

NOCIL Limited

Corporate Social Responsibility

(CSR)

Policy

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1. CONCEPT

1.1 The Arvind Mafatlal Group - CSR Philosophy

‘MORE THAN AN OBLIGATION, MORE THAN A DUTY’

Fulfilling Corporate Social Responsibility is our group’s second nature.

Social Responsibility in itself is a feeling that we belong to the people at large and more so to the people we serve. The satisfaction of giving is supreme when we expect nothing in return. This giving comes from unconditional urge to do something meaningful for the Society. The group has always held this thought close to its heart. We have strived for improvement in conditions faced by the needy and the poor. We fully believe that such acts of giving back to the Society are at the core of a balanced life.

At Arvind Mafatlal Group, we consider our contribution as a humble tribute to what Society has given us. We have pledged our resources in various sectors and are striving continuously with the sole objective of creating an environment of well-being in all spheres of life.

The group has been implementing a range of CSR activities over the last fifty years, in areas like healthcare, education, women’s upliftment in rural India and environment protection.

1.2 Brief Snapshot of activities undertaken by the Group

The Group Founder, late Shri Arvind Mafatlal was a great philanthropist. Shri Sadguru Seva Sangh Trust was founded in 1968. Over the years, the Trust was guided and nurtured by the late Shri Arvind Mafatlal and even today, the Trust is fully supported under the aegis of Arvind Mafatlal Group. The Trust is

aimed at providing food to the hungry, clothing support to the downtrodden and the gift of sight to the blind.

Whether it is health care, education, agriculture, dairy or women empowerment 'Shri Sadguru Seva Sangh Trust' has contributed towards an overall development of entire areas surrounding the districts of Chitrakoot and Anandpur in Madhya Pradesh. Essential Health services in the field of General Medicine, Gastroenterology, Obstetrics, Gynecology and Pediatrics have been made available. The Trust has performed a record 14 lakh (1.4 million) eye surgeries under innumerable eye camps through Shri Sadguru Netra Chikitsalaya which is located at Chitrakoot and Anandpur in Madhya Pradesh.

Late Shri Arvind Mafatlal was actively associated with BAIF Development Research Foundation and also was at the helm of affairs as its Chairman for many decades. Along with the legendary freedom fighter late Shri Manibhai Desai, he created a huge body of work in people-oriented fields of Rural Development. He laid great emphasis on cattle development, animal health laboratories, tribal rehabilitation and most importantly resource development in terms of water and land. The BAIF programs today are spread across 16 States of India impacting the lives of around 4.4 million families.

A snapshot of the activities undertaken by the group over the years is as under:

- Pioneering work on community kitchen projects where 'Sukhadi' (Food for sustenance) is prepared and distributed in drought-hit areas, establishment of benchmarks for fast relief on a large scale.
- Eye-care initiatives in Uttar Pradesh and Madhya Pradesh aimed at preventing blindness.
- Seed capital and training support to small farmers and landless workers, in areas like dairy development and animal breeding.

- Collaboration with NGOs in areas like afforestation, natural resource management, small irrigation projects, livestock development as a support initiative for weaker sections in rural areas.
- Establishment of schools, provision of financial assistance for education, management of hospitals in group unit townships.

We wish every life to be empowered and every deed to have a meaningful impact on society.

1.3 Short Title and Applicability

This policy, which encompasses the Arvind Mafatlal Group's and the Company's philosophy for describing its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large, is titled as **NOCIL Limited – Corporate Social Responsibility (CSR) Policy**'.

This policy shall apply to all CSR initiatives and activities taken up at the various locations, as decided by the CSR Committee and / or the Board of NOCIL Limited (NOCIL) for the benefit of various segments of the society.

This Policy shall be governed by the applicable provisions of the Companies Act, 2013, the rules framed thereunder by the Ministry of Corporate Affairs i.e., the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time) and other statutory provisions governing the matter and in event of any conflict between the terms of this Policy and the said Act and Rules, the latter shall prevail and shall be deemed to have been a part and parcel of this Policy as if the same were contained in the Policy itself

2. SCOPE

2.1 Areas / Localities to be covered

The Company shall give preference to the local area and the areas around it where it operates, for spending the amount earmarked for CSR activities.

However, as a guideline, the Company will keep the flexibility while spending the CSR expenditure within the limits prescribed under the provisions of the Companies Act, 2013 or Rules framed there under from time to time including any modifications thereto, on locations such as Navi Mumbai and / or Dahej or any other area or state of the country where group's socially useful programs are already in existence.

2.2 Activities

The Company shall undertake CSR projects or programs which fall within the purview of the activities specified in Schedule VII of the Companies Act, 2013.

The list of the same is as under:

- i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.
- ii) promoting education including special education, and employment enhancing vocational skills, especially among children, women, elderly, and 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.
- 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 benefit of armed force veterans, war widows and their dependents.
- vii) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic Sports.
- viii) contribution to Prime Ministers National Relief Fund or any other Fund set up by the Central Government, for socio economic development and relief and welfare of scheduled castes and 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.

The CSR Committee and the Board of Directors shall be authorized to consider any other CSR activities which will be permissible under the provisions of the Companies Act, 2013 or Rules framed thereunder from time to time including any modifications thereto. The activities may or may not be specific to local area of operations and may depend on the need assessed for the people living in the Country. As far as possible, efforts will be made to co-ordinate with similar CSR activities that are taken up by the other companies of the Arvind Mafatlal Group or the Central Government or State Government in those areas.

The CSR projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with the provisions of the Companies Act, 2013 and the rules framed thereunder.

3. RESOURCES, IDENTIFICATION AND APPROVAL PROCESS

3.1 Resources / Fund allocation

For achieving its CSR objectives through implementation of meaningful and sustainable CSR programs, the Company will allocate / earmark, in every financial year, at least 2% (two per cent) of the average net profits of the Company made during the three immediate preceding financial years, as its CSR Budget for the year, as provided in terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 or any statutory modification(s) or re- enactments(s) thereof, for the time being in force, The average net profit shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.

3.2 Unspent amount towards CSR:

Subject to the provisions of the Companies Act, 2013 (as amended from time to time) and the **Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time time):**

Where the Company spends less than the amount required to be spent under CSR obligations, then the unspent amount shall be dealt in the following manner:

- i) Where the unspent amount does not pertain to an ongoing project – the unspent amount is required to be transferred to the National Fund or Fund prescribed under Schedule VII within 6 months of the end of the financial year.
- ii) Where the unspent amount pertains to an ‘ongoing project’ such amount needs to be transferred to a separate Bank account called as “unspent CSR A/c” within 30 days of the end of the Financial Year. This amount to be utilized for the ongoing project during the next three financial years.

- iii) Such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. Sec 135(6)

Ongoing project: -

- A multi – year project stretching over more than one financial year.
- Having timeline not exceeding 3 years excluding the year of commencement.
- Includes such project that was not initially approved as a multiyear project but whose duration has been extended beyond one year by the Board based on reasonable justification

3.3 Excess amounts spent towards CSR

Subject to the provisions of the Companies Act, 2013 (as amended from time to time) and the **Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time time)** in case the company spends excess amounts towards CSR (over and above 2% in a financial year) it shall be eligible for set off such excess amount against the CSR obligation in succeeding three financial years, subject to the condition that the excess amount available for set off shall not include the surplus arising out of CSR activities and the Board shall pass a resolution for the said setting off the excess amount spent.

3.4 Identification Process

Identification of programs at Corporate and Unit Level will be done by means of the following:

- i) Need identification studies by external agencies / institutions.
- ii) Internal need assessment by cross-functional team.
- iii) Receipt of proposals/requests from District Administration/local Govt.

etc.

- iv) Discussions and request with local representatives/Civic bodies/Citizen's forums/voluntary organizations.
- v) Discretion of the CSR Committee and / or the Board of Directors.

3.5 Approval Process

CSR programs as may be identified by the corporate office / manufacturing units will be required to be put up to the CSR Committee with recommendations from the proposer at the corporate / unit level. The CSR Committee shall formulate and recommend to the Board the ANNUAL ACTION PLAN in pursuance of its CSR policy which shall include the following:

- (a) The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII.
- (b) The manner of execution of such projects or programmes.
- (c) The modalities of utilization of such Funds and implementation schedules.
- (d) Monitoring and reporting mechanism.
- (e) Details of need and impact assessment, if any, for the projects undertaken.

The programs approved by the CSR Committee would be put before the Board of Directors of the Company for their approval. The Board may alter such plan at any time during the F.Y as per the recommendations of the CSR Committee

For meeting the requirements arising out of immediate & urgent situations, the Chairman or Managing Director is authorized to approve proposals up to Rs.10,00,000/- (Rupees ten lakhs only) in terms of the empowerment accorded to them by the Board of Directors.

The Chairman or Managing Director are further authorized to delegate their powers enabling such officials to carry out CSR activities on behalf of the Company.

4 MODALITIES OF EXECUTION AND IMPLEMENTATION

4.1 Modalities of Execution

The investment in CSR activities should be project or program based and for every project or program, before execution of the project or program, the modalities of execution and time framed periodic milestones will be finalized.

The CSR activities may be undertaken and / or implemented by:

- (1) the Company itself under the guidance and supervision of the CSR Committee or Board of Directors or any responsible person authorized in this behalf; or through

a company established under section 8 of the Companies Act or a registered public trust or a registered society registered under section 12A and section 80G of the Income Tax Act, 1961 (43 of 1961), established by the company either singly or along with any other company which could be its holding or subsidiary or associate company or jointly with companies belonging to the Arvind Mafatlal Group.

- (a) Subject to the compliance with the Rules as aforesaid this may include:

- Arvind Mafatlal Foundation
- Navinchandra Mafatlal Foundation Trust; or

- (b) a company established under section 8 of the Companies Act, 2013 or a registered trust or a registered society, established by the Central Govt or the State Govt; or

- (c) any entity established under an Act of the Parliament or a State Legislature; or

- (d) a company established under section 8 of the Companies Act, 2013 or registered public trust or a registered society registered under section

12A and 80G of the Income Tax Act, 1961 and having an established track record of at least 3 years in undertaking similar activities. Subject to compliance with the Rules as aforesaid this may include the following Trusts:

- N.M. Sadguru Water and Development Trust
- Shri Chaitanya Seva Trust

(2) Collaboration with other entities allowed to engage in CSR activities.

Subject to the compliance with the aforesaid Rules the Company may also collaborate with other companies of the Arvind Mafatlal Group for undertaking projects or programs or CSR activities in such a manner that the CSR committee of the Company is in a position to report separately on such projects or programs or activities.

Every entity referred to hereinabove shall be required to comply with such requirements including but not limited to filing of statutory forms and obtaining such registrations, as may be mandated by the aforesaid Rules

4.2 Implementation

The time period / duration over which a particular project or program or activity will be spread, will depend on its nature, extent of coverage and the intended impact of the same.

The projects or programs or activities which involve considerable financial commitment and are undertaken on a timeframe of 2-5 years, will be considered as '*flagship programs*' and will be accorded enhanced significance.

The Company will follow a project / program / activity-based accountability approach to stress on the long-term sustainability of CSR activities, where its action plan will be distinguished as 'Short-term', 'Middle-Term & Long Term';

qualified as

- i) Short Term – 6 months to 1 year
- ii) Medium Term – 1 year to 2 years
- iii) Long Term – 2 year and above – ‘Flagship programs.

While identifying long term programs, all efforts must be made to the extent possible to define the following:

- i) Program objectives
- ii) Baseline survey – It would give the basis on which the outcome of the program would be measured.
- iii) Implementation schedules- Timelines for milestones of the program will need to be prescribed
- iv) Responsibilities and authorities
- v) Major results expected and measurable outcome

5 MONITORING

The Board of the Company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer (CFO) or the person responsible for financial management shall certify to that effect. The CFO ‘s certification can be based on the following:

- (i) Independent audit reports on a periodic basis or on one time basis (in respect of as single one-time contribution) from the NGO ‘s auditors confirming the deployment of funds towards the CSR objectives mandated by NOCIL.**
- (ii) Self-certification from the NGO in form of affidavit confirming the utilization/deployment of funds towards the objectives for which NOCIL contributed.**
- (iii) Documentary proofs (with pictures and/ or videos) from the NGO evidencing the CSR activities.**

- (iv) Perusal of the statutory documents filed by the NGO with regulatory bodies etc for cross verification of the activities undertaken.**
- (v) Surprise site visits and inspection of documents /records of the NGO by the CFO on his own or through practicing Chartered Accountants**

The above measures would be addition to the current monitoring mechanism which functions as under and the CFO certification can also be based on the same.

To ensure effective implementation of the CSR activities undertaken, a monitoring mechanism will be put in place by the Corporate HR / Unit HR head. The progress of CSR activities under implementation will be reported to Corporate Office on a monthly basis.

The HR department at the Corporate Office will conduct impact studies on a periodic basis, through independent professional third parties / professional institutions, especially on the strategic and high value programs.

The monitoring team will also try to obtain feedback from beneficiaries about the activities.

Appropriate documentation of the CSR Policy, CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

CSR initiatives of the Company will also be reported in the Annual Report of the Company and the website of the Company in accordance with the statutory provisions.

6 GENERAL

The Board shall ensure that the administrative overheads shall not exceed 5% of the total expenditure of the Company for a particular financial year. Any surplus arising out of CSR activities shall not form part of business profits of the company and shall be ploughed back into the same project or shall be

transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan or transfer such surplus to the Fund specified in Schedule VII, within a period of 6 months of the expiry of the financial year.

In case of any doubt or difficulty with regard to any provision of this policy or implementation of any CSR activity and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the CSR Committee shall be final.

Any or all provisions of the CSR Policy would be subject to revision / amendment in accordance with the statutory provisions on the subject as may be stipulated by the Government, from time to time.