

POLICY ON CORPORATE SOCIAL RESPONSIBILITY

(Section 135 of the Companies Act 2013 read with The Companies (Corporate Social Responsibility) Rules, 2014 and Schedule VII of the Companies Act 2013)

1. SHORT TITLE AND CONCEPT

1.1 This policy, which encompasses the company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community at large, is titled as the 'NHDC CSR and Sustainability Policy 2025.

1.2 This policy shall apply to all CSR initiatives and activities taken up at the various centres and locations under the Regional/ Zonal offices of NHDC, for the benefit of different segments of the society including Handloom Weavers.

2. AIMS & OBJECTIVES

In alignment with vision of the Corporation, NHDC, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates with thrust on Handloom sector, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate.

The objective of the NHDC CSR and Sustainability Policy is:

- (a) To ensure an increased commitment at all levels in the organisation, to operate its business in an economically and socially sustainable manner, while recognising the interests of all its stakeholders.
- (b) To directly or indirectly take up programmes that benefit the communities in and around its areas of operation/ Handloom Weavers and Results, over a period of time, in enhancing the quality of life and economic well being of the local population there.
- (c) To generate, through its CSR initiatives, a community goodwill for NHDC and help reinforce a positive and socially responsible image of NHDC as a corporate entity.

3. **PLANNING & IMPLEMENTATION MECHANISM**

3.1 The planning for identification of the CSR projects to be undertaken should mandate the design of Corporate Social Responsibility Action Plan (Long-term, medium-term and short-term), with a shift from the casual approach to the project based accountability approach. In case of long-term CSR plan it should match with the long-term Business Plan of NHDC. This should be broken down into medium term and short-term plans. Each of these plans should clearly specify:

- (i) Requirements relating to baseline survey;
- (ii) Activities to be undertaken;
- (iii) Budgets allocated;
- (iv) Time-lines prescribed;
- (v) Responsibilities and authorities defined;
- (vi) Major results expected.

3.2 CSR programmes will be undertaken by various Regional/ Zonal offices of NHDC to the best possible extent within the defined ambit of the identified activity for the year.

3.3 The time period/ duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.

3.4 By and large, it may be ensured that the CSR programmes are executed in and around the handloom areas of states under the Regional/ Zonal offices of NHDC.

3.5 Initiatives of State Governments, District Administration, Local Administration, Gram Panchayats as well as Central Government Departments/ Agencies, Self Help Groups, etc., would be dovetailed and synergized with the initiatives taken by NHDC.

3.6 Project activities identified under CSR are to be implemented through specialized agencies, which could include Voluntary Organizations (VOs) formal or informal Elected local bodies such as Panchayats, Institutes/ Academic Institutions, Trusts, Self Help Groups, Govt/ Semi Govt./ Autonomous organisations, Mahila Mandals, Professional Consultancy organization, State Director (Handlooms), DIC, WSC etc.

The process for implementation of CSR Programmes will involve the following steps:

3.7 Identification of programmes would be done at Head office level.

3.8 Area of CSR activities: CSR activities shall be focused mainly in or around the 'local area' of handloom weavers in the states falling under the Regional/ Zonal offices of NHDC concerned. 'Local area' for the purpose of undertaking CSR activity by NHDC will mean all areas in the country where handlooms are working and nearby areas. After giving due preference to the local area, NHDC may also undertake CSR activity anywhere in the country.

3.9 For the project on Handloom/ accessories distribution or any other activity mentioned above, the regional/ zonal offices of the corporation shall identify the BPL Handloom Weavers or other beneficiaries under their area of operation through Gram Panchayats/ WSC/ State Government involving State Director (Handlooms)/ DIC.

3.10 The Handlooms/ accessories shall generally be procured from the nearest area where the weavers are located, by following the proper procedure and the same be got installed at weaver's place free of cost.

3.11 Project based approach: NHDC Regional/ Zonal offices will follow a project based accountability approach to stress on the sustainability of CSR projects.

4. FUNDING AND BUDGETARY PROVISIONS

4.1 For achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes, NHDC shall spend, in every financial year, at least two percent of its average net profits made during the three immediately preceding financial years, in pursuance of its CSR Policy:

(a) Provided that the NHDC shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities;

(b) Provided further that if NHDC fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section(3) of section 134, specify the reasons for not spending the amount. Further as per DPE guidelines, if CPSE has made profit in a particular year it shall spend atleast 2% of net profit made in the previous year, even though it is not coming under the threshold limit of net worth or turnover or net profit as per Section 135(1) of Companies Act, 2013. NHDC shall also comply with the same. NHDC CSR and Sustainability

Policy including funding shall be subject to the provisions of Section 135 of Companies Act' 2013, CSR Rules, DPE guidelines and any amendment thereto from time to time.

(c) The money shall be non-lapsable and spent on a clear set of programmes as identified in CSR policy/action plan. A special non-lapsable fund to be denoted as "CSR Fund "shall be created for such activities, accumulating any unspent/unutilized amount, if any, in a fiscal year.

5. ACTIVITIES UNDER CORPORATE SOCIAL RESPONSIBILITY

5.1 NHDC shall constantly strive to remain a good corporate citizen committed to the concerns of the society as a whole. The CSR funds and efforts of the company shall be invested in community development projects and people centric activities with emphasis on Rural, weaker and poor sections of society, under developed areas.

5.2 NHDC may spend the amount mentioned as above, on the following CSR activities, on a year-on-year basis:

(a) Distribution of Handlooms and/ or add on equipments/ accessories or Solar Battery Linked Inverter Lighting Unit (BLILU) to Below Poverty Line (BPL) Individual Handloom Weavers.

(b) Distribution of start-up Raw Material (Yarn) along with Handlooms as above to Below Poverty Line (BPL) Individual Handloom Weavers. In order to ensure that the Handlooms distributed do not remain idle for want of raw material, the start-up raw material in the form of yarn etc. be also provided to them, so that they can produce some articles there from and sell them in market and rotate those funds as their working capital, enabling them to carry on the activity on sustainable basis.

(c) Scholarship to the children of BPL Individual Handloom Weavers and/ or meritorious students (pursuing handlooms/ textiles course).

(d) Any other CSR activity as per Schedule VII of the Companies Act' 2013 and amendment thereto from time to time and any other guidelines issued on the subject by DPE/ Government from time to time. Also any activity advised by MoU Task Force set up by DPE will also be covered. For undertaking any new CSR activity, the Board approval shall be obtained.

(e) The main focus shall be to address the basic needs of under-privileged and weaker sections of society, which comprise of SC, ST, OBC, minorities, BPL family, old & aged, woman/ girls, physically challenged etc.

6. **EXECUTING AGENCY/ PARTNERS**

6.1 NHDC will seek to identify suitable programmes for implementation in line with the CSR objectives of the Corporation for benefit the stakeholders and the community for which those programmes are intended. These CSR activities/ programmes would be executed by identifying the beneficiaries through/ involving:

- (a) Community based organizations whether formal or informal.
- (b) Elected local bodies such as Panchayats
- (c) Voluntary Agencies (NGOs)
- (d) Institutes/ Academic Organizations
- (e) Trusts, Missions
- (f) Self Help Groups (SLGs)
- (g) Government, Semi Government and autonomous Organizations
- (h) Standing Conference of Public Enterprises (SCOPE)
- (i) Mahila Mandals/ Samitis
- (j) Contracted agencies for civil works
- (k) Professional Consultancy Organizations
- (l) State Government viz. State Director (Handlooms), DIC etc
- (m) Weaver Service Centre

6.2 NHDC may also take up CSR activities/ projects in collaboration with other CPSEs for greater social, economic and environmental impact of their CSR activities/ projects.

6.3 **Agreement between NHDC and Executing agency:** In cases where the NGOs/ Voluntary organizations are the Executing/ Implementing Agency, an agreement shall be executed with such agency as per the Standard Model Agreement, after the programmes approved by the Board of Directors.

7. **Corporate Social Responsibility (CSR) Committee**

7.1 CSR Committee of the Board of Directors has been constituted in accordance with the requirements of Section 135 of Companies Act, 2013 and the DPE guidelines.

7.2 The terms of reference of the CSR Committee, inter-alia, include formulation of CSR Policy indicating the activities to be undertaken by the Company covered under Schedule VII of the Companies Act, 2013; recommending to the Board, the CSR Policy & amount of expenditure on CSR activities; and to monitor the CSR Policy of the Company from time to time.

7.3 The Composition of the CSR Committee is as follows:

<u>Name/ Category</u>	<u>Position in CSR Committee</u>
Managing Director, NHDC	Chairperson
Govt Nominee Director	Member

8. **POWERS FOR APPROVAL**

8.1 CSR programmes as identified by the Head office shall be put up to the Board of Directors at the beginning of each financial year.

8.2 For meeting the requirements arising out of immediate and urgent situations, the Managing Director is authorised to approve the proposals.

8.3 Once the budget for a particular year is approved by the Board, the corporation will undertake the activity within those limits.

9. **REPORTING**

9.1 CSR activities undertaken by the company shall be duly reflected in the Annual Report both in narrative form and in numbers quantified in terms of:

- (a) Amount utilized vis-à-vis amount budgeted
- (b) No. of projects with recurring allocation taken up/completed /in progress
- (c) No. of projects with nonrecurring allocation taken up/completed /in progress

9.2 NHDC website shall also carry the CSR policy and details of programmes undertaken.

10. **GENERAL**

10.1 In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to the Managing Director. In all such matters, the interpretation and decision of the Managing Director shall be final.

10.2 Any or all provisions of the CSR and Sustainability Policy would be subject to the provisions of Companies Act 2013 (including schedule VII), CSR Rules and any amendment thereto and any other guidelines on the subject as may be issued by DPE/ Government, from time to time. The same shall be deemed to be incorporated, in the NHDC CSR and Sustainability Policy, as and when issued.

10.3 The Company reserves the right to modify, cancel, add, or amend any of these Rules.