

**Sub-K IMPACT Solutions Limited**  
**Corporate Social Responsibility (CSR) Policy**

**(Version 1.2, effective from 06.06.2024)**

**Version Control & Document Authorization History**

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<b>Version Ref Released</b>	<b>Release Date</b>	<b>Created/ Revised by</b>	<b>Reviewed by</b>	<b>Approved By</b>	<b>Description of the Revision</b>
1.0	Feb 20, 2020	Harish – Assistant Company Secretary	Jitender Kalwani – Company Secretary	Board of Directors on its meeting held on Feb 20, 2020	Adopted the updated Act and Rules and revised the CSR Policy
1.0	Apr 28, 2021	Harish – Assistant Company Secretary	Jitender Kalwani - Company Secretary	Board of Directors on its meeting held on Apr 28, 2021	Revised to be in line with Rule 5 of the Companies (Corporate Social Responsibility Rules) 2014
1.2	June 06, 2024	Anusha – Assistant Company Secretary	Jitender Kalwani - Company Secretary	Board of Directors on its meeting held on June 06, 2024	Revised to be in line with the Companies (Corporate Social Responsibility) Amendment Rule, 2021 and The Companies (Corporate Social Responsibility) Amendment Rule, 2022

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## **1. Context**

Pursuant to Section 135 of the Companies Act, 2013, ('Act') Companies (Corporate Social Responsibility Policy) Rules, 2014 ('Rules') and such other rules, regulations, circulars, and notifications as may be applicable and as amended from time to time (collectively referred hereinafter as 'Regulations'), every Company having net worth of Rs. 500 crore or more or turnover of Rs. 1,000 crore or more or net profit of Rs. 5 crore or more shall constitute Corporate Social Responsibility Committee ('CSR Committee') and the CSR Committee shall formulate and recommend Policy.

### **1.2 Objectives of the Policy**

This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications as may be applicable and as amended from time to time, inter-alia, provide for the following:

- (i) Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.
- (ii) Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting
- (iii) Creating opportunities for employees to participate in socially responsible initiatives.

### **1.2 The Geographic Reach**

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. The Company will thus give preference to conducting CSR activities in the area wherein the Company has/will have its operations (in India). However, the Committee may identify such areas other than operations area, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

### **1.3 Notified CSR Activities**

The Policy recognizes that corporate social responsibility is not only merely compliance, but it is also a commitment to support initiatives that measurably improve the lives of underprivileged by focusing on the activities as notified in schedule VII of the Act, 2013 read with Section 135 of the Act and the Regulations. The CSR initiatives shall include the following activities, subject to the changes in the Regulations from time to time;

- a) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- b) Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly, and the differently abled & livelihood enhancement projects including Digital and Financial Literacy.

c) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

d) 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;

e) 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;

f) Measures for the benefit of armed forces veterans, war widows and their dependents; and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

g) Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

h) 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;

i) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

j) 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).

k) Rural development projects;

l) Slum Area Development;

m) disaster management, including relief, rehabilitation and reconstruction activities.

CSR activities shall be undertaken as projects, programs of activities excluding activities undertaken in pursuance of the normal course of business of the Company.

## **1.4 Annual spends/Allocation of Funds**

The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company.

## **2. CSR Committee**

### **2.1 Constitution of CSR Committee**

Pursuant to section 135 of the Act the Board of Directors shall constitute the CSR Committee. The CSR Committee will consist of three or more directors out of which at least one director shall be Independent Director. The Members in the Committee shall be appointed by the Board of Directors.

### **2.2 Guiding Principles of CSR Committee**

The Committee will meet whenever required, but at least twice in a year, to discuss and review CSR activities and Policy. A quorum of two members is required to be present for the proceedings to take place. Such other meetings of the Committee can be convened as and when deemed appropriate. The Committee members may attend the meeting physically or via such audio-visual means as permitted under the Act, or CSR Committee meeting can conduct business by passing of resolution by circulation. The Committee shall have the authority to call such employee(s), senior official(s) and or externals, as it deems fit.

### **2.3 Scope of Functions of CSR Committee**

The functions of CSR Committee will, inter-alia, 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 in areas or subject, specified in Schedule VII of the Companies Act, 2013;
- b. Recommend the amount of CSR expenditure to be incurred on the activities referred to in clause (i) above;
- c. Monitor the Corporate Social Responsibility Policy of the Company from time to time including monitoring the progress of projects or programs against which CSR expenditure is contributed;
- d. Ensure that the activities as are included in Corporate Social Responsibility Policy of the Company are undertaken by the Company;
- e. Give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.
- f. Formulating and recommending to the Board an annual action plan in pursuance of the CSR Policy.

## **2.4 Ancillary Activities of the CSR Committee**

- a) To publicise the CSR Policy and initiatives org-wide, especially through mailers, screensaver and Policy documentation and ensure to upload on company website.
- b) To plan and carry out workshops to increase employee awareness on various projects and initiatives.
- c) Such other activities as directed by the Board of Directors of the Company and/or as deemed appropriate and expedient by the Committee for the furtherance of CSR objectives of the Company, in pursuance with the Regulations.

## **2.5 Transparent Monitoring Mechanism**

The CSR Committee shall prepare a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/activities proposed to be undertaken by the Company.

The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee/external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.

## **2.6 Responsibilities of the Board**

The responsibilities of the Board include:

- a) After taking into account the recommendations made by the CSR Committee, approve the CSR Policy for Sub-K.
- b) Ensure that the CSR activities included in this CSR Policy are undertaken by Sub-K.
- c) Ensure that in each financial year, Sub-K spends at least two percent of the average net profits made during the three immediate preceding financial years, calculated in accordance with Section 198 of the Act, in pursuance of its CSR policy. Further, while spending the amount earmarked for CSR activities, preference should be given to local areas and areas around the Company where it operates.
- d) Ensure that the Board Report includes an Annual Report on CSR containing particulars specified in Annexure to the CSR Rules as per the prescribed format.
- e) Ensure that CSR activities are undertaken through entities registered with Central Government and have a unique registration number by filing Form CSR-1 with effect from 1st April 2021.
- f) Alter the annual action plan on CSR at any time during the financial year as per the recommendation of the CSR Committee and based on reasonable justification.
- g) Ensure that the administrative overheads does not exceed 5% of total CSR expenditure for the financial year.

h) Ensure that the Board shall satisfy that the disbursed funds have been utilized for the purposes and in the manner as approved by the Board of Directors and the Chief Financial Officer or the person responsible for the financial management, shall certify such utilization.

i) Monitor the implementation in case of an ongoing project with reference to the approved timelines and year-wise allocation. The Board shall make suitable modifications for smooth implementation of the project within the permissible time period.

### **3. Procedure**

#### **3.1 Funding**

a) For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% or more of the average net profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

b) 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 in pursuance of CSR policy and annual 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.

c) In case \_the Company spends an amount in excess of at least 2% of the average net profits of the Company made during the three immediately preceding, such excess amount may be set off against the requirement to spend up to immediate succeeding three financial years.

d) Tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes (CBDT).

#### **3.2 Planning and implementation**

a) The Company would focus on education and literacy enhancement activities for the expending their CSR Expenditure besides other activities permitted under the Regulations.

b) A list of CSR projects/ programmes which the Company plans to undertake during the implementation year will be laid down before the Committee at the beginning of each year, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.

c) If the Company decides to set up a Trust or Section 8 Company, or Society or Foundation or any other form of entity operating within India to facilitate implementation of its CSR activities in accordance with its stated CSR Policy, the following shall apply:

(i) The Company would need to specify the projects/programs to be undertaken by such an organization, for utilizing funds provided by it;

(ii) The Company shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only;

d) Such spends may be included as part of its prescribed CSR spend only if such organizations have an established track record of at least three years in carrying on activities in related areas.

e) Company may collaborate or pool resources with other Companies to undertake CSR activities within India. Only activities which are not for the benefit of employees of the Company or their family members shall be considered as CSR activity

### **3.3 Partners**

It shall be ensured that the CSR activities are undertaken by the Company itself or through;

i. a Company established under section 8 of the Act or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other Company; or

ii. a Company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or

iii. any entity established under an Act of Parliament or a State legislature; or

iv. a Company established under section 8 of the Act or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities. (hereafter referred to as 'CSR Partner(s)')

It is also to be ensured that the CSR Partner(s) are having valid registration with the Central Government for acting as a CSR Partner.

### **3.4 Projects**

CSR Committee in consultation of the Board of Directors of the Company will identify suitable projects for implementation in line with the objectives of the Company and requirements laid down under the Regulations. These projects would be executed either directly by the Company and/or through CSR Partner(s)

Salaries paid by the Company to regular CSR staff as well as to volunteers of the Company (in proportion to Company's time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure.

The administrative overheads does not exceed 5% of total CSR expenditure for the financial year.

### **3.5 Review and Reporting**

The CSR Committee will review the philanthropic activities of the Company and will provide progress update to the Board of Directors every six months/such other intervals as deemed fit.



The Company will report, in the format as per requirement of the Act and the details of CSR initiatives and activities of the Company in the Directors' Report and on the website of the Company, as required under the regulation. Such reporting will be done, pertaining to financial year(s) commencing on or after the 1st day of April 2014.

#### **a. Annual Report on CSR**

Annual Report on CSR containing particulars specified in Annexure to the Rules as per the prescribed format shall form part of the Board's Report.

#### **b. Disclosure**

Sub-K shall mandatorily disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on its website for public access. The disclosure of contents of Corporate Social Responsibility Policy in the Board's report and on the company's website, shall be as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014.

### **4. Impact Assessment**

i. In case Sub-K has an average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Companies Act, 2013, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

ii. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

iii. In case Sub-K undertakes an impact assessment, then it may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed Two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

### **5. Transfer of Unspent CSR Amount**

Any amount remaining unspent pursuant to any ongoing project, undertaken by the Company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of 30 days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

If the company fails to spend such amount, the Board shall, in its report shall specify 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, within a period of six months of the expiry of the financial year.

## **6. Monitoring**

(i) Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution by CSR Partner(s) and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.

(ii) Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.

(iii) The CSR Committee and persons / entities authorised by it, will conduct due diligence checks on the current projects/partners on a quarterly basis and report anomalies, if any, immediately.

(iv) Based on analysis of current projects, carry out roadmap planning for allocation of budget and selection of projects. The same will be done atleast once in a financial year.

## **7. Annual Action Plan**

The Annual action plan will be formulated by the CSR Committee and the same will be recommended to the Board. The annual action plan in pursuance of its CSR policy, shall include the following, namely:-

a. the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

b. the manner of execution of such projects or programs as specified in sub-rule (1) of rule 4 of the Rules;

c. the modalities of utilization of funds and implementation schedules for the projects or programs;

d. monitoring and reporting mechanism for the projects or programs; and

e. details of need and impact assessment, if any, for the projects undertaken by the Company:

The Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

## **8. Amendments to the Policy**

The Board of Directors on its own and/or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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