

MECL CORPORATE SOCIAL RESPONSIBILITY POLICY, 2015.

1.0 Preamble

- 1.1 MECL is a premier Public Sector Enterprise responsible for exploration of major minerals like coal, lignite, iron-ore, copper, zinc, limestone etc. where ever available in remote parts of the country. Generally exploration/Developmental Mining projects of MECL are located in remote areas.
- 1.2 While conducting business of the company, it has also committed to participate and contribute towards development in the geographic area of its operation so as to provide opportunity for the economic, social, educational, infrastructural, health & hygienic cultural development of the people living in and around our working places through CSR initiatives.
- 1.3 To systematically fulfill the needs & requirements of the population living around projects/ Corporate Office/Zonal offices in a sustained manner on small or large scale, as the need be a CSR policy in accordance with provisions of revised Company's Act 2013 and Rules made thereunder for planning, executing and monitoring of activities to be undertaken by MECL as specified in **Annexure-I-A** to this policy and expenditure thereon is put in place.

2.0 CSR Committees

The Board level CSR Committee with the approval of Board of Directors of MECL and 2nd Tier Committee with the approval of Board level CSR committee has been constituted in MECL and its constitutions is as under:

Board Level CSR Committee:

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|-------------------------|-----------------|
| 1. CMD | : Chairman |
| 2. Independent Director | : Member |
| 3. Independent Director | : Member |
| 4. HOD (HR) | : Nodal officer |

2nd Tier CSR Committee:

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|--|--------------------|
| 1. HOD (HR) | : Nodal Officer |
| 2. HOD (Exploration) | : Member |
| 3. HOD (Finance) | : Member |
| 4. HOD (Mining) | : Member |
| 5. HOD (Drilling) | : Member |
| 6. HOD (IT) | : Member |
| 7. HR Representative | : Member Secretary |
| 8. One Project Manager on rotation basis | : Special Invitee |

Role and Responsibility of the Board level committee and 2nd Tier committee have been reflected under the following sub headings:

3.0 Planning

- 3.1 The broad parameters for identification of CSR activities at our projects is to be decided by the Board level CSR Committee on recommendation of 2nd Tier Committee. These activities should aim for socio-economic development of the area or activities for preventive and precautionary measures for saving the environment and also the effective management of natural resources.
- 3.2 The CSR activities planned for implementation is to be located in and around the MECL operation sites, preferably in the backward districts of the States where MECL has its presence. However, location of the CSR activity will be selected in consultation with representatives of Gram Sabha or Gram Panchayat and/ or local/ Distt./ State Govt. authorities.
- 3.3 The planning for CSR activities has to be done in consonance with the MOU targets set out on annual basis in the MOU agreed with the Ministry of Mines, so that the achievement of these MOU targets in a planned manner may effectively result in efficient CSR performance, utilization of budgets and help MECL for its image building in the vicinity of area of exploration/mining operations and MoU ratings. Nevertheless, finalization of MoU for CSR activities should be done concurrently.

4.0 Sensitization of stakeholders (Internal and External)

- 4.1 The sensitization of the internal and external stakeholders is a pre-requisite to effectively implement the CSR policy in and around our projects, permanent establishment areas. In this pursuit, training of MECL employees being internal stakeholders and responsible for implementation of CSR activities is to be arranged so that they are able to understand the importance of objectives of the policy and are made aware about the provisions and procedures for its implementation.
- 4.2 Training programmes, seminars and workshops for sensitization of officers and employees should be organized in the presence of top management executives. The number of programmes for such initiatives be in consonance with the MOU targets set out on year to year basis.
- 4.3 The Project Managers/Zonal Managers should arrange road shows, posters, banners etc. so as to make external stakeholders aware about the benefits of creation of infrastructure and other facilities through our CSR initiatives so that benefits can be continuously availed by them and outcome of CSR activities are maintained for long term basis.

5.0 MoU Targets and Need assessment of CSR Activities

- 5.1 The MoU targets of CSR activities will be proposed by the 2nd Tier Committee which are from and within the purview/scope/coverage of the items listed in the **Annexure-I-A** in consultation with Concerned Project Managers/Zonal Managers and obtain the approval of Board level CSR Committee.

- 5.2 The 2nd Tier Committee will prepare the requisite specifications and modalities of all the activities for uniform application at all places and obtain approval of Competent Authority.
- 5.3 The Project Managers will consult the Gram Sabhas, Panchayat Raj Institutions, local State Government authorities/Schools/Hospitals, etc. at the village level and obtain their written request/consent/agreement or any other such documents as may be required to ascertain their specific needs and also for identification of a suitable location for undertaking the CSR activities.
- 5.4 The Project Managers/Zonal Managers will also explore the possibilities to work in coordination/ association with the Governmental or non-Governmental organization and other PSUs who could also be partnered in our efforts so as to have a larger coverage and avoid the duplicacy of any activity being done by MECL at that particular location. However, such collaboration be made in such a manner that CSR Committees of the respective companies are in a position to report separately on such projects or programmes in their own reporting and disclosures.

6.0 Communication of CSR targets to the Project

- 6.1 The final CSR Activities will be communicated to the Project Managers/Zonal Managers in the first week of April of each year so that the projects/zones are able to plan their implementation action well within time so as to complete the activities within time period as specified in the targets.
- 6.2 The Board Level Committee may on its own can also decide about the allocation of any specific CSR activity as deemed to be necessary by them to be carried out by any particular project/zone and may also allocate the requisite funds to carry out the notified activity out of the total CSR fund in addition to CSR programmes under implementation during the year.
- 6.3 The time limit for completion of the CSR MOU targets in comparison with the time limits prescribed in the MOU targets may be decided by the second tier CSR committee after internal deliberations so as to keep the sufficient margin to obviate any eventuality at the project site where due to some or the other reasons the activity may not be completed due to closure of the project or shifting of the location of our activity.
- 6.4 The second tier committee may also decide about the transfer of any specific target from one project to any other project depending upon the special circumstances as observed and noticed by them during their regular monthly meetings. However, the change of targets from one project to another project be brought to the notice of the Board Level Committee in its next meeting.

7.0 Fund Allocation

- 7.1 Every year with the approval of the Board of Directors of MECL, a budgetary allocation for CSR activities/projects/programs is to be made. The budgetary allocation will be 2% of “Average Net Profit *” of preceding 3 financial years, or as provided by the Government/ DPE guidelines/Statutory requirement/ Companies Act from time to time.

7.2 The fund allocation required for accomplishment of the targets are also required to be allotted at the time of notification of the targets. Since the actual figure for “Average Net Profit*” of the year will not be known, an estimated amount may only be communicated which can be further confirmed once the “Average Net Profit*” of preceding three years is finally arrived at and is approved by the Board of Directors.

7.3 The distribution of allocated budgetary amount will be as under:

- i) Allocation to the Projects/Zonal Offices to accomplish the MOU targets - 85% of allotted fund.
- ii) MECL with a view to build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed 5% of total CSR expenditure of the company in each of the financial year.
- iii) Allocation for CSR activities through Corporate Office, Nagpur - 5% of allotted fund.
- iv) Allocation towards emergency needs - 5% of allotted fund. (As per DPE guidelines)

***Note:** The average Net Profit shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013.

7.4 In exceptional circumstances percentage of allocation may be enhanced with the approval of Board Level Committee of Directors with intimation to Board of Directors.

7.5 The allocation of funds up to 5% for emergency needs is as per DPE guidelines, which is to be utilized for contribution towards Prime Minister/Chief Minister Relief Fund/National Disaster Management Authority in case of natural calamity/disasters. The emergency fund is to be spent in the same year and in case it is not utilized in the year of its allocation then it would be carried forward to the next year for utilization towards regular CSR projects.

7.5.1 Contribution of any amount directly or indirectly to any political party, shall not be considered as CSR activity.

7.6 The budget allotted for CSR activities as explained in para above should be spent in the same year, however if due to some reasons it remains unutilized then same would not lapse and it would be carried forward to the next financial year for CSR activities.

7.7 The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of MECL for the same financial year.

7.8 The CSR Fund Allocation on each of the activity proposed in the Annual Programme if not utilized then the reasons for not spending the amount is to be mentioned in the Annual Director's Report.

8.0 Implementation

- 8.1 The CSR projects/activities flowing from MOU targets or any other activity as identified and decided/approved by the Board Level Committee are to be implemented by the respective Project Managers/Zonal Managers at the project level under regular instructions of 2nd Tier Committee. The Nodal Officer will also be responsible to execute CSR works at Corporate office and towards training programmes to be organized for internal stake holders. He may however assist the Projects/Zones for organizing sensitization of external stake holders.
- 8.2 The execution of CSR activities should be carried by a reputed organization, Civil Contractor, Gram Sabha, Gram Panchayat or a NGO or through state government machinery wherever feasible or possible. In the context of CSR activities for improvement of the education standard the same should be done through a government school and for the health and hygienic activity the available government hospital and its machinery should be approached to organize health/medical camps etc.
- 8.3 The Project Managers/Zonal Managers are responsible for implementation of the CSR projects/activities and complete documentation for verification and certification of the individual activity/project for impact assessment of the CSR activity and finalization of yearly CSR report of MECL. The media coverage of our efforts is also to be ensured by the Project Managers/Zonal Managers for proper reporting and disclosures to the public. Report shall be sent to the Corporate Office for posting it on the official website.
- 8.4 For the purpose of CSR if the activities require renovation/development of specified road/building or improvement in any public structure then necessary permission should be obtained by the respective PM/ZM from the appropriate Government/Panchayat authorities beforehand in writing so that there may not be any objection/reservation by any public or governmental authorities at a later date.
- 8.5 If the cases of CSR activities require construction of infrastructure such as public toilets in the schools/hospitals, in such cases the responsibility for upkeep and maintenance may be assigned to respective Gram Panchayat, Gram Sabha, School or Hospitals. However, if required, expenses for upkeep and maintenance may be reimbursed to the concerned authorities/department/organization, till MECL has presence at the location. This expenditure on maintenance has to be foreseen in advance and got sanctioned as a part of estimate for CSR work for respective projects. The users of the facilities created by MECL shall also be trained to maintain these facilities for long term benefits.
- 8.6 The IIInd tier committee will decide the level of officers who are actually responsible for the implementation of CSR activities for whom their reporting officers will put it into their KPA for the evaluation of PARs.

9.0 Monitoring

- 9.1 The monitoring of the progress of CSR activities will be over seen by the Board Level Committee through the second tier CSR committee. The PMs/ZMs are responsible for regular monitoring of the progress of the CSR activities being undertaken at their work place.
- 9.2 The PMs/ZMs who have to undertake the CSR activities have to send a monthly report duly supported with documentary evidence and photographic verification of the activities undertaken by them through email or on the CSR website portal or perusal of the second tier committee. The Nodal Officer will apprise CMD on monthly basis and submit a quarterly report on CSR activity to Board level Committee.
- 9.3 A representative of second tier committee may be deputed to different projects on quarterly basis to oversee the implementation & effectiveness of our proposed activities. On completion of the CSR activities at the project the respective PM/ZM will do impact assessment of CSR work, executed by them by constituting a team/committee of Project Officer, local inhabitants including officers/employees drawn from schools/hospitals or local administration wherever available.
- 9.4 The progress and performance of the CSR initiatives/activities undertaken during the year should be brought to the notice of the Board of Directors on half yearly basis.

10.0 Reporting & Disclosure

- 10.1 The Annual Director's Report and Annual Financial Report should contain the details of composition of Board Level CSR Committee, CSR Policy and CSR initiatives taken during the year.
- 10.2 The CSR activities undertaken on year to year basis are to be put in public domain through updated display on the company's website. The progress and performance of the CSR activities will also be got publicized on MECL Website, Annual Report of CSR Activities, MEK Samachar and other brochures for information of public.

11.0 MOU Evaluation

- 11.1 The CSR activities for each year are part of MOU between Ministry of Mines and MECL. Therefore, achievement of physical/financial MOU targets for CSR is important for the rating of MECL.
- 11.2 The CSR targets achieved will be evaluated under the MOU framework for their achievement on the basis of following key performance indicators.
- i) Achievements against physical targets for each activity under CSR projects/activity.
 - ii) The degree of involvement of the employees and the top management in internalizing the CSR agenda with the organization.

- iii) The degree of success in implementing the CSR activities undertaken during the year.
- iv) The expenditure they incur on these activities (vis-a-vis the annual budgetary allocation).
- v) The effectiveness of the two tier organizational structure in the process of planning, implementing and monitoring the CSR activities.
- vi) The efforts made and the success achieved in the engagement of key stakeholders through adopting of a good corporate communication strategy.
- vii) The adopting of sustainability reporting and disclosure procedures and practices.

11.3 The weightage assigned to each of these performance indicators will be decided by the 2nd tier committee of the CSR in association with the Business Development & Planning Division.

12.0 General

- 12.1 All administrative expenses towards training & development of personnel deputed on CSR activities would be borne from CSR funds.
 - 12.2 In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference is to be made to HR Department. In all such matters, the interpretation and decision of the CMD shall be final.
 - 12.3 Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the DPE guidelines/instructions on the subject as may be issued by the Government, from time to time.
 - 12.4 The Company reserves the right to modify, cancel, add, or amend any of provisions of this policy with the recommendation(s) of the Board Level Committee and approval of CMD, which will be brought to the notice of the Board of Directors.
 - 12.5 The CSR activities undertaken in India only shall amount to CSR activity of MECL and amount spent thereon.
 - 12.6 The CSR projects or programs or activities that benefit only the employees of the MECL and their families shall not be considered as CSR activities.
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The List of Broad Scope for Coverage/Identification of CSR Activities

- I. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the 'Swachh Bharat Kosh' set-up by the Central Government for the promotion of sanitation and making available safe drinking water
- II. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- III. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- IV. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund' set-up by the Central government for rejuvenation of river Ganga;
- V. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- VI. Measures for the benefit of armed forces veterans, war widows and their dependents;
- VII. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- VIII. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- IX. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- X. Rural development projects."
- XI. Slum area development:
Explanation-For the purpose of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State government or any other competent authority under any law for the time being in force.

Note: The Individual CSR Activities proposed by 2nd tier committee for approval by the Board level CSR Committee in pursuance to above parameters be also considered as clarified in the **Annexure-I-B.**

ANNEXURE-I-B

Sl No	Additional items requested to be included in Schedule VII or to be clarified as already being covered under Schedule VII of the Act	Whether covered under Schedule VII of the Act.
1.	<p>Promotion of Road Safety through CSR :</p> <p>(i) (a) Promotions of Education “Educating the Masses and Promotion of Road Safety awareness in all facets of road usage. (b) Drivers’ training. (c) Training to enforcement personnel. (d) Safety traffic engineering</p> <p>and awareness through print, audio and visual media should be included. (ii) Social Business Projects: “giving medical and Legal aid, treatment to road accident victim” should included.</p>	<p>a) Schedule VII (ii) under “promoting education”.</p> <p>b) For drivers training etc Schedule VII (II) under “Vocational skills” c) It is establishment functions of Government (cannot be covered) d) Schedule VII (ii) under “Promoting education.” (ii) Schedule VII (i) under “promoting health care including preventive health care.”</p>
2.	Provisions for aids and appliances to the differently abled persons Request for inclusion	Schedule VII (i) under “promoting health care including preventive health care.”
3.	<p>The company contemplates of setting up ARTIIC (Applies Research Training and Innovation Centre) at Nasik. Centre will cover the following aspect as CSR initiatives for the benefit of the predominately rural farming community:</p> <p>(a) Capacity building for farmers covering best sustainable farm management practices. (b) Training Agriculture Labour on skill development. (c) Doing our own research on the field for individual crops to find out the most cost optimum and Agri-ecological sustainable farm practices research with a focus on water management. (d) To do Product Life Cycle analysis from the soil conservation point of view.</p>	<p>Item no (ii) of Schedule VII under the head of “promoting education” and “Vocational skills” and “rural development”</p> <p>(a) “Vocational skill” livelihood enhancement projects. (b) “Vocational skill” (c) ‘Ecological balance’ ‘maintaining quality of soil, air and water’. (d) “Conservation of natural resource” and ‘maintaining quality of soil, air and water’.</p>
4.	To make “Consumer Protection Services” Eligible under CSR (Reference received by Dr. V.G.Patel, Chairman of Consumer	

	<p>Education and Research Centre)</p> <ul style="list-style-type: none"> (i) Providing effective consumer grievance redressal mechanism. (ii) Protecting consumers health and safety, sustainable consumption consumer service, support and complaint resolution. (iii) Consumer protection activities. (iv) Consumer Rights to be mandated. (v) All consumer protection programs and activities on the same lines as Rural Development Education etc. 	<p>Consumer education and awareness can be covered under Schedule VII (ii) “promoting education”.</p>
5.	<ul style="list-style-type: none"> a) Donations to IIM[A] for conservation of buildings and renovation of classrooms would qualify as “promoting education” and hence eligible for compliance of companies eligible for compliance of companies with Corporate Social Responsibility. b) Donations to IIMA for conservation of buildings and renovation of classrooms would qualify as “protection of national heritage art and culture, including restoration of buildings and sites of historical importance” and hence eligible for compliance of companies with CSR. 	<p>Conservation and renovation of school buildings and classrooms relates to CSR activities under Schedule VII as “promoting education.”</p>
6	<p>Non Academic Techno park TBI not located within n academic institution but approved and supported by Department of Science and Technology.</p>	<p>Schedule VII (ii) under promoting education if approved by Department of Science and Technology.</p>
7	<p>Disaster Relief</p>	<p>Disaster relief can cover wide range of activities that can be appropriately shown under various items listed in Schedule VII For example,</p> <ul style="list-style-type: none"> i) Medical aid can be covered under ‘promoting health care including preventive health care.’ ii) Food supply can be covered under ‘eradicating hunger. Poverty and malnutrition.’ iii) Supply of clean water can be covered under ‘sanitation and making available safe drinking water.’
8	<p>Trauma care around highways in case of road accidents.</p>	<p>Under “health care”.</p>

9	Clarity on “rural development projects	Any project meant for the development of rural India will be covered under this.
10	Supplementing of Govt. schemes like mid-day meal by corporates through additional nutrition would qualify under Schedule VII.	Yes Under Schedule VII item no (i) under poverty and malnutrition”
11	Research and Studies in the areas specified in Schedule VII	Yes. Under the respective areas of items defined in Schedule VII. Otherwise under ‘promoting education’.
12	Capacity building of government officials and elected representatives- both in the area of PPPs and urban infrastructure.	No
13	Sustainable urban development and urban public transport systems	Not covered.
14	Enabling access to, or improving the delivery of, public health systems be considered under the head “preventive healthcare” or “measures for reducing inequalities faced by socially & economically backward groups” ?	Can be covered under both the heads of “healthcare” or “measures for reducing inequalities faced by socially & economically backward groups” depending on the context.
15	Likewise, could slum re-development or EWS housing be covered under “measures for reducing inequalities faced by socially & economically backward groups”?	Yes
16	Renewable energy projects	Under ‘Environmental sustainability, ecological balance and conservation of natural resources’.
17	(i) Are the initiatives mentioned in Schedule VII exhaustive? (ii) In case a company wants to undertake initiatives for the beneficiaries mentioned in Schedule VII but the activity is not included in Schedule VII then will it count (as per 2 (c) (ii) of the Final Rules they will count)?	(i) & (ii) Schedule VII is to be liberally interpreted so as to capture the essence of subjects enumerated in the schedule.
18	US-India Physicians Exchange Program broadly speaking, this would be program that provides for the professional exchange of physician between India and the United States.	No

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years.
4. Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above)
5. Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year
 - (b) Amount unspent, if any;
 - (c) Manner in which the amount spent during the financial year is detailed below.

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or Activity identified	Sector In which the Project Is covered	Projects or Programs 1)Local area or other 2)Specify the state & district where Projects or Programs was undertaken	Amount Outlay (budget) Project Or Programs wise	Amount Spent on the projects Or programs Sub-heads 1)Direct expenditure On projects Or programs 2) Overheads	Cumulative Expenditure Up to the reporting period	Amount spent: Direct or through implementing agency
1							
2							
3							
	Total						

Give details of implementing agency:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the company

Sd/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman CSR Committee)	Sd/- (Person specified under clause (d) of sub-section (1) of section 380 of the Act) (wherever applicable)
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