

PMEA SOLAR SYSTEMS PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Introduction

The concept of Corporate Social Responsibility (CSR) has been developing since early 1970's in India. Philanthropy and CSR is not a novel concept for Indian Companies. Even before the introduction of any statutory guidelines, some of the Companies were discharging their Corporate Social Responsibilities by engaging themselves in socio economic and other philanthropic activities like promoting education, contributing to the social benefits in the situations of natural calamities and health of the common people by organizing health camps. With the enactment of the Companies Act 2013, the mandate for corporate service responsibility has been formally introduced to Indian Companies. The CSR mandate is an attempt to supplement the government efforts of equitably delivering the benefits of the growth and to engage the corporate world with the Country's development agenda.

Though there is no specific commonly applicable definition of CSR, it is the "continuous commitment by the business to behave ethically and contribute to economic development while improving the quality of life of work force and their families as well as local community and society". It is the responsibility of the corporate entity towards the society in consideration of the support given and sacrifice made by the society. CSR is the concept where by organizations serve the interest of the society by taking the responsibility for the impact of their activities on customers, employees, shareholders, communities, environment in all aspects of their operation.

The CSR policy of **PMEA Solar Systems Private Limited ('Company')** is broadly based on the principles of National voluntary guidelines on social, environmental and economic responsibilities of business released by the Ministry of Corporate Affairs, SEBI guidelines on Business Responsibility Reporting, the Companies Act, 2013.

This Policy has been prepared in consonance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 (**Rules**) as amended. The CSR Policy shall apply to all CSR activities undertaken by the Company as per the provisions of the Companies Act, 2013.

The Board of Directors of the Company ("the Board"), at its meeting held on July 29, 2024 has approved the CSR Policy of the Company ("the Policy") and shall become effective from the date of its adoption by the Board.

2. Objectives of the CSR Policy.

The objective of this Policy is to articulate Company's philosophy of social responsibility, to define the area chosen by the Company to impact the Society with its efforts towards corporate social responsibility and to define the governance & monitoring framework for ensuring effectiveness of the Policy.

The Company aims to promote development in rural areas, promote education, eradicate hunger and poverty, promote gender equality and empowering women, promote health care and sanitization, ensure environmental sustainability, employment enhancing vocational skills, and protect natural heritage and culture and such other matters of common good as permitted under the Companies Act, 2013.

Contribution to the prime minister's national relief fund or any other fund set up by central government for social economic development, relief and rehabilitation of persons effected by natural calamities, funds for the welfare of schedule caste and tribes and other backward classes, minority and women.

Any other activity as permitted under the Companies Act, 2013.

3. Applicability of Corporate Social Responsibility (CSR) rules:

As per Section 135 of the Companies Act, 2013, every company having net worth of INR 500 crore or more, or turnover of INR 1,000 crore or more or a net profit of INR 5 crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee.

4. Definitions

- a) "Board of Directors" or "Board" means the Board of Directors of PMEASolar Systems Private Limited as constituted from time to time.
- b) "Company" PMEASolar Systems Private Limited.
- c) "Companies Act" means the Companies Act, 2013 and the rules made thereunder, as amended.
- d) "CSR Committee" means Corporate Social Responsibility Committee constituted by the Board of Directors of the Company, from time to time.
- e) "Independent Director" shall bear the meaning as ascribed to it in the Companies Act, 2013.
- f) "CSR Policy" this CSR Policy of the Company, as amended from time to time.

5. The responsibility of the Company and Board:

- i. Approving the CSR Policy, annual action plan, CSR activities and projects and the CSR expenditure after taking into consideration, the recommendations made by the CSR Committee, if required or any modification there under and disclose contents of such Policy in its report and also place it on the company's website.
- ii. The Board may alter annual action plan at any time during the financial year, as per the recommendation of CSR Committee, if any, based on reasonable justification to that effect.

- iii. Ensure the CSR spending for every financial year of at least 2% of average net profits made during immediately preceding 3 financial years, in pursuance with this CSR Policy. If the Company fails to spend the aforesaid amount, then the Board's Report prepared under section 134 of the Companies Act, 2013 shall specify the reasons for not spending the amount and transfer the same as specified under this Policy and CSR Legal Framework.
- iv. Ensure that CSR Activities included in the CSR Policy are undertaken by the Company and such activities are related to the activities specified in the Companies Act, 2013.
- v. Ensure that the CSR Activities are undertaken either by the Company itself or through agency, as permitted under the CSR Legal Framework.
- vi. In case of ongoing projects, monitoring the implementation of the project in line with the approved timelines and year – wise allocations and shall be further authorized to make modifications thereto if required subject to the same being within the overall permissible time period.
- vii. Ensure the administrative overheads shall not exceed the limits specified under the Companies Act, 2013.
- viii. Ensure, subject to the CSR Legal Framework, 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 be transferred to the Unspent CSR Account of the Company and spent in pursuance of this CSR Policy and Annual Action Plan of the Company or transfer such surplus amount to the Fund specified in Schedule VII of the Companies Act, 2013 within the stipulated period of time.
- ix. Ensure that surplus or unspent amount earmarked for CSR in any financial year is given effect as required under the Companies Act, 2013.
- x. Approve the set off of the excess amount of CSR spent in a financial year, against CSR spent of up to immediate next 3 financial years;
- xi. Ensure that Directors' Report includes:
 - Contents of the CSR Policy and Composition of the CSR committee, if any;
 - An annual report on the CSR in the prescribed format;
 - Reasons for failure (if any) to spend required amount on CSR Activities

6. CSR committee of the Board:

In case if required, the Board shall constitute the CSR Committee in compliance with Section 135 of the Companies Act, 2013. The CSR Committee shall act as per the applicable provisions of the law and within the terms of reference, if any, prescribed by Board from time to time. The CSR Committee shall inter-alia:

- i. Formulate and recommend to the Board, the CSR Policy (including any amendment) identify specific CSR activities/ projects areas to be undertaken by the Company within the framework of Companies Act;
- ii. Recommend to the Board for its consideration and approval CSR activities and projects to be undertaken and amount of expenditure to be incurred thereunder,

- iii. Formulate and recommend to the Board, an annual action plan pursuant to this CSR Policy, which shall include such details as may be prescribed under the Companies Act from time to time.
- iv. Monitor the CSR Policy and execution of CSR activities from time to time and recommend changes to the Board, if necessary,
- v. Prepare an annual report of the CSR activities undertaken for each financial year and submit such report to the Board,
- vi. Any other matter as the CSR Committee may deem appropriate after approval of the Board or as may be directed by the Board, or as may be specified under the Companies Act, 2013.

7. The CSR Activities and Strategies

The Company will spend its targeted amount, as recommended by Board or CSR Committee, if any and approved by the Board in compliance with the Companies Act, 2013 in any of the activities set out in **Annexure I** of this CSR Policy. While taking up any CSR activities and for spending the amount year marked for CSR activities, preference shall be given to local areas and areas in and around where the branches operate.

The strategy for implementation of the CSR activities will be reviewed from time to time. Subject to the provisions of the Companies Act, 2013, the Board may decide to undertake the CSR activities approved by the Board or CSR Committee, if any, through any of the following entities:

- A company under Section 8 of the Companies Act, 2013 or registered public trust or registered society established by the Company exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company.
- A Company established under Section 8 of the Companies Act, 2013, or registered trust or registered society, established by the Central or State Government.
- Any entity established under an Act of Parliament or State Legislature.
- A Company under Section 8 of the Companies Act, 2013 or a registered public trust or registered society exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Provided that the aforesaid agencies shall be considered eligible if they are in compliance with the provisions of the Companies Act, 2013.

Subject to the provisions of the Companies Act, 2013, the Company may also collaborate with other companies to undertake CSR Activities in such a manner as prescribed under the Companies Act, 2013.

8. The CSR expenditure

- a. There is no maximum ceiling for CSR expenditure by the Company. However, in every financial year, the Company shall spend a minimum of 2% of its average net profits of the immediately preceding three (3) financial years, as computed in accordance with the provisions of the Companies Act, 2013.
- b. The expenditure for various projects, programs and activities are to be decided at the initial stage by the Company and such projects, programs and activities are to be approved by the Board or CSR Committee, if any. Once these projects, programs are approved by the Board or CSR Committee, if any, expenses for such activities may be permitted by the Company. A separate Bank account shall be maintained for monitoring the expenses for CSR activities.
- c. The expenditure incurred for CSR activities by the Company are subject to audit by the Internal Auditors of the Company. Such audit shall be carried out at half yearly or such other intervals as may be advised by the Board or CSR Committee, if any.
- d. At the end of each financial year, the Company shall prepare an annual report on CSR in prescribed format.

9. Monitoring

- The board of the Company shall ensure that the CSR activities as included in this CSR policy are undertaken by the Company.
- The CSR Committee shall monitor the CSR policy from time to time.
- The Company shall regularly monitor the annual action plan, CSR activities and the CSR projects.
- The CSR Projects taken up through Implementing Agency shall be monitored & evaluated at regular intervals

10. Display of CSR activities in the website.

The contents of this CSR Policy shall be displayed on the website of the Company along with the annual report on CSR.

11. General:

In case of any ambiguity or clarification with regard to any provision of this CSR Policy and also in respect of any matters not covered herein, a reference to be made to the Board or CSR Committee, if any. In all matters, the interpretation and decision of the Board shall be final.

Any or all provisions of this CSR Policy will be subject to revision / amendment in accordance with the amendments in the Companies Act, 2013 or Companies (Corporate Social Responsibility Policy) Rules, 2014 and any guidelines on the subject as may be issued from Government from time to time. The Board reserves the right to amend, modify, cancel, add, or alter any provisions of this CSR Policy.

In case of any conflict between the provisions of this CSR Policy and the provisions of the Companies Act, 2013, the provisions of the Companies Act, 2013 shall supersede. Notwithstanding the absence of any provisions of the Companies Act, 2013 in this CSR Policy, the Company shall comply with such provisions as if they are part of this CSR Policy.

Annexure I

Activities which the Company may undertake:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
3. 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.
4. 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.
5. 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;
6. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
7. Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
8. 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 govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
9. 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;
10. 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).
11. Rural development projects
12. Slum area development i.e., 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.
13. Disaster management, including relief, rehabilitation and reconstruction activities.