CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY POLICY OF NSIC VENTURE CAPITAL FUND LIMITED (NVCFL)

1. Introduction

NSIC Venture Capital Fund Limited (NVCFL) is committed to its role as a key enabler of economic growth and self-reliance in India, in line with the "Aatmanirbhar Bharat" vision. The core business of providing equity support to Micro, Small, and Medium Enterprises (MSMEs) through the Self Reliant India (SRI) Fund is, in itself, a significant act of social and economic responsibility. This CSR policy is designed to formalize NVCFL's commitment to go beyond this core mandate and to contribute to a more inclusive, sustainable, and equitable society.

This policy is in compliance with the provisions of Section 135 of the Companies Act, 2013, and the rules framed thereunder.

2. Vision & Mission

Vision: To build a self-reliant India by empowering MSMEs and contributing to inclusive and sustainable development.

Mission: To leverage NVCFL's resources, expertise, and partnerships to support initiatives that strengthen the MSME ecosystem, promote social equity, and protect the environment.

3. CSR Objectives

a) Promoting Livelihoods and Skill Development:

- Supporting programs for skill development and vocational training, particularly for youth, women, and marginalized communities, to enhance their employability and entrepreneurial capabilities.
- Collaborating with government and non-governmental organizations to create a pool of skilled labour for the MSME sector.

b) Fostering Financial Inclusion and Entrepreneurship:

- Launching and supporting initiatives to improve financial literacy among small business owners and potential entrepreneurs.
- Partnering with incubators and accelerators to provide mentorship and advisory services to early-stage MSMEs, especially those from underserved regions or sectors.
- Promoting the adoption of digital technologies and sustainable business practices among MSMEs.

c) Environmental Sustainability and Green Initiatives:

- Encouraging and supporting "green" and "clean" technology ventures within our portfolio of "Daughter Funds" and beneficiary MSMEs.
- Investing in or supporting projects that focus on renewable energy, waste management, and conservation of natural resources.

- Undertaking tree plantation drives and other environmental conservation efforts in collaboration with relevant partners.

d) **Community Development and Social Welfare:**

- Contributing to education and healthcare initiatives, particularly in rural and semi-urban areas.
- Supporting projects aimed at providing clean drinking water, sanitation, and hygiene facilities.
- Providing relief and rehabilitation support during natural disasters and national emergencies.

4. CSR Activities

The activities that will be undertaken will primarily focus on achievement of objectives as outlined above. NVCFL shall ensure carrying out CSR projects / programs in line with activities prescribed under Schedule VII of the Companies Act 2013. While activities undertaken must be relatable to Schedule VII of the Companies Act 2013. Activities prescribed under Schedule VII of the Companies Act 2013 are as under:

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 vocational 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, Para-Olympic 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, 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. (a) 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

(b) 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).

x. Rural development projects

xi. 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.

xii. Disaster management, including relief, rehabilitation and reconstruction activities.

Note: If necessity is felt of taking up new CSR activities / projects (if covered in line with Schedule VII of the Companies Act, 2013 and DPE guidelines for aspirational district and common theme, as amended/issued from time to time) during the course of year, which are in addition to the aforesaid CSR activities, the same may be also be covered.

5. Excluded Activities

The following activities shall not be included in CSR activities of the Company:

i. Activities undertaken in pursuance of normal course of business of the company;

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ii. Activities undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

iii. Contribution of any amount, directly or indirectly, to any political party under Section 182 of the Companies Act 2013.

iv. Activities that benefit only the employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019)

v. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or service.

vi. Activities carried out for fulfilment of any other statutory obligations under any law in force in India;

6. Implementation & Governance

CSR Committee: A CSR Committee of the Board of Directors will be constituted to formulate, recommend, and monitor the CSR policy. The committee will meet at least twice a year. The composition of the Committee is as follows:

a) Chairman, NVCFL
b) CEO, NVCFL
c) Any one of the Board of Directors nominated by Board

7. Budget Allocation:

NVCFL will allocate a minimum of 2% of its average net profits of the preceding three financial years towards CSR activities. The company may also carry out CSR activities exceeding this statutory requirement.

If Company spends an amount in excess of requirement i.e. 2% of profits as stipulated in the Act and the CSR Rules, 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 following conditions:-

a) The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
b) The Board shall pass a resolution to that effect.

CSR funds 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

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(b) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or

(c) A public authority

Provided that any capital asset created by the company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of 180 days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than 90 days with the approval of the Board based on reasonable justification.

8. ORGANISATIONAL / IMPLEMENTATION MECHANISM

8.1 The Board shall ensure that the CSR activities are undertaken by NVCFL itself or through:

(a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 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, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Explanation: For the purpose of clause (c), the term "entity" shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.'

8.2 Every entity mentioned as above in (7.1), who intends to undertake any CSR activity, must submit its CSR Registration Certificate containing unique CSR Registration number generated after submission of CSR 1. However for activities approved prior to the 1st day of April 2021, submission of CSR 1 form shall not be mandatory.

8.3 Generally, all activities under the Corporate Social Responsibility function shall be carried out by the Company with the support of implementing agencies, as specified in clause 7.1
Eligible agencies as specified in clause 7.1 desirous of seeking funding for CSR projects may submit their detailed proposal as per the Application Form (provided by NVCFL to the Implementing Agencies) along with all enclosures mentioned in the Application Form addressed to NVCFL. Once NVCFL has verified all the documentation and other formalities of the submitted project,

they will approve the project for the further process i.e. for the approval of CSR Committee.
After the approval of the project, an agreement will be signed between the Implementing agency and NVCFL.

8.4 NVCFL may also collaborate with other companies for undertaking CSR projects or programs in such a manner that the CSR Committee of respective companies are in a position to report separately on such projects or programs in accordance with CSR rules.

8.5 Modalities of execution and Implementation Schedules of CSR activities or programmes or projects vary from project to project and the same are incorporated in agreement of NVCFL with implementing agencies as specified in clause 6. (B). The Implementation Schedule is decided as per the requirement of the proposal and CSR Board/ Committee approval.

8.6 The maximum exposure to a single NGO/Implementing Agency preferably should not be more that 10% of the total CSR Budget for the year or ₹ 5 Lakh whichever is lower.

8.7 The reasons for not spending the earmarked amount for CSR activities during a particular financial year will be specified in the Annual Report and fully committed unspent amount in case of on-going projects will be transferred to a special account to be opened by the company in that behalf for that financial year in any scheduled bank called 'unspent CSR account' within a period of 30 days from the end of financial year, and 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 30 days from the date of completion of the third financial year.

8.8 In case there is no on-going project, such unspent amount will be transferred to any of the funds mentioned in Schedule VII to the Act, within 6 months of the expiry of the financial year.

8.9 "Ongoing Project" means a multi-year project undertaken by the 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 based on reasonable justification. Administrative overheads shall not exceed five percent of total CSR expenditure including Capacity Building for the financial year. Administrative overheads means 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. Administrative overheads generally comprise of items such as employee costs, utilities, office supplies, legal expenses, etc. However, expenses which are attributed to the project implementation shall be included in project cost only.

9. Monitoring and Reporting:

The CSR Committee will ensure that the CSR activities are executed effectively and as per the approved plan. An annual report on CSR activities, including the

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amount spent and the impact created, will be published as part of the Annual Report.

The implementing agencies and the supervising agencies contracted by the NVCFL, if any for CSR 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.

10. 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 NVCFL's website, if any, for public access.

11. VALIDITY

CSR policy of the company may be reviewed from time to time. Any changes or modifications in the policy shall be approved by the Board based on the recommendation of the CSR Committee of NVCFL.

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