across eight (8) States (Chattisgarh, West Bengal, Orissa, Bihar, Jharkhand, Karnataka, Tamil Nadu, Madhya Pradesh) and these are being developed as Model Steel Villages in a phased manner. The developmental activities being undertaken in these villages include :

- medical & health services,
- education,
- roads & connectivity,
- sanitation,
- community centres,
- livelihood generation,
- sports facilities, etc.

By March, 2010, 54 Model Steel villages (MSVs) have been completed. Thus, the result of the CSR efforts in this direction has touched all the areas of the village- life and has provided them with much improved living standards.



(MSV Akandra, DSP)

Making a meaningful difference in people's lives



Making a meaningful difference in people's lives

b) **Health Camps** : Ever since inception, the company has endeavoured to provide a healthy life by providing medical care to the people living in the peripheral areas of its plants/units. As the plants/units are located mainly in backward areas, the company took steps to create better and healthy living conditions for both its employees as well as people living in the periphery. The company organizes a number of health camps at various villages on fixed days. The purpose of the Health-Camps is to create health awareness and sensitize people on health related issues by immunization, blood-donation, water purification tablets, distributing handbills, etc, in the medical/health camp. Villagers with major ailments detected during the health camps, are referred during the health camps to the main plant hospitals/Govt. hospitals for treatment. Provision of specialists in the area of Gynecology, Cardiology, Pediatrics, Ultrasound, Orthopedics are made, besides activities like and minor surgery for the affected people.

SAIL has organized **more than 475 medical camps** in 2007-08 in 12 states (Bihar, Jharkhand, Chattisgarh, Orissa, West Bengal, Tamil Nadu, Karnataka, Maharashtra, Madhya Pradesh, Haryana, Himachal Pradesh, Rajasthan) **to over 5 lakh** of the needy persons and over **2200 Health Camps** organised in 2008-09, benefitting **around 10 Lakh** people.

In 2009-10, more than **3850 camps** have been organised in 2009-10, benefitting over **2.32 Lakh** people providing :

- free health check-up
- path lab treatment
- medicines
- immunisation
- surgical cases referred to plant hospitals (free stay, to & fro transport & food with 1 attendant each)

To help the poor and downtrodden, 11 (eleven) number of MMUs/Ambulances etc. provided to various NGOs like **Smile Foundation, Bharat Sewashram Sangh** etc.



Making a meaningful difference in people's lives



Making a meaningful difference in people's lives

c) **Education** : The company supports around 138 schools in the peripheral areas of SAIL's plants/units in the country. Number of benefits have been provided to the SC/ST children, such as scholarships to deserving SC/ST undergraduate engineering students, adoption of 225 tribal children at Bhilai and another 12 children nearly extinct Birhore Tribe at Bokaro to provide free education, boarding and lodging facilities, etc. Besides adopting and providing free education and facilities to tribal children, SAIL has provided assistance to over 126 schools, with more over 69,000 students of villages surrounding its units. In this endeavour, SAIL has achieved a **Girl:Boy ratio of 1:1** for all levels of education and a **survival rate (i.e. rate of retaining enrolled students) of 90% in all SAIL secondary schools & 93% in all SAIL primary schools**. ITI has been set up at Gua Mines and foundation stone for the ITI at Samastipur, Bihar, has been laid

Special School exclusively for poor, underprivileged, BPL children at five integrated steel plant locations providing :

- Free education
- Mid day meals
- Uniform including shoes
- Text books
- Stationary items
- School bag & water bottles etc.

Covering around 1400 children.



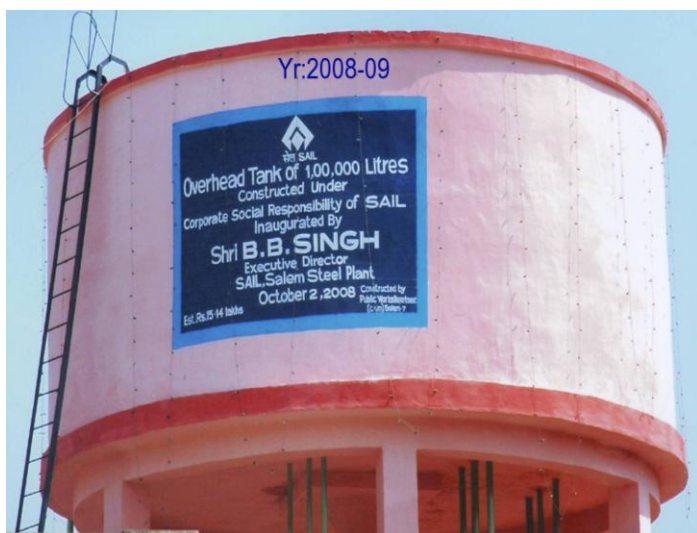
d) **HIV/AIDS prevention** : One major initiative is in the area of preventive health which is being implemented across all SAIL plants/units is HIV/AIDS Prevention and Control Programme. This national programme has been implemented by SAIL in its capacity of an

Making a meaningful difference in people's lives



inter-sectoral collaborator of the National AIDS Control Organisation (NACO) under the Ministry of Health & Family Welfare, Government of India since 1999-2000. The company has covered around 6 lakh non-employees and 1 lakh employees in the AIDS Awareness Programmes since 1999-2000. In 2003, the International Labour Organisation documented SAIL's HIV/AIDS programme as a case study for workplace intervention.

- e) **Water :** The company constructs on an average 157 water infrastructure every year for people living in far-flung areas. In the year 2009-10, 439 no. of water infrastructures and like borewells, handpumps, overhead tanks, ponds, etc. were created providing potable water to 1,63,311 people. Each SAIL plant has ensured that villages within the radius of approximately 16-18 kms of its township have access to potable water. This has been done by installing **5153** water sources. It is providing drinking water access to around **38.64 lakh** people.



- f) **Road :** SAIL has been involved in the construction and repair of pucca roads. In the year 2009-10, **103.35 Km** of pucca road was constructed benefiting **17,24,114 people**.

Making a meaningful difference in people's lives



g) **Sports :** Promotion of sports has been an integral part of the corporate philosophy of SAIL right from its inception. The company has setup 6 sports academies, viz.

- An athletics academy for boys at Bhilai.
- A hockey academy at Rourkela.
- A football academy at Bokaro.
- An athletics academy for girls at Durgapur.
- Archery Academy at Kiriburu
- Athletics Academy at Burnpur

The Sports academies scan the peripheral areas of the steel plants/units as well as different regions of the country and select suitable young talents for enrolment. The trainees are put through strict training by well-qualified coaches in each of the fields and groomed to higher levels of competence. Continuous emphasis on sports activities has helped develop players who have gone on to compete at state and national level tournaments. As an organization, SAIL also undertakes sponsorship of various major sporting events for eg. All India Tennis Association, New Delhi; 7th World Korfbal Championship, Jawaharlal Nehru Hockey Tournament, New Delhi etc.



Making a meaningful difference in people's lives

h) **Preservation of Art, Culture** : The company is doing its bit in preserving ancient form of art by promoting various dying art-forms. This is done by promotion of the art form, giving the performers a platform to showcase their talent, etc. Along with the ASI, SAIL has taken up the task of preserving the monuments of Lodhi Garden, New Delhi. Improvement / developmental works undertaken at Swargadwar and Temple Complex at Vedyas, near Rourkela, Orissa. Bokaro Steel Plant (BSL) is undertaking development of infrastructural facilities and amenities etc. at Archeological sites of Lauria Nanandargarh and Chankigarh in West Champaran district of Bihar.



Total Employees Involvement :

The success of an initiative in an organization is contingent upon the involvement of the employees at the lowest level. The company is committed to facilitate the participation of each and every employee in this process. The company is a multi-unit, multi-locational organization having steel plants / mines / marketing offices across the country. As a responsible corporate entity having over 1.16 lakh manpower, it is imperative to cultivate a nurturing work culture. The company undertakes plant/unit-wise specific surveys, the findings of which are as follows :

- The employees are happy with the work culture of the organization.
- The employees have a sense of pride about the ethical standards of the company
- The employees are satisfied with the behavioural practices at workplace.

SAIL has always believed in all round growth of employees and their dependents. In view of this, planned townships for residential purpose with all recreational / entertainment facilities inbuilt have been made

Making a meaningful difference in people's lives



available. These include clubs, cinema / dramatics, stadiums, vast and well maintained parks, gardens, zoos, religious places, etc. The general life in townships is considered extremely safe in view of the close proximity of all residents. The company has been a model employer in terms of meeting the employee aspirations satisfactorily and providing a healthy and conducive work environment for growth and development. The following text attempts to highlight some of the key features of the company that makes it one of the employers of choice and employees feel proud to work for and associate with it for their entire career :

- **Security to Employees and their families :** SAIL makes all out efforts to make the employees and their families feel secure and safe. This sense of security is not only limited to physical well being and safety at work place but also the psychological safety in terms of job security and stability in life and the resulting emotional security. The sense of security also enables the employees to give their very best without any worries.
- **Cosmopolitan and Progressive Outlook :** The culture prevalent in the plants/units of the company is cosmopolitan and progressive. There is no discrimination on the basis of gender, caste, creed, region, language and socio-economic background. Everyone who joins the organization becomes part of the unique SAIL culture and gets assimilated and accepted. A visit to any of the steel township will prove this as a distinct community feeling binds the people. The cosmopolitan and progressive outlook of the organization has helped in generation of new ideas and retaining of talent.
- **Encouraging and Nurturing life-long relationship :** The company encourages its employees to associate with itself for a full and rewarding career. The employees after joining are willing to stay back and serve the organization. This becomes evident from the fact that the employee turnover is negligible, even by the standards of the industry.
- **A caring organization :** Concern for people is one of the core values of SAIL. The face of the company as a caring organization gets reflected through the systems and infrastructure meant for employees welfare. They include presence of welfare amenities at the shop-floor for workmen, excellent set up for medical and health services, well-oiled grievance redressal mechanism, formal and informal modes of communication, counseling etc. The company provides for various loans on soft rates to take care of domestic and family liabilities of employees.

Making a meaningful difference in people's lives

- **The Townships provide perfect ambience for peaceful and contented life :** The townships are self-contained with all the modern day amenities and standard of living comparable to that of any metropolitan / big city. The educational facilities, recreational facilities, medical facilities, markets, places of religious interest, parks, etc. provide a perfect setting for a very satisfied life. Besides, every year, the schools in the townships have been successful in sending large number of bright students to prestigious academic institutions of national eminence, such as premier engineering institutes like IITs, Medical Colleges, Research Institutions.
- **Opportunities for Growth and Development :** The company provides well defined opportunities for growth and development. The career and growth opportunities coupled with the training and development opportunities accorded to employees are motivators for the employees and they derive a sense of pride on being associated with such an organization. The Management Trainee joining an organization can aspire to become the CEO of the company. For senior management positions, the succession planning is defined and grooming the potential is one of the characteristic of the system whereby exposure in various functions is provided to ensure all-round development of managerial capabilities.
- **Techniques for managing stress :** In SAIL, programs are organized which aim to impart techniques for managing stress and improving work-life balance. Such programs, inter-alia, include meditation techniques, yoga, breathing exercises etc. Workshops for generating positive attitude are organized on a regular basis at plants/units by using internal / external facility.
- **Concern for People :** The company believes that developing competence and commitment of people for enhancing their contribution is important for achieving customer satisfaction, and thereby the prosperity of the company and the employees.
- **Commitment to excellence :** The company is committed to harnessing the full potential of all its resources, through creativity, continuous improvements and teamwork. The company believes that this is important for making the organization the best, so that its customers, employees and shareholders have a sense of pride.

The above mentioned efforts have at their core, the respect for the people, the dignity for hard-work, opportunity for development, appreciation for

Making a meaningful difference in people's lives



creativity and sharing of prosperity. The underlying spirit of core values is given due weightage while formulating policies and systems for the company. These have combined to create an ambience that generates an urge among the employees to work together for the common good and realize the pleasure of working together and forging closeness and respect for each other.

ii) **Labour Standards** :

The Government of India has enacted various laws to adequately protect the interest of the working class. As a responsible Public Sector Unit, SAIL has made all out efforts for adherence to the statutory requirements. The Company has a very good track record in maintaining harmonious industrial relations despite of its sheer size in terms of manpower (more than 1.16 Lakh) and different cultural and political backgrounds in which it has to operate. The company has bi-partite forums for settlement of grievances and for welfare and safety of the workers at shop-floor. The following salient steps are taken for implementation and monitoring of fair labour practices :

- Development and sustaining a favourable employee attitude and obtaining maximum contribution from employees through stable employment, adequate wages commensurate with the company's capacity to pay and maintaining good and safe working conditions and job satisfaction.
- Establishing a system for redressal of employees grievances in the shortest possible time and at the lowest possible step.
- Providing training facilities, internal and external, and other opportunities for self-development in their current job and for advancement.
- Fostering fellowship and a sense of belonging to the company as a whole through closer association of employees with management by way of participation in various joint bodies and through these machineries, inculcating in them respect for their occupation, and the tools of production.
- Dealing fairly with recognized representatives of workers, and encouraging in them healthy trade union practices.



- Maintaining harmonious relationships with all Unions / Associations irrespective of affiliations.
- Misconducts are strictly dealt with as per CDA rules of the company or Certified Standing Orders as applicable.
- Display of statues / rules where necessary.
- Maintaining transparency in extension of benefits and facilities, viz. educational, medical, welfare, etc.
- Implementation of all the statutory provisions related to Contract Labour.
- SC/ST Cell monitors implementation of Presidential Directives on Reservation for SC/ST employees.
- Bi-partite forums have been set up to have employees participation in the area of welfare, safety and production, etc.
- Shop-floor communication forums have been set up to disseminate company information and to have a continuous dialogue with the employees.

The efforts of the company have at their core, the respect for people, the dignity for hard-work, opportunity for development, appreciation for creativity and sharing of prosperity. The underlying spirit of core values is given due weightage while formulating policies and systems for the company. These have combined to create an ambience that generates an urge among the employees to work together for the common good and realize the pleasure of working together and forging closeness and respect for each other.

The company does not employ forced and compulsory labour. The minimum age for the employment in the company is 18 years. No person below the age of 18 years can be employed in the company, thereby ensuring that child labour is not employed.

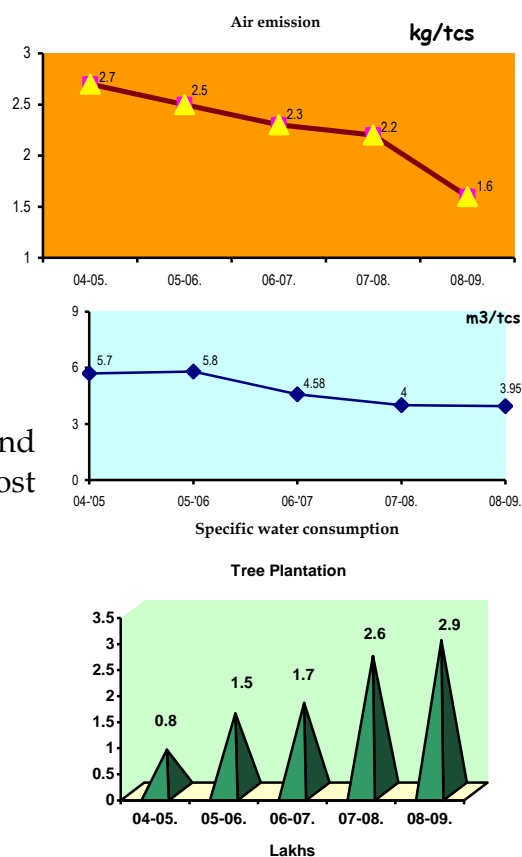
Moreover there is a uniform set of rules applicable to all employees as detailed in the Personal Policy Manual of the company. The personnel policies of the company applies equally to all employees, irrespective of factors such as sex, caste, religion race, etc.

iii) Environmental :

SAIL is committed to contributing towards a clean and sustainable environment and continually enhancing its environmental performance as integral part of its business philosophy and values. Towards this end the company has always endeavored to make its working conditions pleasant and environment-friendly. The company has been at the forefront in reducing its environmental footprint. This has taken the form of establishing ISO 14001 based Environmental Management Systems (EMS) at its integrated plants. Through its Environment Management Systems, SAIL has been observing the four 'R's namely, reduce, reuse, recycle and restore.

SAIL is committed towards making its operations environment friendly. Best ever environmental parameters achieved during the year 2008-09 includes the following:

- ** **Air emission** reduced to lowest ever level of 1.6 kg/tcs, a reduction of 27% in FY'09.
- ** **Efficiency in water management:** Lowest ever water consumption of 3.95 m³/tcs achieved; a reduction of over 30% during last 5 years.
- ** **Solid waste utilization** has been around 78% and efforts are on to maximize utilization to almost 100% on completion of expansion.
- ** **Tree plantation** crossed 16 million with an addition of nearly 3 lakh tree plantation in 2008-09 at Plants, Mines and townships.
- ** **Ecosystem restoration of 200 acres** at Purnapani & Barsua-Kalta Mines under the SAIL-DU-DBT programme continued in full swing. Sustainable livelihood programme for surrounding villages is the hallmark of this project through interventions such as pisciculture, self-help groups etc





- ** SAIL and Climate Change** -SAIL actively associated itself with several climate change initiatives. This included participation in Asia Pacific Partnership on Clean Development & Climate (APPCDC), IISI Sectoral approach CO₂ reduction programme, FICCI/ CII Climate Change initiatives etc. Under clean development mechanism (CDM), several VER and CER projects are at different stages of validation.

iii) **Anti-Corruption :**

Our commitment to uphold highest ethical standards in conducting business – as echoed in our CREDO is supported by elaborate measures to ensure highest standards of excellence in corporate governance. The leadership attaches very high priority to business ethics and it has created a culture where ethical practices are supported and encouraged. There are strong deterrents for unethical acts in the organization. SAIL has deployed systems, procedures and extensive IT systems in the area of commercial activities to bring more transparency and accountability which is continuously strengthened.

The adherence to ethical code of conduct is also reflected in our systems of corporate governance. SAIL Board comprises of a Chairman, Whole Time Directors and Non-Executive Directors including independent Directors. Various SAIL-level committees are in place to facilitate the Board to take effective measures on issues related to business ethics. For example, the Audit Committee's primary function is to assist the Board of Directors in fulfilling its overall responsibilities by reviewing the financial reports, the company's systems of internal controls regarding finance, accounting and legal compliance that management and the Board have established, and the company's auditing, accounting and financial reporting process. The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors and discusses their findings, suggestions and other related matters and reviews major accounting policies followed by the company. The Audit Committee reviews with the top management, the quarterly and annual financial statements before their submission to the SAIL Board.

The leadership has deployed structures, processes, tools and practices to achieve a high standard of business ethics in the organization. Some of the major steps to ensure ethical business practices are described below.

Implementation of Integrity Pact

Developed by Transparency International, an international NGO, the Integrity Pact is a tool aimed at preventing corruption in public

Making a meaningful difference in people's lives



contracting. It consists of a process that includes an agreement between a government or a government department and all bidders for a public contract. It contains rights and obligation to the effect that neither side will pay, offer, and demand or accepts bribes; or collude with competitors to obtain the contract. The Integrity Pact also introduces a monitoring system that provides for independent oversight and accountability. Integrity Pact encourages companies to refrain from illegal gratification by providing assurance that their competitors will also do so. The government and government officials also have the assurance of a clear framework that protects them from dubious offers.

After the approval of SAIL Board, Integrity Pact has been made integral part of all tenders, contracts, long term agreements valuing Rs.100 crores and above. It has been made mandatory for all such bidders/contractors to enter into an Integrity Pact with SAIL, failing which their bids shall be summarily rejected. It is envisaged that effective implementation of Integrity Pact in SAIL will promote ethical business standards throughout the organization.

Plant Level Structures/Functions

SAIL as an organization is committed to follow the Government of India guidelines pertaining to Central Vigilance Commission (CVC). Vigilance Department is the key agency to ensure compliance of CVC guidelines. The HOD of Vigilance, Additional Chief Vigilance Officer (ACVO), of the rank of GM, reports administratively to MD of the plant and functionally to CVO, SAIL. Vigilance activities are primarily guided by guidelines/circulars issued by CVC.

For eg, at Bhilai Steel Plant (BSP), Vigilance Department has its own Quality Policy and Quality Objectives to facilitate an environment to enable employees to work with integrity, impartiality, in a transparent manner, upholding highest ethical standards for the organization.

All commercial transactions in SAIL are carried out under the framework of SAIL Purchase & Contract Procedure (PCP) 2006 adopted by SAIL Board. These procedures originally established in 2000 underwent major revisions in 2006. Extensive discussions were undertaken through communication, training, etc. before deployment of these revised/updated procedures. Periodic review of these procedures is undertaken based on feedback and updating is done with a view to adopt the best ethical practices. The last major amendment was done in April 2009 and PCP was reissued by Chairman, SAIL, as SAIL Purchase & Contract Procedure 2009. In order to increase awareness and



transparency, SAIL's Vigilance department hosts its own web site available over SAIL intranet. The web site also includes links to sites of CVC and Chief Information Commissioner (CIC) and to SAIL Purchase & Contract Procedure 2009, Integrity Pact, SAIL CDA Rules , RTI Act. Besides, SAIL Website has provisions for receiving on-line complaints.

Another key structure created at SAIL for ensuring high business ethics is the Internal Audit department under the framework of Controller and Auditor General, Government of India. It is headed by a senior officer reporting to Executive Director (IA) at Corporate Office who in turn reports to the Chairman (SAIL). At the plant level head of Internal Audit reports directly to MD of the plant. The team consists of experience executives from Technical and Finance streams. Audits are taken up as per an Annual Plan. Preliminary reports are issued which consists of observations which aim at system improvement, cost reduction, identifying risk areas, idle assets etc. Comments obtained from the auditees are incorporated in the Final Reports. The significant audit findings are reviewed by Corporate Internal Audit quarterly. Corporate Internal Audit presents the significant audit observations to the Audit Committee of SAIL Board.

Vigilance Functions

- Investigation into complaint received in systematic and time-bound manner
- Scrutiny of contract/purchase files for award/execution of work.
- Reinforcing vigilance awareness, interactions & training programmes
- To suggest improvement in procedures and system
- Advisory role to management
- 'Intensive Technical Examination' of randomly selected projects/packages
- To effectively implement guidelines from regulatory authorities e.g. CVC, MOS etc.

Building Value System

Apart from regulatory and control mechanisms for adherence to high business ethics standard, the organization has worked systematically to strengthen the value system of workforce. CREDO formulation is a significant step towards the same. The leadership firmly believes that role modeling of organizational values is an effective tool to reinforce the desired values. This is achieved through leadership commitment to the values in various workshops, interactions and communications and more importantly various decisions in this regard.

Making a meaningful difference in people's lives

IT Tools

Another important step that is increasingly emphasized at SAIL is thrust given to e-commerce to achieve important goals in achieving high level of business ethics which include transparency, elimination of personal bias, and elimination of unethical practices. Other IT system facilitating high business ethics deployed recently are e-procurement, on-line raw material accounting management and development of Vigilance Portal. This approach has enhanced transparency in company's mode of conducting business.

E-Commerce

- Order value higher than 50 lakhs through open tender
- All open tenders to be compulsorily uploaded on SAIL website.
- Reverse Auction in procurement – through internet
- Forward Auction in local sales – through internet
- Extensive IT deployment in Order processing and procurement
- E-payment
- E-procurement
- Payment to contractual labors through bank account
- Electronic RR

3.0 Statement of continued support :

SAIL expresses its continued support and commitment to the initiatives and principles of United Nations Global Compact.
