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## 1. INTRODUCTION

### 1.1 Nippon Philosophy

Nippon Steel Pipe India Private Limited ('NSPI' or 'the Company') a subsidiary company of Nippon Steel Pipe Co., Ltd., Japan. The Company is a leading distribution and manufacturing company in India offering a wide range of various types of steel tubes including carbon steel tubes for two and four wheeled vehicles, carbon steel tubes for civil engineering and construction and stainless-steel tubes for automobiles and decoration.

### 1.2 CSR in India

CSR in India has traditionally been seen as a philanthropic activity. While the corporate houses have been traditionally engaged in doing CSR activities voluntarily, the CSR provisions put formal and greater responsibility on companies to set out clear framework and process to ensure strict compliance.

The Companies Act, 2013 (hereinafter referred to as 'the Act') had introduced idea of CSR to the forefront and through its "Comply-or-Explain" mandate. It mandates qualifying companies to constitute Corporate Social Responsibility Committee to effectively monitor CSR activities of the Company. Further the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as 'CSR Rules') lays down the framework and modalities of carrying out CSR activities which are specified in Schedule VII of the Act.

### 1.3 Approach and Direction

NSPI through its social investments addresses the needs of communities, taking sustainable initiatives in the areas of health, education, environment, women empowerment, infrastructure, rural development, community development and response to natural calamities.

This Policy outlines the Company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare & sustainable development of the community at large.



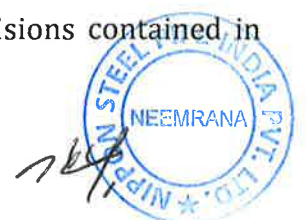
## 2. GUIDING PRINCIPLE FOR SELECTION, IMPLEMENTATION AND MONITORING OF CSR ACTIVITIES

### 2.1 Selection of CSR Activities

- (a) The main objective of the CSR Policy is to lay down the guidelines for NSPI to make CSR as one of the key focus areas to adhere to progress strategy that focuses on making a positive contribution to society through high impact, sustainable programs including the local community, all stakeholders and society at large.
- (b) It is Company's conscious strategy to design and implement social investments / CSR programs, by enriching value chains that encompass the disadvantages sections of society, especially those residing in rural India, through economic empowerment.
- (c) This Policy will apply to all CSR initiative and activities taken up at the various locations of the Company, for the benefit of different segments of the society, with focus on various sectors as hereunder:

- |   |  |
|---|--|
| ❖ Healthcare  | ❖ Sanitation   |
| ❖ Drinking Water  | ❖ Education  |
| ❖ Rural Development Projects  | ❖ Vocational Skills  |
| ❖ Entrepreneurship Skills   | ❖ Employment Opportunities                                     |
| ❖ Facilities for Senior Citizens  | ❖ Medical Aid  |
| ❖ Old Aged Homes  | ❖ Women Hostels  |
| ❖ Go Green Initiatives  | ❖ Environment Protection                                       |
| ❖ Animal Welfare  | ❖ Conservation of Natural Resources                            |
| ❖ Protection of National Heritage   | ❖ Promoting and development of Art & Culture                   |
| ❖ Public Libraries  | ❖ Special Employment Opportunities for Women                   |
| ❖ Measures for armed forces veterans, war widows and their dependents   | ❖ Promotion and development of rural sports and National Games |
| ❖ Contribution to funds set by the Central Government for development and welfare of Scheduled Castes, Schedule Tribes and minorities |  |
| ❖ Any other area as may be prescribed by Schedule VII of the Act as amended from time to time.  |  |

- (d) While selecting the activities to be carried out, NSPI in addition to the points mentioned above, would also take into account the legal provisions contained in section 135 and Schedule VII of the Act including CSR Rules.



## 2.2 Modalities of Execution and Implementation

### (a) Board of Directors of the Company:-

Board will inter alia do the following

- ❖ Approve the CSR Policy of the Company and make necessary disclosure, if applicable
- ❖ Ensure that the CSR activities are undertaken by the Company as per Annual Action Plan and as per the Act
- ❖ Ensure to spend 2% of average Net Profits as CSR Expenditure
- ❖ Ensure that the CSR activities are undertaken directly or through the entities specified in CSR Rules
- ❖ Approve the Annual Report on CSR with the prescribed disclosures and reports & place the same on the Company's website, if any

### (b) CSR Committee:-

Pursuant to the provisions of section 135 of the Act, the Board of Directors have already constituted the Corporate Social Responsible Committee ('the Committee'). The Board of Directors have power to appoint members of the Committee which must consist of at least two directors.

The Committee will inter alia do the following:

- ❖ Formulate the CSR Policy and recommend the same to the Board for its approval;
- ❖ Formulate and recommend to the Board an Annual Action Plan in accordance with the CSR Policy;
- ❖ Recommend the CSR activities as stated under Schedule VII of the Act;
- ❖ Approve to undertake CSR activities in collaboration with group companies/ other companies/ firms/ NGOs etc. and to separately report the same in accordance with Act and CSR Rules;
- ❖ Recommend the CSR budget to be incurred on CSR activities;
- ❖ Create transparent monitoring mechanism for effective implementation of CSR initiatives and review it from time to time;



- ❖ Submit the reports to the Board in respect of the CSR activities undertaken by the Company;
- ❖ Monitor CSR Policy from time to time;
- ❖ Monitor activities/ charter of Joint Working Group (JWG) who are authorised to ensure that the CSR activities of the Company are implemented effectively;
- ❖ Authorise executives of the Company to attend the Committee meetings.

The Committee shall meet at least once in every six (6) months. The place and time of the said meetings can be decided mutually by the members of Committee and presence of two members is required to constitute the Quorum for such meetings. The members of the Committee may participate in the meeting either in person or through video conferencing or other audio-visual means in accordance with the provisions the Act and rules made thereunder as amended from time to time. Members of the Living Progress Team of NSPI shall be the permanent invitees to the said meeting. Other members of the senior management may attend such meeting as may be appropriate, subject to the approval of the Committee. Minutes of the such meetings shall be place before the Board for its noting.

(c) Joint Working Group (JWG):-

A Joint Working Group (JWG) comprising of employees of the Company and representatives of entities with which the Company decided to collaborate for fulfilling its CSR obligations, will be created to ensure effective implementation and monitoring of the projects approved by the Committee. The JWG will submit its periodic report to the Committee on progress of various projects approved by the Committee and entrusted the JWG for implementation and monitoring.



## 2.3 Monitoring and assessment of CSR Activities

(a) Release of funds for CSR Project/ Programs:

The CSR budget sanctioned/ approved by the Committee for CSR activities, will be released in full or in instalments as per progress of the CSR project/ programs, as may be determined by the Committee. The Committee may design the procedure/ guidelines applicable from time to time for release of funds to any CSR project/program in a year.

(b) Review by Board/ Committee/ JWG:-

The Board of Directors, the Committee and JWG will review the implementation of CSR initiatives/ activities periodically.

(c) Impact assessment:-

The impact assessment/ evaluation of the CSR projects/ programs may be carried out by an external independent agency to critically assess the fulfilment of project objectives, if applicable.

(d) Reporting of Annual Report on CSR:-

The Committee shall prepare the Annual Report on CSR (format given below) which is required to be placed before the Board and the same will be included in the Board's Report in the manner as prescribed under the CSR Rules. All the reports would be documented and hosted on NSPI's website, if any.

S. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programs 1) Local Area or other 2) Specify the state and district where projects or programs was undertaken	Amount Outlay (budget) project or programs wise	Amount spent on Project or Programs a) Direct Expenditure b) Overheads	Cumulative Expenditure upto the reporting period	Amount spent Director or through implementing Agency
1.							
2.							



### 3. GUIDING PRINCIPLES FOR FORMULATION OF ANNUAL ACTION PLAN

- ❖ The Committee shall formulate and recommend to the Board every year an Annual Action Plan in accordance with this CSR Policy;
- ❖ The Annual Action Plan will list down the CSR Projects or programs to be undertaken by NSPI in the areas or subjects mentioned in the Schedule VII of the Act;
- ❖ NSPI may collaborate with other affiliates or subsidiaries or any other company of NSPI as may be approved by the Committee vis-à-vis the Board of Directors to implement CSR activities and the same shall form part of the Annual Action Plan. NSPI may form trusts on its own to carry out CSR activities in accordance with the CSR Rules and to administer its CSR activities or to do the same jointly with other affiliates or subsidiaries or any other company of NSPI as may be approved by the Committee;
- ❖ Annual Action Plan will contain provisions regarding the modalities of utilization of funds and implementation schedules for the projects or programs;
- ❖ Annual Action Plan will be subject to review and revision from time to time by the Committee or Board of Directors, based on reasonable justification for the same.



## 4. GENERAL

### 4.1 CSR Expenditure

The administrative overheads\* shall not exceed 5% of the total CSR budget as stated in the CSR Rules as amended from time to time.

*\*Administrative Overhead means the expenses incurred for 'general management and administration' of CSR functions in the company but it shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.*

### 4.2 Failure to spend CSR money

In case NSPI fails to spend the above targeted amount in that particular financial year, the Committee shall submit a report in writing to the Board of Directors specifying the reasons for not spending the amount within time which shall be reported by the Board of Directors in their Board's Report for that particular financial year.

Any surplus arising out of the CSR activities shall not form part of the business profits of the Company and shall be ploughed back into the same project and spend in accordance with the CSR Policy/ Annual Action Plan or transfer such fund as per CSR Rules.

### 4.3 Publication of CSR Policy

As per the CSR Rules, the contents of the CSR Policy shall be included in the Directors' Report and the same shall be displayed on NSPI website, if any.

### 4.4 Policy review and future amendment

The CSR Policy is to be read in conjunction with the Act and CSR Rules as amended from time to time. The Committee shall review this CSR Policy from time to time and make necessary amendments as may be required, then submit the same to Board for its approval.

