

**Corporate Social Responsibility Policy**

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<b>REVISION HISTORY</b>	
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Version No.	From	To	Description	Author	Reviewed & Approved By	Reason
1.0	1st April, 2014	5th October, 2017	Initial Release	Geetanjali S Kumar	Reviewer- Dibyalochan Ojha Approver- Koichiro Koide	
1.1	6th October, 2017	22 <sup>nd</sup> August, 2018	First Revision	Neera Chandak	Reviewer- Management Committee Approver- The Board of Directors	Integration of NECI & NTI's policy consequent to the merger
1.2	23 <sup>rd</sup> August, 2018	14 <sup>th</sup> May, 2020	Second Revision	Neera Chandak	Approver- The Board of Directors	Modifications have been in order to align the same with the Companies Act, 2013 and Annexure 1 has been amended
1.3	15 <sup>th</sup> May, 2020	20 <sup>th</sup> September, 2020	Third Revision	Neera Chandak	Approver- The Board of Directors	Modifications in view of structural changes in organization and further to align with Companies Act, 2013, Schedule VII has been amended
1.4	21 <sup>st</sup> September, 2020		Fourth Revision		Approved By: The Board of Directors vide approval dated 23 <sup>rd</sup> Sep, 2020	Pursuant to the change in the name of the company, old name has been substituted by the new name, wherever it appears in this Policy;

1.5	December, 2022		Fifth Revision			To align with Companies, Act, 2013, Schedule VII which has been amended
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## **CSR POLICY**

### **PHILOSOPHY**

Through CSR activities, NEC Corporation India Private Limited (NEC India or Company) strives to contribute to resolution of various issues including socio-economic, education and environmental issues as a good corporate citizen.

### **INTEPRETATION**

The word used in this Policy shall have the same meaning as defined in Section 135 of Companies Act, 2013 and rules made thereunder.

### **OBJECTIVE**

The objective is to contribute towards sustained development of nature, environment and community/society, in compliance with the provisions of Companies Act, 2013 ("Act") and Rules made thereunder.

### **APPLICABILITY**

The CSR Policy shall apply to all CSR activities/projects undertaken by the Company in India as per Schedule VII of the Act.

### **CSR COMMITTEE FRAMEWORK**

The Board of Director shall constitute the CSR Committee. The CSR Committee shall consist of atleast two Directors.

### **CSR ACTIVITIES**

CSR Activities can be conducted in the areas currently covered under Schedule VII of the Companies Act and includes as follows:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive healthcare 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 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. Measure for the benefit of armed force veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans and their dependents including widows.
- vii. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympics sports;
- viii. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women;
- ix. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government;
- x. Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy

(DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]

- xi. Rural Development projects;
- xii. Slum Area Development;
- xiii. Disaster management, including relief, rehabilitation and reconstruction activities.
- xiv. Such other matters as may be prescribed.

### **CSR IMPLEMENTATION**

The Board of Director and CSR Committee shall, in accordance with provision of Section 135 of Companies Act, 2013 read Companies (Corporate Social Responsibility) Rules and NECI CSR Policy and CSR Rules, ensure that CSR activities are undertaken by Company itself or through an Implementation Agency or in collaboration with any other Company(ies).

The CSR Committee shall recommend appointment of Implementation Agencies to the Board of NECI and shall ensure that such agencies fulfill the qualification criteria.

¥Based on the recommendation of the CSR Committee, the Board shall approve the implementation of CSR Project through an Implementation Agency

Identification and implementation of multi-year CSR projects / programs will be monitored by the CSR Committee and the Board of Directors of the Company as required under Applicable Law.

### **CSR BUDGET**

The CSR fund shall consist of 2% of the average profit before tax (shall be calculated – in accordance with Section 198 of the Companies Act 2013) of the Company made during the three immediately preceding financial years.

## **ROLE OF CSR COMMITTEE**

The Corporate Social Responsibility Committee shall:

- i. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII;
- ii. formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy
- iii. recommend the amount of expenditure to be incurred on the activities approved by the Board.
- iv. Institute a transparent monitoring mechanism for implementation of the CSR Projects, Programs or activities.

## **ROLE OF BOARD OF DIRECTORS**

The responsibilities of the Board of a CSR-eligible company, inter-alia, include the following

- i. approve the CSR policy;
- ii. disclose contents of such policy in its report and also place it on the company's website, if any;
- iii. ensure that the activities included in the CSR policy are undertaken by the company;
- iv. ensure that the company spends, 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;
- v. satisfy itself regarding the utilisation of the disbursed CSR funds; and
- vi. if the company fails to spend at least two per cent of the average net profits of the company, the Board shall, in its report specify the reasons for not spending the amount and transfer the unspent CSR amount as per provisions of sections 135(5) and 135(6) of the Act.

## **CSR ANNUAL ACTION PLAN**

**The Annual Action plan to be formulated by the CSR Committee shall include the following:**

- i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- ii. the manner of execution of such projects or programmes;
- iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- iv. monitoring and reporting mechanism for the projects or programmes; and
- v. details of need and impact assessment, if any, for the projects undertaken by the company.

The Board of Directors may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect

Utilization certificate should be obtained from Implementation Agencies to ensure funds are utilized/spend within the same financial year.

### **FUND UTILIZATION AND MONITORING**

- i. Based on the approval of the Board, CSR Fund shall be spent only on CSR activities in line with the allocated Budget and Annual Action plan.
- ii. The CSR Committee shall monitor the implementation of the selected CSR Activities/Project on periodic basis and ensure funds spent on CSR activities/projects are creating the desired impact on the ground;
- iii. The surplus, if any, arising out of the CSR activities or projects will not form part of business profit of the Company as per Rule 7 of Companies (CSR Policy) Rules, 2014;
- iv. The monitoring and reporting mechanism for each activities/projects shall be evaluated and reviewed by CSR Committee from time to time.
- v. Utilization certificate should be obtained from Implementation Agencies to ensure funds are utilized/spend within the same financial year.
- vi. The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

### **TRANSFER OF UNSPENT CSR AMOUNT:**

Until a fund is specified in Schedule VII for the purposes of subsection (5) and(6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

### **CSR REPORTING**

- i. The Board's Report shall include an annual report on CSR containing particulars as specified Companies (Corporate Social Responsibility) Rules, 2014.
- ii. In case of Company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR



projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

- iii. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- iv. A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

### **DISPLAY ON WEBSITE**

The CSR Committee shall ensure that following disclosures are compulsorily made on the Website of the Company:

- i. Composition of CSR Committee
- ii. CSR Policy
- iii. Project approved by the Board of Directors
- iv. Any other documents as required under Companies Act, 2013

### **AMENDMENTS TO CSR POLICY**

The authority to approve modifications/amendments in the CSR Policy lies with the Board of Directors.