

MAZAGON DOCK LIMITED

CHAIRMAN & MANAGING DIRECTOR'S MEMORANDUM

CH/ 26 /2015

All Executives

Sub: Corporate Social Responsibility and Sustainability Policy

Board in its meeting held on 22.01.2015 has accorded approval for 'Mazagon Dock Limited (MDL) Corporate Social Responsibility and Sustainability Policy' as part of compliance to Section 135 of the Companies Act' 2013 and Rules framed there-under. A copy of the said policy is enclosed herewith.

This MDL's Corporate Social Responsibility and Sustainability Policy shall come into force with effect from the date of approval of the Board i.e. 22.01.2015.

CHAIRMAN & MANAGING DIRECTOR

Encl: As above

Mumbai: 400 010

17 February 2015

Copy to:

Directors

CVO

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY POLICY

1. PREFACE:

Mazagon Dock Limited (MDL) is committed to take up developmental projects / programs as part of its Corporate Social Responsibility and Sustainability initiatives in order to improve the quality of life of underprivileged and downtrodden sections of the Society and other stakeholders with an attempt to make a meaningful difference in people's lives and contribute towards sustainability of Society and Nation building. To this direction, MDL shall abide by the provisions of the Section 135 of the Companies Act' 2013, Rules framed there-under and the guidelines issued by Department of Public Enterprises (DPE) from time to time.

2. VISION:

To undertake programmes for integrating social and business goals in a sustainable manner to create social impact through inclusive growth and planning.

3. MISSION:

Mazagon Dock Limited is committed to continue with its socio-economic, developmental activities to bring about visible impact in both people in particular and society at large.

4. DEFINITIONS:

- 4.1 **Competent Authority:** Competent Authority means Chairman & Managing Director of MDL
- 4.2 **Company:** Company means Mazagon Dock Limited.
- 4.3 **CPSE:** CPSE means Central Public Sector Enterprise.
- 4.4 **CSR:** CSR means Corporate Social Responsibility.
- 4.5 **HoD:** HoD means Head of the Department.
- 4.6 **Local Area:** Local area means projects / programs and activities to be undertaken in Mumbai, Thane & Raigad Region / District.
- 4.7 **MDL:** Mazagon Dock Ltd shall be referred to as the Company.
- 4.8 **MoU:** MoU means Memorandum of Understanding signed between Company and other Organisation / Institutions.
- 4.9 **NGO:** Non Governmental Organisation.
- 4.10 **Specialised Organisation/Agency:** Specialised organisation will include NGOs, Voluntary Organisations / Agencies, Institutes, Academic Organisations, Societies, Community based Organisations, including Self Help Groups, Trusts, Missions and Professional Consultancy Organisations etc.

5. PROJECTS / PROGRAMS.

The Company will undertake projects / programs as envisaged under Schedule VII of Companies Act, 2013 which are enumerated as under:

5.1 Eradicating Hunger, Poverty and Malnutrition:

- 5.1.1 Provision for food, nutrition supplement, clothes etc. for the poor & other deprived sections of the society.
- 5.1.2 Supporting nutrition in anganwadi centres and building capacities of anganwadi workers to this effect.
- 5.1.3 Provision of Shelter for homeless.

5.2 Promoting Health Care including Preventive Health Care and Sanitation:

- 5.2.1 Conduct awareness programmes, health check-ups, provision of medicine & treatment facilities
- 5.2.2 Provide pre-natal & post-natal health care facilities
- 5.2.3 Prevention of female foeticide through awareness creation
- 5.2.4 Program for preventing diseases and building immunity
- 5.2.5 Including contribution to Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation & making available safe drinking water; (Ref G.S.R. 741 (E) dated 24th October 2014)

5.3 Promoting education, including special education and Vocational training especially among children, women, elderly and the differently abled including:

- 5.3.1 Non formal education programmes
- 5.3.2 Supporting schools with infrastructure like benches, toilets, potable water, fans etc.
- 5.3.3 Supporting other educational institutions, special education schools
- 5.3.4 Improving education facilities in general
- 5.3.5 Supporting children for higher education
- 5.3.6 Providing vocational training

5.4 Promoting gender equality, empowering women including:

- 5.4.1 Adult literacy for women
- 5.4.2 Promoting and providing credit support to women's self-help and joint liability group.

- 5.4.3 Training in vocations pursued by women.
- 5.4.4 Setting up homes and hostels for women and orphans
- 5.4.5 Setting up old age home & other facilities for senior citizens
- 5.4.6 Setting up hostels for working and student women, Day Care centres for kids of working women

5.5 Ensuring environmental sustainability and ecological balance through:

- 5.5.1 Plantation drives in Schools, Villages, our Manufacturing Units & Offices / Business premises and other areas in general
- 5.5.2 Reviving endangered plants, promoting agro forestry
- 5.5.3 Protection of flora and fauna,
- 5.5.4 Conservation of natural resources
- 5.5.5 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; (Ref G.S.R. 741 (E) dated 24th October 2014).
- 5.5.6 Adopting wastelands to cultivate plants
- 5.5.7 Promoting bio diversity
- 5.5.8 Animal welfare and veterinary services
- 5.5.9 Technical support and knowhow for improving farming and building capacities of small farmers.
- 5.5.10 Promoting alternate energy resources
- 5.5.11 Initiative towards Swachh Bharat

5.6 Other Activities:

- 5.6.1 Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art;
- 5.6.2 Setting up public libraries;
- 5.6.3 Promotion and development of traditional arts and handicrafts;
- 5.6.4 Measures for the benefit of armed forces veterans, war widows and their dependents;
- 5.6.5 Promoting rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- 5.6.6 Rural development projects;
- 5.6.7 Slum area development
- 5.6.8 Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

- 5.6.9 Contribution to any 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;

Explanation:

- i. 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. [Ref G.S.R. 568 (E) dated 6th August 2014].
- ii. Amendments made to the Schedule shall be automatically considered as part of the list till the same is formally incorporated.

6. STRUCTURE & IMPLEMENTATION COMMITTEE:

6.1 CSR & Sustainability Board Level Committee:

6.1.1 The Corporate Social Responsibility and Sustainability Committee shall comprise three or more Directors and will be headed by an Independent Director. The Company Secretary of MDL shall be the Secretary of the Committee. In case, there is no Independent Director, the Chairman and Managing Director shall function as the Head of the Committee along with other two Directors.

6.1.2 The role / responsibilities of the Committee shall include:

6.1.2.1. To formulate and recommend to Board, a Corporate Social Responsibility and Sustainability Policy, which shall indicate the projects / programs & activities to be undertaken by the Company.

6.1.2.2 To approve the projects / programs & activities to be undertaken in any financial year and the estimated expenditure to be incurred on each of the project / program.

6.1.2.3 To monitor implementation of various Projects / programs and activities on quarterly basis.

6.1.2.4 Financial Authority:

The committee shall have the authority to approve projects / programs / activities of any monetary value within the allocated total budget.

6.1.2.5 Amendment, addition / deletion of any provision of the policy.

6.2 **CSR & Sustainability Management Committee (CSR & SMC):**

6.2.1 The CSR and Sustainability Management Committee shall be headed by D (CP & P) and will comprise HoD (F), HoD (HR), HoD (IP) & HoD (HR & Admin). Head CSR & Sustainability Cell shall function as Member Secretary.

6.2.2 *The roles & responsibilities of the Committee shall include:*

To examine all proposals pertaining to CSR and Sustainability projects / programs recommended by CSR Working Committee and to accord approval where the monetary value is upto Rs.50.00 lac.

6.3 **CSR & Sustainability Working Committee (SR & SWC):**

6.3.1 The CSR & Sustainability Working Committee shall be headed by HoD (HR) / HoD (HR&A) and comprise representatives from Finance / YUC / IP / HR / Admin. etc. Head CSR & Sustainability Cell shall function as Member Secretary.

6.3.2 *The roles and responsibilities of the Working Committee shall include:*

6.3.2.1 To specify / allocate budget for the proposed project, workout the time frame and specific / periodic milestones for implementation and monitoring in consultation with the implementing / monitoring agencies.

6.3.2.2 To examine proposals pertaining to projects / programmes received from Government Agencies / NGOs and to see at the first instance as to whether the proposal comes under CSR & Sustainability project. In case the Project / Program is related to CSR & Sustainability, the Working Committee shall approve projects / programmes / activities of monetary value upto Rs. 5.00 Lacs.

- If any projects / programs / activities monetary value is between Rs.5.00 lacs to Rs.50.00 lacs, the Working Committee shall examine and submit its feasibility & viability report alongwith its action plans and implementation strategy to the CSR and Sustainability Management Committee for consideration.
- If the value of any project / program is more than Rs. 50.00 lacs, the Working Committee shall examine and submit its feasibility & viability report alongwith its action plans and implementation strategy, directly to the CSR and Sustainability Board Level Committee for consideration.

6.3.2.3 To follow up the approval of Project / Program by the appropriate committee as specified under (a) & (b) above, the CSR & SWC shall undertake necessary steps.

- To finalise the agencies for conducting Baseline survey (if required).
- To co-ordinate the project / program with the implementation agencies.
- To finalise MoUs and timelines for the projects / programs and activities
- To engage external agencies for monitoring / evaluation of the projects / programs / activities.
- To take appropriate steps for vetting of MoU by CS & LA and signing of the same MoU with Party / Agency.

6.3.3 The following executives are authorised to sign MoU:

D (CP&P)	:	Above Rs 50.00 Lac
HoD (HR) / HoD (HR&A)	:	Between Rs 5.00 Lac - 50.00 Lac
Head CSR Cell	:	Upto 5.00 Lacs

7. CSR CELL:

7.1 A CSR cell shall be constituted and shall operate under Human Resource Department. It shall oversee the projects, programs and activities that are being undertaken / will be undertaken in future. The Cell shall continue to monitor those projects. The Cell will be headed by CMO / AGM (OHS). The Cell shall be supported by executives deputed from other Departments till a separate CSR cadre is notified / introduced.

7.2 *The broad functions of CSR cell are as under:*

- 7.2.1 To identify various CSR activities to be undertaken.
- 7.2.2 To liaise with Government nominated and other organisations for various CSR projects.
- 7.2.3 To make budgetary provision for CSR activities.
- 7.2.4 To scrutinise all proposals received and assess as to whether the proposal received are in conformity with Guidelines / Rules / Policy of the Company.
- 7.2.5 To convene meetings of CSR & Sustainability Working Committee / CSR & Sustainability Management Committee, record and maintain proceedings of those meetings.
- 7.2.6 To put up all proposals meeting CSR requirements before the CSR & Sustainability Working Committee for deliberations.
- 7.2.7 To put all the shortlisted proposals to the CSR Working Committee / CSR & Sustainability Management Committee for appropriate decision.
- 7.2.8 To put up file for release of funds to the NGO / Agencies with due financial concurrence of the Competent Authority.

- 7.2.9 To carry out need identification through Baseline Survey.
- 7.2.10 To put up proposal for appointment of independent external agency to conduct evaluation of the implemented projects by and to measure the impact made by the socio-economic / environmental interventions.
- 7.2.11 To take steps to prepare a panel of Specialist Agencies, NGOs, Voluntary Organizations, Trusts, Societies, Institutes, Academic Organizations, Community Based Organisations etc as necessary for Implementing, Monitoring and Evaluating projects / programmes / activities with the approval of D(CP&P).
- 7.2.12 To facilitate signing of MoU / Agreement that may be required for execution of projects.
- 7.2.13 To monitor progress of the projects by engaging external agencies or through an in-house Committee.
- 7.2.14 To arrange for evaluation of the implemented projects by an independent external agency to measure the impact made by the socio-economic / environmental intervention.
- 7.2.15 To undertake meticulous documentation from the beginning to the end of the Project.
- 7.2.16 To arrange conducting of training and awareness programs for all employees connected with CSR and Sustainability work.
- 7.2.17 To prepare reports for Ministry of Defence / Ministry of Corporate Affairs / other Ministries of Central Government as may be directed from time to time.
- 7.2.18 To upkeep all records and documents of CSR.
- 7.2.19 To undertake all other Work related to CSR as may be entrusted from time to time.

8. IMPLEMENTATION MODALITIES:

- 8.1 CSR & Sustainability Working Committee members shall visit potential Project sites for assessment of need / viability.
- 8.2 CSR and Sustainability Project activities approved by the Board / Management / Working Level Committee shall be carried out either by the Company itself or outside Specialised Agencies as may be appointed by the Company for these purposes.
 - 8.2.1 The Specialised Agencies should have established track record of 3 years in undertaking similar programs / projects. Preference shall be given to the agency having experience of working with Government Bodies / CPSEs & having valid Income Tax Exemption Certificate.

8.2.2 The list of Specialized Agencies / include agencies notified by Department of Public Enterprises (DPE) or Ministry of Defence (MoD) or Ministry of Corporate Affairs including such list notified by the Central / State Governments are to be considered, while selecting specialized implementation agencies for the Company's CSR and Sustainability projects / programs.

8.3 MDL may also collaborate with other CPSEs for undertaking CSR and Sustainability projects / programs in such a manner that the CSR and Sustainability Committees of both the Companies are in a position to report separately on such projects / programs.

8.4 MDL may synergize CSR and Sustainability activities of the Company with initiatives of Central Government / State Governments, including Local Bodies in case of necessity as may be considered / directed by the CSR and Sustainability Committees.

8.5 MDL may form a Society under Societies Registration Act, 1860 or a Registered Trust to carryout CSR & Sustainability projects / programs.

9. BUDGET / FUNDING:

9.1 Annual CSR and Sustainability Budget:

In alignment with the provisions of Section 135 of the Companies Act 2013, the Company shall allocate an annual CSR and Sustainability Budget in each financial year for an amount not less than 2% of the average net profit of the Company made during the three immediately preceding years. The unspent amount in a particular financial year shall not lapse and shall be carried forward for exclusive utilisation on CSR and Sustainability activities in the next financial year.

9.2 Budgetary Allocations:

9.2.1 Not less than 60% of the CSR and Sustainability Budget shall be allocated for activities in the project mode. The company shall endeavour to undertake CSR program / projects and activities in the local area within the budgetary ceiling of 60% and remaining 40% shall be spent in other areas. Competent Authority has the discretion to swap the budgetary allocation depending upon the requirements.

9.2.2 Not more than 5% of the CSR and Sustainability Budget shall be used for CSR and Sustainability capacity building of Company's own personnel or implementing agencies through Institutions with established track records of at least three financial years. This includes the expenditure incurred on base-line surveys and impact assessment studies and administrative overheads.

10. ACCOUNTING AND EXPENDITURE PROCEDURES:

10.1. With the report and approval of the CSR and Sustainability Working Committee, advance can be paid to the Implementing Agency after certified expenditure status from the said agency. The certificate should be backed by copies of invoices / receipts relevant to the project for which funding has been done by the Company.

10.2 Payments for the subsequent month / quarter shall be released after complying the above procedure only after adjustment of earlier advances to the extent of 75%.

10.3 Implementer should have Registration certificate under Trust / Societies under Section 8 of the Companies Act 2013.

11. APPROVAL OF EXPENDITURE:

Approval of Expenditure including stage / part payment related to approved CSR projects, programs and activity will be governed in the following manner:

Sr. No	Financial Limit	Competent Authority	Financial Concurrence
1.	Above Rs 50.00 lac in each case	CMD	D (F)
2.	Rs 5.00 lac to 50.00 lac in each case, subject to the ceiling of Rs 100.00 lac per annum.	D (CP&P)	HoD (F)
3.	Rs 5.00 lac in each case, subject to the ceiling of Rs 20.00 lac per annum.	HoD (HR)	PE (Finance - HR & Admin)

12. EVALUATION PROCESS:

CSR and Sustainability Projects are to be evaluated by an independent external agency. This evaluation should both be concurrent and final. The Company may appoint a Social Audit Firm to critically assess the fulfillment of CSR and Sustainability obligations of the Company.

13. CSR REPORTING:

A report on CSR containing particulars on various projects / programs / activities including those to be undertaken shall be a part of the Company's Board of Directors Annual Report. The same shall be as per format prescribed and annexed to Rules framed there under and notified by Ministry of Corporate Affairs vide Gazette Notification No. G.S.R. 129(E) dated 27 February 2014 for CSR and Sustainability activities pertaining to a financial year commencing on or after the 1st day of April 2014 (**Annexure-A**).

14. DISPLAY OF CSR AND SUSTAINABILITY ACTIVITIES ON MDL'S WEBSITE:

The Board of Directors of the Company may, after taking into account the recommendations of CSR and Sustainability Committee, may approve the CSR and Sustainability Policy for the Company and disclose contents of such Policy in its report as well as display the same on the Company's website.

15. GENERAL:

- 15.1 Any or all provisions of the CSR Policy would be subject to revision / amendment in accordance with the guidelines on the subject as may be issued from Government from time to time.
- 15.2 In case of any doubt / interpretation with regard to any provision of the policy and also in respect of matters not covered herein, the interpretation & decision of the CMD shall be final.

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**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 percent 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)
S. 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 and 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 upto the reporting period	Amount spent: Direct or through Implementing Agency *

*** Give details of Implementing Agency:**

6. In case the Company has failed to spend the two percent 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.

(Chairman & Managing Director or Director)	(Chairman CSR Committee)	(Person specified under clause (d) of Sub-Section (1) of Section 380 of the Act) (wherever applicable)
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