

National Commodity Clearing Limited

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Corporate Social Responsibility Policy

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1.0	August 7, 2019	Company Secretary	New Document
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#	Description of Change	Effective Date	Version No.	Reviewed By	Approved By
1.	New Document	August 7, 2019	1.0	Company Secretary	Board
2	Changes as per regulatory requirements	August 9, 2021	2.0	Company Secretary	Board
3.	Changes as per regulatory requirements	August 5, 2024	3.0	Company Secretary	Board
4.	Frequency of review and version control incorporated	February 24, 2025	4.0	Company Secretary	Board

Note:

1. **POL – Policy**
2. **PRO – Standard Operating Procedure / Procedure**

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Purpose

The Corporate Social Responsibility Policy (hereafter referred to as 'Policy') has been designed in consonance with Section 135 of The Companies Act, 2013 (hereafter referred to as 'Act') to lay down the guidelines for undertaking CSR initiatives at National Commodity Clearing Limited (the 'Company') in accordance to Companies (Corporate Social Responsibility Policy), Rules, 2014 as amended from time to time (hereafter referred to as 'Rules'). This Policy lays down the guiding principles or rules that shall apply to all CSR programs/projects to be undertaken by the Company, as per Schedule VII of the Act, within the geographical limit of the Republic of India including the guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of the annual action plan.

2. Role of CSR Committee

The Board of Directors of the Company has constituted a Corporate Social Responsibility Committee, comprising Public Interest Director / Independent Director as the Chairperson with Managing Director & CEO and a Non-Independent Director as its members.

The Corporate Social Responsibility Committee will play the following role in fulfilling the Company's CSR objectives:

1. Formulate and review the CSR Policy and recommend the same to the Board for its approval;
2. Recommend the amount of expenditure to be incurred on the CSR activities;
3. Formulate and recommend to the Board, an annual action plan in pursuance of its CSR Policy
4. Review the CSR projects/ programmes from time to time;
5. Ensure overall governance and compliance for CSR; and
6. Annually report to the Board of Directors of the Company, the status of the CSR activities and contributions made by the Company.

3. CSR Activities / Projects

Schedule VII to the Companies Act, 2013 lists down the activities which may be included by companies in their CSR policies. The said activities are comprehensive and largely cover most social and development sectors. In accordance with the requirements under the Companies Act, 2013, Company's CSR activities, amongst others, will focus on:

1. Education

This would include initiatives in the field of primary and secondary education, formal and non-formal literacy programmes, scholarships, digital literacy initiatives, teachers training & skills upgradation, vocational training etc.

2. Healthcare

This would include initiatives to support affordable healthcare, including awareness & preventive programmes, public & community health initiatives for the underprivileged sections of society, addressing malnutrition amongst women & children, provision of clean & safe drinking water to communities etc. and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation.

3. Gender Equality & Empowerment of Women

Promoting gender equality and empowering women; setting up homes, hostels and day care centers for women and orphans; setting up old age homes and such other facilities for senior citizens; and adopting measures for reducing inequalities faced by socially and economically backward groups.

4. Environmental Sustainability

Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air and water.

5. Contributions

Contribution to the Prime Minister's National Relief 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.

4. CSR Amount:

The Company shall endeavour to spend in every financial year, at least 2% of its average net profits made during the 3 immediately preceding financial years, in pursuance of its corporate social responsibility Policy. For this purpose, the net profit and average net profit shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. If the company 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 and transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Further, unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the financial year to a special account opened by the Company in any scheduled bank called the "Unspent Corporate Social Responsibility Account". Such amount shall be spent by the company towards CSR within a period of 3 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.

Where the Company spends an amount in excess of requirement provided under Section 135(5) of the Companies Act, 2013, such excess amount may be set off against the requirement to spend under Section 135(5) of the Companies Act, 2013 up to immediate succeeding three financial years subject to conditions namely (a) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any and (b) the Board of the Company shall pass a resolution to that effect.

The Company may spend up to 5% of the total CSR expenditure in one financial year on administrative expenses relating to the general management and administration of CSR functions in the Company.

5. Undertaking CSR Activities:

1. The Company will undertake its CSR activities, approved by the CSR Committee, either directly or through implementing partners, as approved by the CSR Committee, which include a company established under section 8 of the Act, or a registered public trust or a registered society having an established track record of at least 3 years in undertaking similar activities for which the grant is being given. These organizations would need to be exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of Section 10 of the Income Tax Act, 1961 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961. The above entities shall register with the Central Government by filing the form CSR-1 electronically with the Registrar.

2. The contribution would be for a project or programme as identified by the Company, either for a single year or multi-years, depending on the scale and needs of the project/programme.
3. The Company will evaluate the implementing partners based on its internal screening criteria, credibility and ability to execute the project/programme effectively. The disbursement of the contribution amount by the Company to the implementing partners shall be made only if they have requisite approvals and registrations as required under the Income Tax Act, 1961 and other applicable laws in India. The disbursement will be made only upon receipt of a proposal from the implementing partners specifying the budget that is required and the activity for which it is required.
4. The CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure except for training of Indian sports personnel representing any State or Union territory at national level or India at international level.
5. The surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the Company.
6. The CSR projects or programs or 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) and as amended from time to time) shall not be considered as CSR activities. Further, the contribution of any amount directly or indirectly to any political party shall not be considered as CSR activity.
7. The Company may also collaborate with other companies to undertake CSR projects, provided the CSR Committees of the respective companies are able to report separately on such projects.
8. The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.
9. The CSR activities does not include the activities undertaken in pursuance of normal course of business of the Company.
10. Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services and activities carried out for fulfilment of any other statutory obligations under any law in force in India shall not be considered as CSR activity.
11. Every proposal placed before the Corporate Social Responsibility Committee for CSR activities shall contain the criteria adopted by the Company for selecting the Implementing partners for CSR programme execution. It should also specify the criterias as specified in the CSR Annual Action

Plan that will be adopted to ensure that the CSR activities is being carried out as proposed and approved.

6. Monitoring & Evaluation:

The CSR team, headed by the Chief Compliance Officer of the Company, will play a critical role in monitoring and analysis of the CSR project through various steps including impact assessment, progress of the project vis-à-vis the prescribed timelines / budget etc. The monitoring mechanism may include visits, meetings, and progress / status reports.

A comprehensive monitoring mechanism will be devised by the Company to ensure that the CSR process functions as mandated by the Act and the Rules, ensuring that all projects/ programmes, as budgeted and scoped, are duly implemented.

The CSR Committee shall be responsible for formulating and recommending to the Board the CSR policy and a CSR annual action plan, provided that the Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect.

The CSR Annual Action Plan shall include (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, (c) the modalities of utilisation 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.

The CSR Committee shall monitor the progress of the annual action plan and the multi-year programs, their manner of execution, modalities of utilization of funds and implementation schedules along with details of need and impact assessment for projects as required.

In case of ongoing project, the Board of the Company shall 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.

The funds to be disbursed shall be utilised for the purposes and in the manner as approved by the Board. The Chief Financial Officer or the person responsible for financial management of the Company

shall issue a certificate to the Board every year certifying that the funds disbursed are utilised for the purpose and in the manner as approved by the Board.

7. Reporting:

The CSR Committee shall report to the Board of Directors of the Company, the status of the CSR projects/ activities undertaken by the Company as part of the Annexure to the Directors' Report, in the Company's Annual Report. The Company shall upload this Policy, Annual Report on CSR activities and all other information as statutorily required on its website, www.nccl.co.in.

8. Effective Date:

This Policy shall be deemed to have come into effect from August 7, 2019 i.e. the date of its approval by the Board. Thereafter, pursuant to the amendments to the CSR Rules, this Policy was first amended by the Board of Directors at its meeting held on August 9, 2021. Pursuant to the amendments to the CSR Rules, this Policy was further amended by the Board of Directors at its meeting held on August 5, 2024.

9. Amendments to the Policy:

This Policy may be amended, pursuant to the recommendation of the Corporate Social Responsibility Committee and subject to the approval of the Board. The Corporate Social Responsibility Committee may review this Policy at such interval as it may deem necessary, however the Corporate Social Responsibility Committee shall review the Policy at least once in every three years and recommend the changes, if any, to this Policy for the approval of the Board of the Company.

10. Limitation and Amendment:

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Regulations or statutory enactments, or rules shall prevail over this Policy. Any subsequent amendment / modification in the Act and/or applicable laws in this regard shall automatically apply to this Policy.
