

**CORPORATE SOCIAL RESPONSIBILITY
(CSR) POLICY OF
NSDL DATABASE MANAGEMENT LIMITED
(NDML)**

Document Information

Name of the document	: CSR Policy
Document Number	: NDML/CSR Department/CSR Policy/1
Maintained by	: Mr. Prasad Jangam, Manager
Department Name	: Human Resources (CSR)

REVISION HISTORY

Sr. No.	Date of Revision	Ver.	Document Owner	Remarks
1	12/02/2015	1.0	Prasad Jangam	
2	08/06/2021	2.0	Prasad Jangam	
3	31/10/2022	3.0	Prasad Jangam	
4	17/03/2023	4.0	Prasad Jangam	

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NSDL DATABASE MANAGEMENT LIMITED (NDML)

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1) Introduction

Corporate Social Responsibility (CSR) as an activity is initiated with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders. CSR policy functions as a guiding principle whereby CSR objectives and goals are well defined with specific mention of verticals where planned activities can be carried out in a project mode. The implementation plans are worked out with processes for built-in for monitoring and evaluation of the activities to ensure active compliance and governance with the spirit of the law, ethical standards, and prescribed norms. NDML's CSR projects/programs/activities are executed in a manner wherein the target beneficiaries are not based on any caste, creed, religion, region, language or any other criteria which negates basic tenets of humanity. NDML also strives to involve / engage its employees/ employees of group companies in order to nurture a culture of "paying back to society" which leaves them with a sense of fulfilment of their social commitments.

2) Philosophy of NDML

NDML believes that the CSR projects/programs/initiatives should have a positive yet sustainable impact on the communities and hence, undertakes the need based as well as impact driven projects/programs. Through CSR projects/programs, NDML shall endeavor to enable socio-economic empowerment of the beneficiaries and communities at large. The company believes in providing efficient and cost effective services to the users of the system and it endeavors to make a positive impact not only on the lives of the marginalized and disadvantaged section of the society but also on the lives of its stakeholder to the extent feasible. It aims to work towards contributing in the building an equitable and inclusive society where all the stakeholders are provided an opportunity for economic and social growth and development.

The CSR projects/programs of NDML shall be executed as a joint CSR initiative of NSDL & NDML wherein the CSR obligation of respective entities shall be pooled together to execute the projects/programs in line with the Company's CSR policy. However, the necessary reporting shall be done independently in Board's report. NDML shall endeavor to ensure effective implementation of its CSR projects/programs in a cost effective manner.

3) CSR Guiding Principles

The CSR initiatives will be undertaken by taking into consideration the critical national, state level and community level gaps/needs in line with the Company's core CSR focus areas/themes. Here, the community is taken as the actual geographical where the need based projects/programs shall be implemented.

Primarily, the Company shall prefer the areas in and around its business operations to execute the projects/programs to ensure effective and smooth implementation as well as monitoring of projects/programs.

The CSR projects/programs will be directed towards the underprivileged and marginalized sections of the community and thereby enabling socio-economic development. The activities will be undertaken in a project mode with processes in place for regular periodic monitoring, measuring the deliverables and ensuring long term impact and sustainability of the initiatives.

4) Areas for activities

The theme of the CSR activities are in pursuance of the activities listed in Schedule VII of Section 135 of Companies Act, 2013 and any amendment introduced in due course. The CSR projects of NDML shall be implemented by NSDL as a joint CSR initiative of NSDL & NDML however, the necessary reporting shall be done independently in Board's report.

The Company shall undertake its CSR programs/projects/activities/initiatives as per the list of items enumerated in Schedule VII as below:

- Promoting education, including special education and employment enhancing vocation skills and livelihood enhancement projects.
- Promoting health care including preventive health care, hygiene and sanitation aspects.
- 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.

- Contribution to the national relief funds including PM CARES Fund/ Prime Minister's National Relief Fund during any sort of national distress situation or emergency situation or natural calamities, which is permissible as CSR expenditure.
- Rural development projects.
- Disaster management, including relief, rehabilitation and reconstruction activities.

The activities specified are aligned with the Schedule VII of the Companies Act, 2013 and CSR Rules, Notifications, Circulars issued thereunder.

5) CSR Budget

- i) NDML's total budget for the CSR projects/programs will be recommended to the Board by the CSR Committee and the same shall be in accordance with applicable provisions of the Companies Act, 2013 and CSR Rules and any amendment introduced by MCA in due course.
- ii) In line with the Companies Act read with the CSR Rules, NDML will utilise 2% of the average net profit of immediately preceding 3 (three) years on CSR activities within the ambit of Section 135 read with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and Schedule VII of the Companies Act, 2013.
- iii) The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

6) Unspent CSR Funds

The unspent CSR funds for FY (if any) shall be transferred to the separate account named as "Unspent Corporate Social Responsibility Account" opened with the scheduled bank within 30 days from the date of end of the financial year provided such funds are earmarked to Ongoing Projects. The funds earmarked for On-going projects whether approved by the Board at the beginning of the financial year or within a prescribed timelines; such funds shall also be transferred to the Unspent CSR Account. Further, the funds shall be utilized for succeeding 3 FY as enumerated in the CSR Rules and any amendments introduced by MCA in due course. The unspent funds (if any) that are not pertaining to Ongoing Projects, shall be transferred to a Fund specified in Schedule VII, within period of six months of the expiry of the financial year.

7) Constitution and Role of CSR Committee

The Corporate Social Responsibility Committee shall be constituted in accordance with Section 135 of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 as amended from time to time.

The role of the CSR Committee is to:

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the verticals of activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013 (the Act).
- (b) Recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the list of CSR projects or programs that are approved to be undertaken, the manner of execution of such projects or programs, the modalities of utilization of funds and implementation schedules for the projects or programs, monitoring and reporting mechanism for the projects or programs and details of need and impact assessment (if any) for the projects undertaken by the Company.
- (c) Recommend the amount of expenditure to be incurred on the activities.
- (d) Monitor the progress of the CSR activities of the company from time to time.
- (e) Recommend to the Board, an alteration in annual action plan of projects or programs, if any, in pursuance of the CSR policy.
- (f) Institute a transparent monitoring mechanism for implementation of the CSR activities and monitor the CSR policy from time to time; and such other functions as the Board may deem fit.
- (g) Any other matter as may be considered expedient in furtherance of and to comply with Corporate Social Responsibility Policy.

To comply with requirements of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”), NDML has constituted a robust and transparent governance structure to oversee the implementation of its CSR Policy.

- The CSR Committee will report to the Board of NDML and the same would have 3 or more director out of which one director shall be an Independent Director.
- The Chairman of NDML shall be the Chairman of the CSR Committee. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one Independent Director amongst them to act as Chairman.
- The Company Secretary of NDML shall act as Secretary of the Committee.
- Quorum for the Committee meetings shall be 2 Directors including 1 Independent Director.
- Proceedings of all meetings shall be minuted and signed by the Chairman of the CSR Committee and tabled at the subsequent Board and Committee meeting.
- The CSR Committee has all the powers to terminate/discontinue or disengage association/support financial or otherwise with any project/program/initiative if it has come to light that the support is being misused or the funds are being diverted/or the project execution is opaque.

8) Implementation and project planning

The CSR projects/programs/initiatives of NDML shall be implemented by NSDL as a joint CSR initiative of both organizations however, the CSR reporting shall be done independently. The CSR funds of NDML shall be aggregated with NSDL and thereby, the expenditures shall be done out of CSR obligation of respective entities.

- The implementation of the CSR activities will be done either by the Company itself or through implementing agencies whichever is feasible. The CSR programs/projects shall be managed and administered by in-house CSR team.
- In case the program implementation is facilitated through implementing agencies, the Company will ensure the necessary compliances as laid down by MCA. While implementing projects/programs through implementing agencies, the projects will be implemented in partnership with implementing partners. The CSR projects shall be implemented either directly by NDML or through -

- a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the

Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or

- b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- c) any entity established under an Act of Parliament or a State legislature; or
- d) a company established under section 8 of the Act, or a 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 three years in undertaking similar activities.

- NDML shall also collaborate with other entities/corporates to implement its CSR projects/programs in a manner where the reporting of such CSR projects/programs shall be done independently.
- Endeavour shall be made giving employee's voluntary participation in the CSR activities.
- NDML shall ensure that the CSR projects/programs are undertaken as per the guidelines issued by MCA and shall adhere to any changes/modifications/amendments w.r.t CSR project execution, issued by MCA in due course.
- In-house CSR team shall be responsible for the implementation and monitoring of the activities and utilization of funds allotted.
- NDML may also contribute to the Prime Minister's Relief Fund or any other Central/State Government scheme/fund as may be permissible based on the need and criticality subject to the recommendation and approval of the CSR Committee and the Board.

9) Monitoring

The CSR Committee will be responsible for monitoring CSR activities and report to the Board from time to time. The CSR Committee shall be supported by the internal CSR Working Committee in monitoring and reporting of the projects/programs. The roles and responsibilities of the CSR Working Committee shall be-

- i) Enabling maximum employee engagement in CSR initiatives on voluntary basis.
- ii) Participation in project monitoring and reporting activities as per the guidelines given by the CSR department.
- iii) Evaluation of Planned progress v/s Actual Progress.
- iv) CSR Working Committee shall comprise of 5 or more members with a scope to increase/decrease the number of members in due course.
- v) CSR Working Committee may also recommend the projects/programs/activities in line with the Company's CSR focus areas and themes.

Monitoring of the project will be done through site visits by the Company CSR representative, quarterly progress reports along with Financial Utilization certificate provided by the program implementing partners. Annual review of project will be conducted following which project renewal will be sanctioned, if any.

10) Reporting

The Company will report the CSR spent and project status in the format specified in the Companies Act 2013 and CSR Amendment Rules, 2021 and shall make necessary disclosure in the Annual Reports. The CSR Policy shall be disclosed on the Company's official website and shall be available for view any point of time.

11) Contact Information

All enquiries on CSR activities shall be made to below mentioned correspondence.

National Securities Depository Limited (CSR Department)

Trade World, A Wing, 4th Floor,

Kamala Mills Compound,

Senapati Bapat Marg, Lower Parel,

Mumbai – 400013

CIN: U74120MH2012PLC230380

Email ID: cs-depository@nsdl.co.in

Telephone No.: 022 24994200/4422