

CORPORATE SOCIAL RESPONSIBILITY POLICY

PREAMBLE

The provisions of section 135 of the Companies Act, 2013 shall be applicable to every Company having networth of Rs. 500 crore or more or turnover of Rs. 1000 crore or more or a net profit of Rs. 5 crore or more during the immediately preceding financial year.

During the year 2018-19 MCCIL has made a net profit of INR 6.82. Hence, MCCIL shall be required to comply with the provisions of Section 135 of the Companies Act, 2013 during the Financial Year 2019-20 i.e. in every financial year spend, at least two per cent of the average net profits of the company made during the three immediately preceding financial years.

Corporate Social Responsibility (CSR) is the responsibility of the corporate entity towards the society in consideration of the support given and sacrifices made by the society by sharing part of its profit.

Metropolitan Clearing Corporation of India Limited (hereinafter referred to as MCCIL) has developed a CSR Policy (hereinafter referred to as Policy) in alignment with its objective, principles and values, for delineating its responsibility as a socially and environmentally responsible corporate citizen. The Policy lays down the principles and mechanisms for undertaking various programs in accordance with Section 135 of the Companies Act, 2013.

The Policy shall apply to all the CSR programs and activities undertaken by MCCIL at various locations for the benefit of diverse sectors of the society.

OBJECTIVE:

CSR Policy intends to:

The objective of undertaking CSR efforts are not only to help people by providing facilities for health, education, civic amenities etc. but also to create opportunities for development of skills, employment including self-employment, to promote greater environmental responsibilities and encourage the development and diffusion of environmentally friendly technologies for sustainable development.

Accordingly, the activities that may be taken up to fulfill the objectives are given below:

- i. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to 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 centres 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to 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 recognised 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

CSR BUDGET

As per the provisions of Section 135 of the Companies Act, 2013, the Company shall spend in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy. ("average net profit" shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013).

Further, being a service sector company, MCCIL's CSR operations are not limited to a particular region of India.

Accordingly, MCCIL shall with the approval of its Board of Directors may each financial year allocate a budget for CSR activities based on average net profits of the company made during the three immediately preceding financial years.

Further, with regard to the spending of the CSR budget, it be kept in view that the budget allocated for CSR activities/projects planned for each financial year would be spent within that year. If due to some reason, the budget of a year remains unutilised, the same would not lapse and would be carried forward to the next year for expenditure on CSR activities, which were planned for implementation in the previous year, but could not be completed due to some reason. However, every endeavour should be made to spend the unutilised budget of any year within that year. The surplus, if any arising out of CSR activities shall not form part of the business profit of the Company.

IMPLEMENTATION OF CSR ACTIVITIES

1. CSR program will be undertaken by MCCIL in areas selected for interventions. MCCIL will choose to undertake need assessments as and when, it deems.
2. MCCIL will encourage employees for volunteering in community service.
3. The time period/duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program.
4. MCCIL may enter into partnerships with the government, business partners and communities to create multiplier effect of its social and environment projects.
5. The mode of implementation of CSR programs may include a combination of direct implementation and partners such as government schools and college, training institutes, NGOs, business partners, registered societies etc. MCCIL will select its activity partners after appropriate due diligence.
6. MCCIL may also implement the CSR programs through registered trust/foundation/society/company set up by MCCIL or its holding or through other registered trust/society/company having an established track record of three years in undertaking the projects or programs proposed to undertaken by MCCIL.
7. MCCIL may use the services of internal teams, expert agencies, consultancy firms etc., wherever required for carrying out base line surveys, guidance on project design and implementation, due diligence of implementation partners, impact assessment surveys etc.
8. The teams responsible for implementing the various CSR projects (CSR Implementation Team) shall be as decided by the Managing Director.

COMPOSITION OF CSR COMMITTEE

The CSR committee consists of the following members:

1. Ms. Rita Menon, Chairman
2. Mr. Kunal Sanghavi, Member
3. Mr. Balu Nair, Member

ROLES & RESPONSIBILITIES

The Board:

The Board of Directors of MCCIL will be responsible for:

- the approval of the CSR Policy for MCCIL
- disclosing the content of the Policy in its report and ensuring its placement on MCCIL's website in such a manner as prescribed under Section 135 of the Companies Act 2013 read with the CSR Rules
- ensuring that the social projects included in the Policy are undertaken by MCCIL
- that MCCIL spends, in every financial year, at least 2 percent of the average net profits made during the three immediately preceding financial years
- ensuring that MCCIL gives preference to the local areas around its operations for spending the amount earmarked for CSR projects
- ensuring that it specifies the reasons in its report for not spending the earmarked amount in case it to spend such amount.

CSR Committee:

The responsibilities of CSR Committee include the following:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

CSR Implementation Team:

- To seek guidance from the CSR Committee regarding policy, budget and implementation guidelines
- To spread awareness regarding the approved CSR policy and place it on MCCIL's website
- Recommend projects to be undertaken during the financial year to the CSR Committee.
- Recommend targets and timelines for implementation of developmental initiatives.
- Apprise CSR Committee with the project performance and status of CSR expenditure once every quarter
- Facilitate effective implementation of MCCIL's CSR plan across sectors and regions

- Allocate appropriate resources to achieve desired performance in alignment with Sustainability & CSR targets and initiatives
- Documentation and reporting of all CSR activities of the company in pursuit of the Companies Act and the CSR Rules.

MONITORING AND REPORTING FRAMEWORK

Project Monitoring:

- MCCIL will institute a well-defined monitoring and evaluation mechanism to ensure that each CSR program has:
 - Defined objectives developed out of the societal needs
 - Defined targets, time lines and measureable parameters, wherever possible
 - A progress monitoring and reporting framework that is aligned with the requirements of the section 135 of the Companies Act and the CSR Rules
- The CSR committee will meet periodically to discuss the progress of CSR activities and apprise the Board with the progress and action plan, from time to time.

Reporting Framework:

- The CSR Team will monitor progress on CSR projects and CSR spend and report to the CSR Committee at regular intervals.
- MCCIL will report CSR performance in its annual report as per the structure and format prescribed in the notified CSR Rules.

The Managing Director and the Chief Financial Officer shall monitor that the amount spent for CSR activities is as per the norms specified in the policy.