

Corporate Social Responsibility Policy

1. Objective

This Policy which encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community at large.

This Policy shall apply to all CSR initiatives and activities taken up at the various work-centres and locations of Nesco, for the benefit of different segments of the society.

At Nesco, we lay particular emphasis on enhancing quality of life for the community in which we live and work. Our CSR vision is based on embedded tenets of trust, care and the below keystones:

1. Education
2. Health
3. Infrastructure
4. Sanitation and
5. Environmental sustainability
6. Overall Sustainable development of Society

The CSR committee may undertake such other programmes and activities as in terms of the Provisions of Section 135, Schedule VII of the Companies Act, 2013, and the Rules made thereunder. 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. The Company's CSR initiatives has played pivotal role in improving the lives of the communities and society at large in and around our operations with an objective to energize, involve and enable them to realize their potential. This has also enabled us to fulfil our commitment to be a socially responsible corporate citizen.

2. Vision

In alignment with vision of the Company, the Company, through its CSR initiatives, will continue to enhance value creation in the society and the community in which it operates, through its services, conduct and initiatives, to promote sustained growth for the society and community, in fulfillment of its role as a *Socially Responsible Corporate*, with environmental concern.

3. Formation of the CSR Committee and its terms of reference

The Company's Board of Directors shall constitute/re-constitute the CSR Committee in accordance with the provisions of the Companies Act 2013 and Rules framed thereunder as amended from time to time.

The Committee shall hold meetings as and when required, to discuss various issues on implementation of the CSR Policy of the Company:

4. Terms of Reference

The terms of Reference of the Committee shall include the following:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- (b) To formulate and recommend to the Board, CSR annual action plan and amendments thereto;
- (c) To oversee the CSR policy execution and implementation of annual action plan;
- (d) To monitor the CSR initiatives undertaken by the Company directly or through agencies and undertake impact assessment wherever deemed appropriate;
- (e) Any other matter as may be considered expedient in furtherance of and to comply with the CSR Policy of the Company.

The Constitution and the role of the CSR Committee of the Board of the Company shall be in accordance with Section 135 and other applicable provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014 including any modifications or amendments thereof).

5. Implementing Agency

Company shall make contributions towards its CSR activities either through Direct way i.e. Company shall directly pay or spend towards CSR Activity or Indirect way i.e., Company shall pay or contribute towards CSR activity through an Implementing Agency. Company can contribute to any other Section 8 Company/Trust/Societies for its CSR contribution. Activities undertaken through the Implementing agencies and through trust shall be in compliance with the applicable provisions of Section 135 of the Act and the Rules made thereunder and shall have necessary registration under the Income Tax Act and rules.

6. Implementing process

The CSR Committee shall formulate and recommend to the Board, an annual action plan, which shall include the following:

- List of approved CSR Projects or programmes to be undertaken in areas or subjects specified in Schedule VII of the Act;
- Execution Plan for such Projects or Programmes;
- Implementation schedule for the projects and modalities of utilization of funds;
- monitoring and reporting mechanisms for projects or programmes.
- Where funding is done through other trust or organization (Implementing Agency):
 - i. Assess credentials of Agency undertaking the program;
 - ii. Evaluate whether the proposed program is in alignment with the guiding principles laid down for selection;

- iii. Decide the amount to be contributed for the program and take necessary approval;
- iv. Disburse the amount with clear mandate to the Agency for using the funds only for the specified program and reporting utilization of funds;

The Board may alter the annual action plan at any time during the financial year, as per the recommendation of the CSR Committee, based on reasonable justification.

7. Assessment of CSR activities

- i. Obtain periodic reports from Implementing Agency on the implementation of the approved program and utilisation of funds and place the same before the CSR Committee for review.
- ii. Carry out impact assessment of approved programs in accordance with the statutory requirements wherever applicable.
- iii. Obtain fund utilization certificate from the Implementing Agencies.

8. Funding and allocation

a. CSR Contribution

The Company has to spend at least two per cent of the average net profits (before tax) of the company made during the three immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy. Expenses incurred by the company for general management and administration of CSR functions in the company will be accounted as CSR expenditure subject to a maximum of 5% of total CSR expenditure. However, expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme shall not be accounted as administrative overheads.

b. Unspent CSR Amount

If the Company fails to spend such an amount, the Board shall provide reasons for not spending the amount in its Annual Report. Any unspent CSR amount shall be transferred by the company to a special fund set up for this purpose in terms of the applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

c. Surplus CSR Amount

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 as per policy and 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.

d. Spend in Excess of CSR Amount

Any amount spent more than requirement as per 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.

-the Board shall pass a resolution to that effect.

e. Disclosure of CSR policy

This policy shall also be uploaded on the Company's website at www.nesco.in and disclosed contents of such CSR Policy in the Company's annual report.

f. Review and amendment

The Board shall on the recommendation of the CSR committee shall review amend the policy as and when required.

All other words and expressions used but not defined in this Policy but defined in the Companies Act, 2013, in particular Section 135 and other applicable provisions of the Act, Companies (Corporate Social Responsibility) Rules, 2014 and Schedule VII to the Act including any modifications or amendments thereof) made thereunder shall have the same meaning as respectively assigned to them in such Act or rules or any statutory modification or re-enactment thereto, as the case may be.

3rd version of the policy recommended by the CSR Committee for adoption of the board of directors at its meeting held on 13th February 2024.