



NIBE LIMITED

NIBE LIMITED CORPORATE SOCIAL RESPONSIBILITY POLICY [As approved by the Board on February 02, 2024]

In accordance with the provisions of Section 135 of Companies Act, 2013("the Act"), the Corporate Social Responsibility (CSR) Committee of Nibe Limited. ("the Company" or "Nibe") was constituted by the Board of Directors of the Company at its Meeting held on November 09, 2023.

1. **OBJECTIVE:**

This Policy, is formulated in compliance with Section 135 of the Companies Act, 2013 read along with the applicable rules thereto, by the Board of Directors based on the recommendation of the CSR Committee to comply with the provisions of Companies (Corporate Social Responsibility Policy) Amendment Rules 2021.

2. **CSR VISION**

NIBE's vision is to be a responsible industry leader and demonstrate environmental, transparent and ethical behavioural practices which will contribute to the economic and sustainable development within the Company, Industry, and Society at large. At NIBE, CSR has effectively evolved from being engaged in passive philanthropy to corporate community investments, which takes the form of a social partnership initiative creating value for stakeholders. The Company's CSR activities build an important bridge between business operations and social commitment evolving into an integral part of business functions, goals and strategy.

3. **SCOPE**

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

4. **DEFINITIONS:**

- i. **Corporate Social Responsibility (CSR)** shall have the same meaning as defined in Section 2(1)(d) of the Companies Act, 2013 as amended from time to time.
- ii. **CSR Committee** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
- iii. **CSR Policy** means a statement containing the approach and direction given by the Board of Directors of the Company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as specified in Schedule VII to the Act as well as formulation of the annual action plan and the expenditure thereon.
- iv. **Net Profit** means the net profit of the Company as per its financial statement prepared in accordance with applicable provisions of the Act (Section 198), but shall not include the following viz;



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- (i) Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise and
 - (ii) Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956 shall not be required to be re-calculated in accordance with the provisions of the Act.
- v. **Administrative overheads** mean the expenses incurred by the Company for 'general management and administration' of Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.
- vi. **Ongoing Project** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board of Directors based on reasonable justification.

5. **ROLE OF THE CSR COMMITTEE**

- i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy in compliance with Section 135 of the Companies Act, 2013.
- ii. Formulate and recommend to the Board, an annual action plan in pursuance of the CSR policy, which shall include the following, namely: -
 - a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - b. the manner of execution of such projects or programmes as specified in the Act and Rules made thereunder;
 - c. the modalities of utilization of funds and implementation schedules for the projects or programmes;
 - d. monitoring and reporting mechanism for the projects or programmes; and
 - e. details of need and impact assessment, if any, for the projects undertaken by the Company: Provided that Board 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.
- iii. Recommending the CSR expenditure to be incurred by the Company to the Board for its approval. d. Any other functions as may be assigned by the Board.

The Meetings of the CSR Committee could be held at such periodic intervals as may be required with holding of at least one Meeting in a financial year.

6. **ROLE OF THE BOARD**



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- i. After taking into account the recommendations made by the CSR Committee, Board shall approve the CSR Policy for the Company
- ii. The Board shall ensure that the CSR activities included in this Corporate Social Responsibility Policy are undertaken by the Company.
- iii. The Board shall ensure that the CSR activities are undertaken by the Company itself 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.

The entities through which the Company shall undertake CSR activities should be compliant with the applicable provisions of the Act and the Rules made thereunder.

- iv. The Board shall ensure that in each financial year the Company spends at least the prescribed percentage of the average net profits of the Company made during the three immediately preceding financial years or such other period as prescribed under the Act from time to time, calculated in accordance with Section 198 of the Act, in pursuance of its CSR policy. Further, while spending the amount earmarked for CSR activities, preference should be given to local areas and areas around the Company where it operates,
- v. The Board shall, as per Section 135 of the Act, specify the reasons for under spending the CSR amount in the Board's Report.
- vi. The Board shall, in case of ongoing project, 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.

7. CSR ACTIVITIES FOR IMPLEMENTATION

The CSR Activities would be chosen for implementation by the Company in compliance with the provisions of Section 135 and Rules made thereunder read together with Schedule VII of the Companies Act, 2013. The Company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per this Policy as well as for capacity building of their own personnel for CSR. The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in



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accordance with these rules. The Board of a 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 or the person responsible for financial management shall certify to the effect.

8. CSR MONITORING AND REPORTING FRAMEWORK

In compliance with the Act and to ensure funds spent on CSR Activities are creating the desired impact on the ground a comprehensive Monitoring and Reporting framework should be put in place. The CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the CSR activities. The respective CSR personnel will present their annual budgets along with the list of approved CSR activities conducted by the Company to the CSR Committee together with the progress made from time to time as a part of the evaluation process under the monitoring mechanism.

9. CSR EXPENDITURE

The CSR activities undertaken in India only shall amount to CSR Expenditure. CSR Expenditure shall include all expenditure including contribution to corpus for CSR activities approved by the Board on the recommendation of the CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act. The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year. Any surplus arising out of the CSR activities shall not form part of the business profit 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 of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Where the company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that:

- the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
- the Board shall pass a resolution to that effect.

The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by;

- a. a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number; or
- b. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c. a public authority.

Provided that capital asset, if any, created by the Company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall be dealt with in the manner specified in the said Rules.



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10. **DISCLOSURE OF THE POLICY**

The composition of the CSR Committee, and CSR Policy and Projects approved by the Board shall mandatorily be disclosed on the website of the Company for public access.

11. **CSR REPORTING**

The Board Report of the Company shall include an Annual Report on CSR containing particulars specified in the applicable Annexures prescribed under the CSR Rules. In the event of average CSR obligation being ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, the Company shall undertake impact assessment, through an independent agency, of its 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.

12. **MEETINGS OF CSR COMMITTEE**

- i. The Meetings of the CSR Committee could be held at such periodic intervals as may be required with holding of at least one Meeting in a financial year.
- ii. Minimum two (2) members shall constitute a quorum for the Committee Meeting.
- iii. In the absence of the Chairman, the members of the Committee present at the Meeting shall choose one amongst them to act as Chairman.
- iv. The Company Secretary of the Company shall act as Secretary of the Committee.
- v. Proceedings of all Meetings must be recorded in Minutes Book and signed by the Chairman of the Committee and tabled at the subsequent Board and Committee Meeting.

13. **MISCELLANEOUS**

This Policy shall be updated from time to time, by the Company in accordance with the amendments, if any, to the Companies Act, 2013, rules made thereunder or any other applicable enactment for the time being in force.