

NSE Group

Corporate Social Responsibility (CSR) Policy

CSR Vision and Philosophy

NSE Group has been constantly working to improve the financial wellbeing of people at large through a committed approach to offer investment products that suits varied needs of people.

It has improved access of the financial market to people across the country, improved safety measures for investors, empowered investors through improved awareness and education on financial planning, investor protection and investment related issues. Besides this, NSE Group also has been continuously improvising on the conduct of business in a responsible manner through conservation of energy, use of renewable sources of energy, eco-friendly infrastructure etc.,

In order to strengthen its CSR initiatives, in 2012, a NSE Group CSR Focus Group was formed consisting of employees volunteering to contribute part of their time to undertake CSR activities internally. The NSE Group, CSR Focus Group has since organised various activities such as organising environment awareness building programs, exposure visits on environmental issues etc. with the help of NGO partners like BNHS, organising blood donation camps, promoting social entrepreneurship by facilitating sale of articles produced by different NGOs etc.

Besides, different eco-friendly activities like Wind Power generation, Rain Water, Harvesting, Use of Solar Energy, Solid Waste Management through promoting Vermicomposting out of the waste from NSE Group premises etc., have also been undertaken by the Group.

NSE is covered under the purview of Section 135 of the Companies Act 2013. Similarly many of its subsidiaries are also covered. However, contribution to CSR by some of these Companies as required under the Section 135 will be negligible. Moreover, there could be efforts duplication if each individual Company undertakes CSR activities on its own and there would be difficulties in scaling up these activities.

Therefore it has been decided by the Boards of the respective Companies in NSE Group that CSR efforts for the Group be undertaken commonly and the actual spent be allocated to the respective Companies in proportion to their legal obligations. Therefore a common CSR function for NSE and its subsidiaries has been created under NSE as a group resource and the actual CSR spent is proportionately allocated to the respective Companies. However, the CSR Committees for these Companies are separate. This common CSR policy has been prepared and approved by respective CSR Committees and Boards.

NSE Group, in order to further its CSR aspiration of helping the underprivileged sections of the population in improving their quality of life is now embarking upon undertaking to reach out to them. NSE Group further understands that the economic and social well-being of the community is closely interlinked with their habitats and the environment. NSE Group therefore endeavours to have a triangulated focus to improve the quality of life of its identified beneficiaries towards creating inclusive

societies, while meeting its social, economic and environmental responsibilities. NSE Group, to begin with, has identified verticals of CSR focus such as Primary Education, Elder Care, Sanitation through comprehensive WASH (Water, Sanitation and Hygiene) interventions and Safe drinking water, and Environmental Sustainability. These areas of focus have been identified by NSE Group as issues of huge concern for India. NSE Group's committed projects in these areas for the needy and underprivileged sections of our population will contribute to the nation's larger social development goals. NSE Group's CSR aspirations should help create a sustainable ecosystem that is intrinsically beneficial for creating healthy and thriving communities.

Community engagement will be conducted in an ethical manner, with great transparency, dialogue and disclosure based on the needs and aspirations of the primary beneficiaries.

Besides community engagement, NSE Group will also, as part of its CSR focus, endeavour to meet high standard of ethical business conduct, continuously adapt better governance standards, commit to fair business practices in its relationship with customers, employees and suppliers and obey rule of law.

CSR Objectives

i) Primary Education, ii) Elder Care, and iii) Sanitation and Safe Drinking Water iv) Environmental Sustainability have been identified as core focus areas. The CSR objectives have been identified based on the larger mandate of the Companies Act 2013 and CSR Rules 2014 and to meet NSE Group's community engagement aspirations. Projects undertaken under these verticals will not be one-time activities but will only be on a project or programme mode with a timeline to achieve pre-determined goals. Initially, efforts will be concentrated in one or two of the above areas and take up the remaining areas in a phased manner depending upon the experience gained.

CSR Activities

The core areas of focus, and CSR activities are elaborated in the sections below vertical-wise.

(i) Primary Education

Rationale for selecting primary Education as a core area of focus

Annual Status of Education Report (ASER) 2012 defines the status of Primary Education in India where lesser children in successive batches of 3rd and 5th standard have achieved basic level of required reading and math. In addition, poor attendance, access to quality nutrition, quality of teaching (India needs 7-8 Million teachers while 3-4 million have filled posts), and inadequate physical infrastructure is all contributing factors to the poor quality of primary education in India. In 2010 nationally, 46.3% of all children in Std. V could not read a Std. II level text. This proportion increased to 51.8% in 2011 and further to 53.2% in 2012. For Std. V children enrolled in government schools, the percentage of children unable to read Std. II level text has increased from 49.3% (2010) to 56.2% (2011) to 58.3% (2012). The student teacher ratio in the country is far lower than 1:30 prescribed under Right to Education. Lack of quality teaching forces parents to arrange for private tuitions at a high cost thus further eroding their income and savings.

NSE Group's Primary Education initiative will strive to improve the quality of education available to children in the 6-12 age groups belonging to the poor and underprivileged sections of the society. This goal is also in line with National and International goals related to Primary Education.

Goals: Capacity building and training of highly motivated, equipped and qualified teachers that will augment teacher-student ratio and directly impact the quality and quantity of attention that is currently provided per student. Enhance foundational skills at the primary education level in the areas of reading, writing, critical thinking, arithmetic and problem-solving, application skills and behavioural skills. NSE Group will contribute to the holistic development of our children which includes addressing their physical, mental and aspirational needs through supplementary and in-school programmes.

(ii) Elder Care

Rationale for selecting Elder Care as a core area of focus

Elderly to constitute 20 % of the Indian population, increasing from 100 million to 323 million by 2050 (United Nations Population Fund and Help Age International, 2012). The needs and problems of the elderly vary significantly according to their age, socio-economic status, health, living status and other such background characteristics. About 64 per thousand elderly persons in rural areas and 55 per thousand elderly persons in urban areas suffer from one or more disabilities. Most common disability among the aged persons was loco motor disability as 3% of them suffer from it, next only to hearing disability (for about 1.5%) and blindness (1.7% in rural areas, and 1% in urban areas). There is lack of specialized and trained manpower with no dedicated health care infrastructure to deal with the elderly. Among the elderly, 10% suffer from impaired physical mobility and 10% are hospitalized at any given time, both proportions rising with increasing age. [Reddy PH. The health of the aged in India. Health Transit Rev. 2006;6:233–44] Over 10% of India's elderly suffers from depression and 40-50% requires psychiatric or psychological intervention at some point in their twilight years- due to ageing of the brain, socio-economic factors such as breakdown of the family support systems, and decrease in economic independence etc.

NSE Group will strive to improve the social and physical support systems available to the socially and economically challenged ageing population in India. This will create a positive change in the quality of life of the country's ageing population belonging to the poor and underprivileged sections of the society, who have been a critical and integral part of the community and family. Including and recognizing the elderly populations' aspirations and needs, post retirement is equally critical to design comprehensive and sustainable interventions allowing them to be an inclusive part of the broader community.

Goal: To improve the physical, social and mental well-being of underprivileged ageing population by improving access to livelihood, empowering through Elder Self Help Groups (ESHGs), Health care interventions, Elder Enrichment Centres etc.

(iii) Sanitation and Safe Drinking Water.

Rationale for selecting Sanitation and Safe Drinking Water as a core area of focus

According to the census 2011, about 72.2% of the Indian population stays in around 638,000 villages. The rural sanitation coverage in the country was as low as 1% at the beginning of the 1980s. With the launch of different programs, it has rose up to 32.7% as per census 2011. Later as per Baseline Survey, 2012-13, carried out by Ministry of Drinking Water and Sanitation through the states, only 40.35% rural households have been found to have access to toilets.

Swachha Bharat Abhiyan is a national level campaign launched by the Hon'ble Prime Minister on the Gandhi Jayanti Day to initiate the biggest ever cleanliness drive to pave access for every person to sanitation facilities including toilets, solid & liquid waste disposal systems, area cleanliness and making available safe drinking water, etc. The Honourable Prime Minister has asked everyone to join the campaign. The campaign aims to achieve total coverage by 2019 as befitting tribute to Mahatma Gandhi who said "Sanitation is more important than independence" on his 150th Birth Anniversary.

The concept note issued by Ministry of Drinking Water and Sanitation says the goal is to be achieved by construction of individual, cluster and community toilets besides other things.

Goals: NSE Group has taken up Sanitation i.e. Water, Sanitation and Hygiene interventions and Safe drinking water as one of the focus areas under the CSR policy of NSE group. Under this, NSE Group will support sanitation projects in schools and communities, awareness building on sanitation and safe drinking water, solid and liquid waste management, behaviour change communication etc.

(iv) Environmental Sustainability

Rationale for selecting Environmental Sustainability as a core area of focu

In India, three out of every four rural households rely on traditional sources of energy for cooking and close to 275 million people depend on the ecosystem for day-to-day subsistence. Many of India's poorest households derive income, food, shelter and much more from forests. A global biodiversity hotspot, India is one of the top ten species diverse countries in the world. Poor sanitation facilities and untreated water have serious impact on fresh water and marine water ecosystems. The total damage due to environmental degradation amounts to Rs 3.75 trillion and the cost of health consequences from particulate pollution is estimated at 3 per cent of India's GDP. The environmental ecosystem is a fragile relationship between various elements such as air, water, soil, flora, fauna etc. Some critical issues that pose an unprecedented challenge are pollution (of soil water and air), ground water depletion, solid & liquid waste management, loss of forests with the accompanying biodiversity etc. Further, unexplained climate change leading to disasters that cause widespread damage and economic losses such as the floods in Kerala are increasing each year. Interventions and innovative solutions are required to address the above.

NSEIL is a member of the Sustainable Stock Exchange (SSE) Initiative which is a partnership effort by various UN agencies to work on SDG targets relating to environment and climate etc., and to promote and foster sustainability initiatives which will contribute to the Sustainable Development Goal 7 (Affordable and Clean Energy), Goal 13 (Climate Action), Goal 15 (Life on Land) and other National and International goals on environmental sustainability

In keeping with NSE Group's commitment to environmental conservation, efficient energy solutions have been adopted to reduce the carbon footprint through maximizing the use of natural resources, renewable energy, reducing, recycling and managing waste and activities linked to sensitisation, awareness and activities on environmental issues.

Goal: NSE Group will undertake and support various environmental protection and awareness programmes and related activities that will enable better local resource management for the underprivileged and backward sections of the population. NSE Group will work towards environmental sustainability, ecological balance, protection of flora and fauna, agroforestry, conservation of natural resources and maintaining quality of soil, air and water etc. through interventions such as tree plantation, renewable energy and other solutions, innovations, awareness programmes, social mobilisation, environmentally sustainable behaviour change programmes, environmental issues related to agriculture, capacity building, research and advocacy measures etc.

(v) Skill Development and Entrepreneurship

Rationale for selecting Skill Development & Entrepreneurship as a core area of focus.

India has an unparalleled youth demographic- 65% of its population is 35 years or under and over 62% of the population is in the working age group (15-59 years). According to a World Bank report (2017), more than 12 million youth between 15 and 29 years of age are expected to enter India's labour force every year for the next two decades of which close to 3 million would be graduates and post graduates and the balance would be below graduates who will mostly enter the unorganized sector. UNDP India Skills Report (2018) estimates that the Indian workforce will increase to approximately 600 million in year 2022 from the current 473 million of which around 90 percent would be in the unorganized sector. While this demographic dividend promises immense opportunities, it brings its own set of challenges such as equipping youth and those in the employable band with adequate, relevant, job-ready skills.

The initiatives on skill development shall be broad ranging and where feasible aligned to national goals outlined in the National Policy for Skill Development & Entrepreneurship 2015, the National Skill Development Mission and other Government schemes in short and long term skill development, apprenticeship, vocational training, up skilling, entrepreneurship etc. and contribute to the outcomes envisaged under the universal Sustainable Development Goal 8 which is livelihood opportunities.

Goal: To meet the critical challenge of skilling required in India, NSE Group will support various skill development programmes that will enable individuals especially semi - literates, school drop outs, non-graduates etc., to increase their employability by certain technical skills like carpentry, plumbing, masonry, electrical work, driving, cooking, tailoring, advanced agriculture, food and agri product processing etc.,

(vi) Disaster Relief and Rehabilitation

From time to time various geographical areas of the country are affected by natural disasters such as Earthquakes, Floods, Landslides, Cyclones, Tsunamis, Urban Flood, Heat waves and Drought etc. as well as emergencies and calamities in urban and rural areas. Relief and rehabilitation activities will be undertaken through NGOs/implementation partners or through contributions to Government bodies/institutions setup by the State /Central Government to undertake such relief and rehabilitation activities.

(vii) Prime Minister's National Relief Fund

India being a vast country susceptible to the vagaries of nature. From time to time various geographical areas are affected by natural calamities such as floods, storm, earthquake, etc. unfortunate calamities such as storm in Andhra, floods in Kashmir and last year's calamities such as storm in Orissa, flash flood in Uttaranchal are some of such calamities witnessed by India. Relief is granted, among other NGOs, through Prime Minister's National Relief Fund. NSE Group has taken contribution to the "Prime Minister's National Relief Fund" as one of the focus area in such circumstances if and when need arises.

(viii) Research and Studies in areas specified in Schedule VII including promoting Education

Research activities can be undertaken in the areas as described in Schedule VII of the Companies Act, 2013, or in the areas promoting education such as Economics, policy, regulatory, market, corporate governance etc. as CSR activities provided that (1) they are with an educational or research institution and (2) they are in the Project mode and not a 'one off activity' and do not involve the creation of an endowment chair.

(ix) CSR Activities under NSE Group CSR Focus Group

Even before the advent of CSR provision in the Companies Act, 2013, NSE had constituted an internal NSE Group CSR Focus Group of some of its interested employees on voluntary basis. NSE Group CSR Focus Group conducts/coordinates various social activities such as Blood Donation Camps, NGO-Melas related to social entrepreneurship, education, health awareness, environmental awareness, organising awareness building programs, screening documentaries on environmental & social issues, organising guest lectures on social issues, nature awareness walk, observing of National / International Days such as Children's Day, Women's Day etc. The NSE Group CSR Focus Group will continue to engage in such activities.

Community Engagement Strategy

NSE Group will focus on improving the lives of communities from disadvantaged socio-economic backgrounds. To begin with the geographical focus areas for undertaking CSR activities have been identified as in and around areas where NSE Group has establishments pursuant to the company law requirement that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. Moreover, this will give NSE Group logistical proximity to control and monitor the spend and assess end

user benefits. Once enough experience is gained, more geographical areas where NSE Group has presence will be added to the geographical focus areas. The primary beneficiaries will be children, adolescents and the elderly, who will benefit directly from the various interventions. The secondary beneficiaries of the interventions will be the families of the beneficiaries and the community.

CSR Budget

- a) The Board of the Company shall allocate at least 2% of the average profit (as required by Companies Act 2013) during the three preceding financial years
- b) It is imperative to carry out appraisal, monitoring, documentation and dissemination of CSR activity effectively in order to create the desired impact. Towards this end, the expenses on preparation of reports, documentation, monitoring, coordination of activities, fees to external experts such as designers/ engineers/ professional consultants etc., the expenditure on social audit and for organizing dissemination activities etc. shall be allocated from the overall CSR budget and would be covered under CSR.

Roles and Responsibilities

At the day-to-day administrative level, the activities would be handled by NSE Foundation with a team qualified and experienced in CSR activities, headed by a CEO. NSE Group has constituted an internal NSE Group CSR Focus Group which draws employees from various functions. The CSR Focus Group will facilitate the volunteering and employee engagement activities in selected CSR programmes. In addition, all NSE Group employees are expected to familiarize themselves with the CSR policy. NSE Group will also encourage employee engagement in the implementation of its CSR activities leveraging their expertise, time and interest.

The CSR Governance structure comprises of the Board and CSR Committee.

The Board of Directors of the Company will:

- Approve the CSR Policy of the Company
- Ensure spend of 2% of profits
- Disclose the content of the CSR Policy in its report and place the Policy on the Company's website as prescribed under Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014
- Ensure that the social programmes undertaken are aligned to the CSR Policy of the Company
- Specify reasons in its report for not spending the earmarked amount in case the Company fails to spend such amount

CSR Committee of the Board:

The Board has formed the CSR Committee in accordance with the requirements of the Companies Act, 2013 and the rules made thereunder.

Responsibility of the CSR Committee:

- Formulate and recommend the CSR Policy to the Board for approval
- Monitor the Policy from time to time and the progress of the implemented projects to the Board from time to time
- Approve and ratify the projects
- Recommend the amount of expenditure to be incurred on CSR programmes

Establish a transparent monitoring mechanism for ensuring implementation of the CSR programme

- Allocate the programmes to NSE Foundation, Companies /Trusts /Societies/Academic Institutes of repute etc. to implement the same
- The CSR Committee will meet on a quarterly basis or as may be ~~when~~ required.

The individual Group Companies covered under section 135 have adopted the policy and the implementation strategy.

Project Monitoring and Evaluation Agencies

Third party agencies with expertise in the sector will be empaneled to guide NSE Group with the CSR policy making, gap analysis, CSR plan, community engagement strategy, project and partner evaluation and screening, implementation monitoring, measurement of results etc.

NSE Foundation

With the rapid increase in the number of CSR projects, NSE Foundation was incorporated as a Company under Section 8 of the Companies Act, 2013 to initiate, supervise and co-ordinate activities to implement the Corporate Social Responsibility policy of NSE and its Group Companies as mandated under the Companies Act, 2013. NSE Foundation has received the relevant approvals u/s 12 AA and Section 80G of the Income-tax Act, 1961.

The prescribed CSR budget will be transferred to the NSE Foundation by the respective NSE Group Companies to undertake the NSE Group CSR activities as approved and advised by the NSE Group CSR Committees and Boards.

NSE Foundation shall adopt the NSE Group CSR policy and implement the CSR activities in line with the broad strategic, financial, programmatic and other principles and guidelines as detailed above in this CSR policy.

NSE Foundation shall present periodic programmatic and financial reports in a format as may be required or prescribed. NSE Foundation shall periodically update the CSR Committees and Board of NSE Group on the progression of various approved CSR activities undertaken by it on behalf of the NSE Group Companies. NSE Foundation shall also issue the relevant receipts under Sec 80G of the Income tax Act 1961 for any amount received towards implementation of CSR activities by NSE or any other such documents that may be required from time to time by the respective NSE Group Companies.

CSR Implementation Plan

To ensure the sustainability of community engagement programmes, the projects will be implemented by selected implementing partners who will have a deep understanding of the community and the capacity to plan interventions in the identified verticals of focus. Employee volunteering component will be tailored into CSR programmes when required. The interventions will be defined in a programmatic mode as suggested in the Companies Act, 2013 & CSR rules 2014. The programmes will generally have 3-5 year timeline to create a sustainable impact in the lives of the primary beneficiaries of the various initiatives. CSR activities will not include activities undertaken in pursuance of normal course of business of NSE Group. Surplus, if any, arising out of CSR projects, programs or activities shall not form part of the business profit of the NSE Group.

Implementing Partner selection process

While the NSE Group will have dedicated CSR personnel the actual interventions will be conducted in a programme mode by NSE Foundation through credible and competent implementing partners i.e. NGOs, Foundations, Trusts or Companies. This does not preclude other organisations that have similar community engagement goals or interest in working with the NSE Group.

While engaging with the partners, adequate measures will be undertaken to ensure that the evaluation of the credentials of the implementing entities is being done by the third party project monitoring and evaluation agencies appointed for the purpose.

Proposal Evaluation

Within the policy guidelines, specific projects will be identified through a proposal evaluation process that will take the inputs of in-house and external expertise. Each proposal received will get due consideration and will be evaluated based on the merit of the deliverables, alignment with the core operating principles of the NSE Group, geographic presence and areas of focus. An unbiased third party evaluation of the proposal will be made a proposal is identified for intervention, especially when further scrutiny is required.

In addition, a range of criteria for evaluating CSR project initiatives that will be considered include:

1. Relate to the core themes identified by the CSR Committee from time to time
2. Relevance to NSE Group's aims and core values
3. Projects that will create good will and positive value within communities
4. Projects that will have long-term impact
5. Offer opportunities for NSE Group employees and customer-groups to 'get involved' through Volunteering activities.

6. The impact in terms of output and outcome should be a measurable quantitative and qualitative deliverable by the implementing partner.
7. Projects that will not have religious or political affiliations

Programmatic Budgeting

The CSR programme will be planned with adequate resource allocation for site visits by the monitoring team, needs assessment or baseline studies, required training or workshops, annual and mid-term evaluations and impact assessment studies, structured according to the needs of each planned intervention.

Monitoring and evaluation of CSR initiatives

Appropriate monitoring and evaluation mechanisms and frameworks will be evolved for tracking the progress and impact of the various CSR programmes in consultation with empaneled Project Monitoring and Evaluation Agencies (PMEs). Monitoring of the project includes field visits, desk review etc., Monitoring will be made on monthly, quarterly and annual basis or as found appropriate. These internal reports will be shared with the CSR committee in a quarterly, half yearly or periodic basis or as and when required in a transparent manner.

Documentation

Efforts will be made to put in place an effective documentation process for all projects and programmes would include – printed material, audio recordings, video recordings etc. Wherever possible, base line data shall be collected before start of the project. Also, project completion report documenting the key project parameters, implementation process, deliverables envisaged, outcomes achieved along with end line data and the suggestions / recommendations for scalability and replicability of the project may be developed wherever feasible. Documentation of all data generated during project execution shall be maintained.

Miscellaneous

In case of any doubt with regard to any provision(s) of the policy and also in respect of matters not specifically covered herein, the same shall be referred to the CSR Committee of the Board of Directors. In all such matters, the interpretation & decision of the CSR Committee of the Board of Directors shall be final.

Any or all the provisions of the policy would be subject to revision/amendment in accordance with the guidelines as may be issued by the Government, from time to time.

The Board may review the policy from time to time and make suitable modifications, as may be necessary.

Disclosure

The CSR Policy framework will be displayed on the website of the Company. The Board will include in its Board report, a report on the CSR activities in the format specified under the Companies (Corporate Social Responsibility Policy) Rules, 2014.