

# **Corporate Social Responsibility & Sustainability Policy of The National Small Industries Corporation Limited**

## **1. Introduction**

The Corporate Social Responsibility Policy of the National Small Industries Corporation Limited (NSIC) is aligned with its overall commitment to maintaining the highest standards of business performance.

The CSR commitment of NSIC positions its social and environmental consciousness as an integral part of its business plan and its commitment to all its stakeholders including the society at large.

## **2. NSIC –Vision and Objectives**

### **Vision:**

NSIC through its CSR initiatives be always strive to demonstrate its commitment to sustainable development of the various constituents of the society at large.

### **Objectives:**

The broad objectives of this Policy of NSIC would be as follows:-

- Corporate Social Responsibility is a company's commitment to its stakeholders to conduct business in an economically, socially, and environmentally sustainable manner that is transparent and ethical;
- Social Responsibility initiatives would be used for social value creation and adoption of "Shared Value Approach";
- The emphasis would be placed on the scalability of the projects in terms of their size and impact, rather than on their numbers.
- Activities which are selected under CSR as far as possible, will be implemented in a project mode;
- The emphasis would be on capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies,

development of backward regions, and upliftment of the marginalized and under-privileged sections of the society;

- Provide training - vocational education and skill development training with a focus on the under privileged and physically challenged persons ;
- Comprehensive and integrated community development;
- Medical facilities to the underprivileged / poor families.

### 3. **Activities**

The activities that will be undertaken will primarily focus on achievement of objectives as outlined above. The focus of the Company would be in the following areas towards the achievement of these objectives are as follows:

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swacch 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 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 art and handicrafts;

- (vi) Measures for the benefit of armed forces 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, Paralympic sports and Olympic 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 govt. for socio economic development and relief and welfare of the schedule caste, 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; and
- (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.

**Explanation:-** For the purposes 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.

(xiii) Disaster management, including relief, rehabilitation and reconstruction activities.

**Note:-**

**\* Clarification on spending of CSR funds for COVID-19:**

Spending of CSR funds for COVID-19 is an eligible CSR activity, it is further clarified that spending of CSR funds for 'setting up makeshift hospitals and temporary COVID Care facilities' is an eligible CSR activity under item nos. (i) and (xii) of schedule VII of the Companies Act, 2013 relating to promotion of healthcare, including preventive healthcare, and disaster management respectively.

These activities are as per the provisions of the Companies Act, 2013. In addition to above any activity as per the amendments in Companies Act, 2013 from time to time and as contained in the guidelines as issued by DPE from time to time w.r.t. Corporate Social Responsibility could be undertaken.

**4. Budget Allocation**

As per the provisions of section 135(5), the Board of the company shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (0) of sub-section (3) of section 134, specify the reasons for not spending the amount.

This allocation will not lapse in case it remains unutilized at the end of financial year. If due to some reason, the budget of a year remains unutilized, the same would not lapse. Instead, it would be carried forward to the next year for expenditure on Corporate Social Responsibility activities, which were planned for implementation in the previous year, but could not be completed due to some reason.

## 5. **Organizational / Implementation Mechanism**

The approved CSR activities by the CSR Committee shall primarily be implemented through NSIC's closest field office(s), NTSC and the respective Zonal / NTSC Head shall be made responsible for execution, monitoring and completion of the project. At Head office level a duly constituted committee shall monitor the projects if any to be implemented by Head Office. The overall monitoring of Corporate Social Responsibility Plan of the Company shall also be carried out by the duly constituted committee.

In addition to above, a sub-committee constituted by the Board, shall accord expeditious clearance of the projects to be undertaken as Corporate Social Responsibility activities in case any additional / alternatives projects are required to be undertaken.

All Corporate Social Responsibility activities and expenses made thereon will be subject to audit by the Auditors of the Company.

## 6. **Monitoring, Evaluation & Impact**

- The impact of the Corporate Social Responsibility activities will be measured with the need assessment study or baseline survey done at the time of commencement of the activity;
- The Corporate Social Responsibility activities undertaken by the NSIC will be monitored on regular basis and progress review report will be submitted to the Board of Directors;
- The impact assessment of the various programmes / activity undertaken under the Corporate Social Responsibility, would be got done as per the provisions of Companies Act, 2013;
- The Board of 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.
- In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

- The 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.
- The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less. "
- The Board Sub-Committee shall be headed by an Independent Director to oversee the implementation of the CSR Policy of the company and to assist the Board of Directors to formulate suitable policies.
- The Board level committee and the designated nodal Officers team of officers together will steer the CSR agenda of the Company.

## **7. Display of Corporate Social Responsibility Activities**

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on NSIC's website, if any, for public access.

## **8. Review and Reporting**

The implementing organizations and the supervising agencies contracted by the NSIC, if any for Corporate Social Responsibility activities will submit progress reports on regular basis to the Company. At the end of the contract period, each organization would be required to submit a full project completion report, statement of accounts and utilization certificate within three months from the date of completion of the project duly certified by the auditors of NGOs or any firm of Chartered Accountants.

