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NATIONAL INSURANCE CORPORATE SOCIAL RESPONSIBILITY POLICY-2015

PREAMBLE

Corporate Social Responsibility (CSR) is a Company's commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders. CSR extends beyond philanthropic activities and reaches out to the integration of social and business goals.

NIC, a Public Sector Undertaking, believes that corporate performance must be measured in terms of Triple Bottom Line-economic impact, social impact and environmental impact. With the rapidly changing corporate environment, NIC has adopted CSR as a strategic tool for sustainable growth and has committed itself to fulfilling its social, environmental and economic responsibility for the benefit of society at large.

SHORT TITLE & APPLICABILITY

This policy encompasses the Company's philosophy by delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for welfare & sustainable development of the community at large, and is titled as the 'National Insurance Corporate Social Responsibility Policy' ('NIC CSR Policy').

This policy shall apply to all CSR initiatives and activities taken up by NIC at various locations within India for the benefit of different segments of the society.

CSR VISION STATEMENT

In alignment with the vision of the Company, NIC through its CSR initiatives strives to create value in the society through addressing critical social, environmental and economic needs of the society so as to promote sustained growth for the society in fulfillment of its role as a Socially Responsible Corporate.

OBJECTIVES

The main objective of NIC CSR Policy is to establish and lay down the basic principles and the general framework of action for NIC to undertake and fulfill its social responsibility and to ensure implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting. It aims at supplementing the role of the Government in enhancing welfare measures of the society.



SCOPE OF THE ACTIVITIES

Company is agreeing to choose the following CSR projects within the activities specified under Schedule VII to the Companies Act, 2013.

- i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- ii. Promoting education, including special education and employment enhancing vocation 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, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- 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;
- vii. Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. Rural development projects.
- xi. Slum area development.

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Following will **not** be included in CSR activities:

- Activities that benefit only the employees of the Company and their families;
- Activities undertaken in pursuance of normal course of business of the Company;
- Activities undertaken outside India;
- Contribution of any amount, directly or indirectly, to any political party under Section 182 of the Act.

AREA OF OPERATION

The Company is in the field of services and has no specific geographical area of commercial operation, therefore, it can take up CSR projects/activities at PAN India level or any specific location in India.

PRIORITY/FOCUS AREAS:

NIC has identified following thrust areas for its various CSR related activities, namely:

1. Education/Literacy Enhancement & vocational training.
2. Sanitation & drinking water projects including rain harvesting.
3. Healthcare/Medical Facility.
4. Welfare & Rehabilitation of underprivileged & differently abled persons.
5. Environment Protection.
6. Relief of victims of natural calamities/disasters.
7. Any other area of contemporary importance.

FINANCIAL COMPONENT

The Company shall spend at least 2% of the Average Net Profits of the Company made during the three immediate preceding financial years. The 'Average Net Profit' shall be calculated in accordance with the provisions of Section 135 of the Companies Act, 2013 & Rules made there under.



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In case of continuous losses for three or more than three consecutive years, CSR Sub Committee of the Board can make specific recommendations to the Board for allocation of CSR Budget for continuity of CSR work.

The said amount shall be transferred to CSR Fund exclusively created for this purpose from where funds will be transferred for approved projects. Any unspent/unutilized amount of a particular year against any head will be carried forward to the following year of CSR Fund. Surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

All expenditure incurred on the activities involved in the need assessment/baseline study, planning, implementation, monitoring and impact assessment of the projects will be included in the CSR budget.

In case of CSR projects/activities undertaken by the Company through implementing agencies, fund disbursement to such agencies or organisations will be done in installments subject to satisfactory/committed performance. The first installment would be released after signing of the agreement. Subsequent installments shall be released based on the production of Utilization Certificate duly signed by the Auditor of the organization or by a Chartered Accountant Firm and physical verification to the extent possible.

Company may collaborate or pool resources with other companies for taking up high value projects, which have greater visibility, more number of beneficiaries, and wider and long lasting visible impacts.

INSTITUTIONAL SET UP

An officer nominated as Nodal Officer shall do the overall supervision/monitoring in respect of day-to-day implementation of project(s)/activities with regard to CSR and will submit the report to CSR sub-Committee about the progress at periodic intervals.

The Nodal Officer will facilitate the development of an Annual CSR Action Plan & Budget and will prepare Annual Comprehensive Review Report which will be placed before the Board.

The Annual CSR Plan has to be approved by the Board on the recommendation made by the CSR Sub-Committee of the Board before the commencement of the fiscal.

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CSR INTERNAL COMMITTEE

Chairman-cum-Managing Director shall constitute a Committee named as "CSR Internal Committee" consisting of Members as mentioned herein below-

- One General Manager
- One Nodal Officer
- Atleast Three Officers
- One Secretary

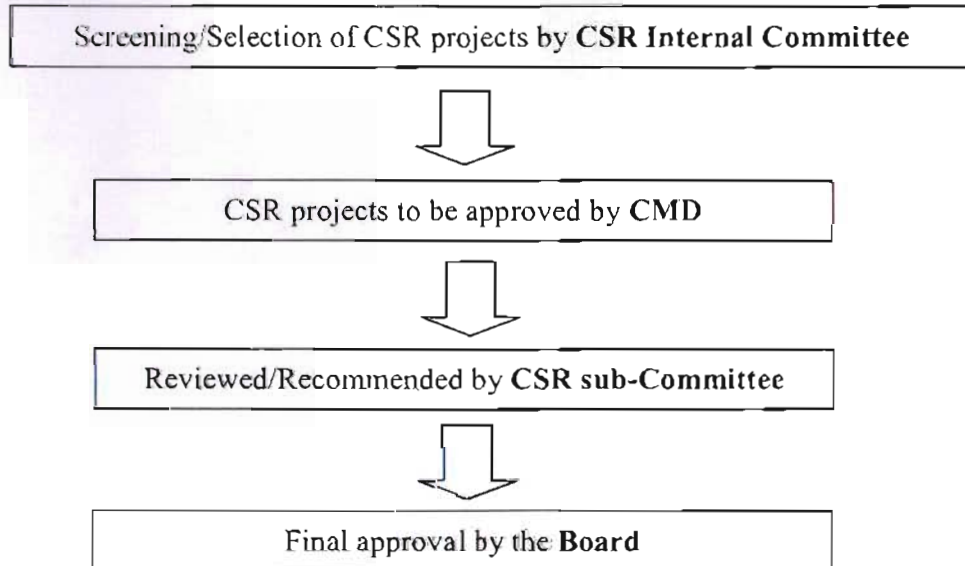
SELECTION OF PROJECT

NIC will issue a call for proposals for CSR activities through various channels including Company's Portal. Proposals will be invited by call of Express of Interests. Apart from the foregoing, any proposal/project referred by institutions/statutory authorities/government agencies may also be considered.

Projects or programs relating to CSR activities shall be examined by the CSR Internal Committee who will submit their report/recommendation to the CMD.

After obtaining approval of CMD, the proposal shall be placed before the CSR sub-Committee of the Board for their onward recommendation to the Board for their approval.

In nutshell, all CSR projects/activities of the Company would go through the following stages prior to the approval by the Board.



The projects/activities sanctioned during previous years under CSR shall continue and appropriate funds shall be provided to them till their completion.



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IMPLEMENTATION

Project activities identified under CSR are to be implemented either by Company or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013.

Criterion for Identifying Executing Agency:

- Institution should either be a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under Section 8 of the Act or otherwise.
- The Institution has a permanent office/address in India;
- Possesses a valid Income-tax Exemption Certificate or copy of the Income-tax return filed for last 3 years.
- Institution has an established track record of atleast three years in undertaking similar programs or projects.
- Work will not be entrusted to such Institutions where an employee of our Company is in the Managing/Working Committee.
- None of the Board Members should have any conflict of interest with such NGOs/organisations.

Preference to be given to NGOs/institutions undertaking projects in underdeveloped and backward areas, particularly tribal areas, which are predominantly inhabited by downtrodden and underprivileged people.

CSR activities in any State should preferably be done through the Regional Office located in the State. Regional In-charge will be responsible for implementation, supervising and monitoring of work and reporting to the General Manager (CSR). For States without any Regional Office, CSR activities, if any, shall be done by Head Office/designated RO.

Expenditure incurred in building CSR capacities of Company's own personnel as well as those of the Implementing agencies through Institutions **shall not exceed five percent** of total CSR expenditure of the Company including expenditure on administrative overheads in one financial year.

UPKEEP AND MAINTENANCE OF ASSETS CREATED

Maintenance of assets created under CSR would be the responsibility of the concerned Institution through which the CSR activities are implemented and an undertaking/consent would also be taken.



The grantee should exhibit NIC's logo along with the words "This is a CSR initiative of National Insurance Company Limited" on all assets created under CSR.

REVIEW & REPORTING

NIC will follow a project based accountability approach to stress on the long-term sustainability of CSR Projects.

To ensure effective implementation of the CSR program undertaken, General Manager (CSR) will monitor utilization of grant, the end use of the grant is to be ensured by the concerned office.

If it is observed that any CSR activity taken up for implementation is found not properly implemented, CMD at its discretion may discontinue funding of the project at any time during the course of implementation.

Appropriate documentation of the NIC CSR Policy, Annual CSR activities, executing partners and expenditure entitled will be undertaken on a regular basis.

The Board approved NIC Corporate Social Responsibility Policy will be hosted on the website of the Company.

Review: CSR sub-Committee will review the Policy from time-to-time and submit their recommendation for suitable modifications, if necessary, to the Board for their approval.

APPLICABILITY

With the enactment of the Companies Act, 2013, Corporate Social Responsibility (CSR) has become mandatory and this CSR Policy has been drafted in line with the provisions of the newly inserted Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

Effective date: This will be effective from the date of adoption by the Board.

CONCLUSION

The above Policy would form the framework around which the CSR activities would be undertaken. In case of difficulty/doubt in interpreting, any provisions of the Policy and also in respect of matters not covered herein, a reference be made to General Manager (CSR). In all such matters, the interpretation and the decision of the CMD shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from the Appropriate Authority, from time to time.



K.B. Vijay Prasad
