CSR Policy

1. Vision

Nachi Technology India Private Limited (hereinafter referred to as “Nachi” or “the Company”) is the world’s leading manufacturer of Bearings. Nachi aims to "*connect various skills to expand skills*", enriching the focus skills such as turning materials, machine processing, accessories and systems to promote hard research and development. Believing that "only high-quality materials can produce high-quality products", Nachi has become an analysis and production manufacturer from basic materials to end products. High-quality Nachi products include special steel, cutting tools, bearings, hydraulic installation, robotic systems, etc.

Nachi’s Vision is to nurture relationships and contribute towards the progress of its customers, supplier, associates, employees, shareholders, society at large and mother earth.

Nachi aims to build an improved and sustainable way of life for the deprived and underprivileged sections of society by actively contributing to the social and economic development of the communities in which it operates. As per Section 135(5) of the Act provides that the company should give preference to local areas around where it operates. However, with the advent of IT and the emergence of new-age businesses like process-outsourcing companies, e-commerce companies, and aggregator companies, it becomes difficult to determine the local area for various activities. Thus, the preference to the local area mentioned in the Act is only directory and not mandatory, and companies need to balance local area preference with national priorities. Nachi is committed to the principles of Sustainable Development and Inclusive Growth and fulfilling its role as a responsible Corporate Citizen.

2. Policy Objective

Nachi’s Corporate Social Responsibility policy has been developed in pursuance to Section 135 of the Companies Act 2013 read with the CSR Rules notified by the Ministry of Corporate Affairs, Government of India, in this regard.

This CSR Policy encompasses Nachi's philosophy towards corporate social responsibility and lays down the guidelines and mechanism for the sustainable development of the community at large. The purpose of this policy is to define the Company’s vision, guiding principles, governance structures, strategy and programs for its Corporate Social Responsibility efforts.

The policy shall apply to all Corporate Social Responsibility projects undertaken by Nachi as per the provisions of the Companies Act, 2013 read with Schedule VII of the act and incidental rules made under.

3. CSR Objectives and Focus Area

Nachi endeavours to reach out to underprivileged and underserved communities to address fundamental challenges of sustainable development and inclusive growth. Nachi shall focus on the following areas which are aligned to Schedule VII to the Companies Act 2013:

Nachi has identified the following key objectives for its CSR:

Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to: —

(i) eradicating hunger, poverty and malnutrition, [promoting health care including preventive health] and sanitation [Including contribution to the Swatch Bharat Kosh set-up by the Central Government for the promotion of 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water [including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga];

(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 arts and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents, [Central Armed Police Forces (CAPE) and Central Para Military Forces (CPMF) veterans, and their dependents including windows];

(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 [Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)

(x) rural development projects.

(xi) slum area development. Explanation. — For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

However, the Company may, subject to the approval of the Board of the Company, undertake CSR projects with other focus areas aligned to Schedule VII of the Companies Act, 2013.

4. Governance Structure and Approach

4.1. Board of Directors

The following will be the role of the Board:

(i) Formulate and adopt this Policy and the annual action plan for the year.

(ii) To formulate the CSR Budget based on the CSR activities planned for the year;

(iii) Disclose this Policy and the projects approved on the Company's website, if any, for public access.

(iv) Ensure that the Company spends in every financial year, at least two (2%) per cent of the average Net Profits made during the 3 (three) immediately preceding financial years on CSR activities, in accordance with this Policy.

(v) Ensure that the CSR activities are undertaken and executed by the Company as per the Policy, the Act and other applicable laws, including ensuring compliance with Rule 4 of the Rules.

(vi) If the Company fails to spend the amount as mentioned in (iv) above in any financial year, specify in the Board's report made under section 134 of the Act, the reasons for not spending the amount and, unless the unspent amount relates to any Ongoing Project, transfer such unspent amount to a fund specified in Schedule VII to the Act, within a period of six months of the expiry of such financial year.

(vii) Monitor the execution and implementation of the CSR activities as per the approved annual action plan formulated in accordance with this Policy.

(viii) Alter the approved annual action plan at any time during the financial year, based on the reasonable justification to that effect. ZD

4.2. Constitution of CSR Committee

In accordance with Rule 5 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the responsibilities of the Corporate Social Responsibility (CSR) Committee shall be undertaken by the Board members of Nachi.

The composition of CSR Committee: -

1. Mr. ATSUSHI TAKAHATA
2. Mr. KATSUYUKI HAYASHI

4.3. Terms of reference of the CSR Committee are:

- Formulate and recommend to the Board, a CSR policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Recommend the amount to be spent on these activities;
- Monitor the Company's CSR policy periodically; and
- Institution of transparent monitoring mechanism for the implementation of CSR projects.

5. Implementation Mechanism

Nachi shall ensure that the CSR Programs are implemented through one of the following methods:

- Directly by the Company; or
- A registered trust or a registered society or a section 8/ Section 25 Company with a valid Sec.12A Registration and Sec 80G certification of the Income Tax Act 1961.
- Program implementation agencies registered as not-for-profit/ non-governmental organizations with an established three-year track record and with the CSR Registration number obtained through e-form CSR-1 shall be selected by the Board.

The Company may also collaborate with other companies for undertaking CSR projects or programs or activities in such a manner that the respective companies are in a position to report separately on such projects or programs in accordance with the Act and the Rules.

The Company may engage International Organizations for designing, monitoring and evaluation of the CSR projects or programs as per its CSR policy as well as for the capacity building of their own personnel for CSR.

6. Budget and Expenditures

The Budget shall be arrived at on computation of:

a. two per cent of the average net profits calculated in accordance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014;
b. any income arising therefrom;
c. Surplus arising out of CSR activities and
d. excluding any excess expenditure available for set off from the previous years.

6.1. Treatment of surplus

Any surplus generated from CSR activities/projects undertaken will be separately tracked and channelled into the CSR corpus. These funds will be further used in the development of the CSR projects and will not be added to the normal business profits of the Company. Such surplus shall be ploughed back into the same CSR project or shall be transferred to the Unspent CSR Account in accordance with section 135 of the Act; or be transferred to a fund specified in Schedule VII of the Act.

6.2. Treatment of Unspent CSR Funds

In case of prescribed CSR amount remaining unspent at the end of the Financial year, such amount will be allocated towards an ongoing project for spending in any of the three succeeding financial years from the date of such transfer and will be transferred to the Unspent Corporate Social Responsibility account opened in a scheduled bank by the company within 30 days from the end of the financial year or in case of no ongoing projects, such amount will be transferred to a fund specified in schedule VII within 6 months of expiry of the financial year.

6.3. Treatment of Excess Expenditure

In case of excess expenditure i.e. expenditure beyond the prescribed CSR budget, such amount will be disclosed in the Board's CSR report and shall be made available for set off against the requirement to spend of any of the three succeeding financial years.

6.4. Administrative Overheads

The Administrative Overhead incurred by the company shall not exceed five per cent of the total CSR expenditure of the Company for the financial year.

7. Monitoring and Disclosure

The progress of the projects shall be monitored periodically to ensure that the CSR activities are undertaken effectively in accordance with the Annual Action Plan approved and in compliance with applicable laws, rules and regulations.

For efficient implementation and monitoring of its CSR activities, a CSR Sub team shall be formed if required.

The expenditure for the financial year will be tracked by the Board members and reported in the annual report.

The Board of the company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the person responsible for financial management shall certify to the effect.

In compliance with the requirements of the Companies Act, 2013, Nachi shall place this policy, including the list of approved projects on the Company's website/ internal portal for public access.

8. Review

This CSR Policy shall be subject to review and modification by the Board of the Company from time to time as may be necessary.