

Dynaspede Integrated System Private Limited
Corporate Social Responsibility Policy

Introduction:

United Nations defines Corporate Social Responsibility as,

“Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.”

Social responsibility refers to voluntary efforts on the part of the business to contribute to social well-being. The moral idea behind this is that businesses use resources of the society so they must give something back to society. The purpose of any business is not only to make a profit but also to be responsible for its actions and decisions and such responsibility is nothing but “Social Responsibility” which is the duty of businesses houses toward society. “Businesses cannot be successful when the society around them fails.”

“Social responsibility requires Corporate managers to consider whether their actions are likely to promote the public good, to advance the basic belief of society, to contribute to its stability strength and harmony.” --- Peter F Druker

“If you are in the luckiest of 1% of humanity, you owe it to the rest of humanity to think about the other 99%,” ----- Warren Buffett.

Dynaspede Integrated System Private Limited (Dynaspede) swear the relevance and importance of corporate social responsibility (CSR) which is highly significant today in this capitalist economy, to ensure the sustainability of life and business in the future. Dynaspede considers society also an important stakeholder to the company along with the shareholders, customers, suppliers, employees and financial institutions.

Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 have brought out guidelines for Corporate Social Responsibility for due compliance by a certain class of Companies.

Accordingly, in the year 2022-23, Dynaspede Integrated System Private Limited is also coming under the purview of Section 135, which states that the company must form a CSR Committee, frame CSR policy for spending 2.0% of the average profit Per Annum on the CSR Activities, geographical areas wherein the activities are proposed to be carried out, allocation of funds for various activities, procedures for obtaining the sanctions, monitoring mechanism for such expenditures from the Board etc

Purpose

The Corporate Social Responsibility Policy (“CSR Policy”) of Dynaspede Integrated System Private Limited has been formulated by the CSR Committee and approved by the Board of Directors at its meeting held on 11-06-2022.

This policy aims to contribute toward the sustainable development of the society and environment to make the planet a better place for future generations. The philosophy of CSR is imbibed in our business activities and social initiatives are taken in the area of Sanitization (e.g. health, sanitation, drinking water and infrastructure etc.). The CSR activities that are more fully listed in this CSR Policy will be carried out by the company either individually or in association with the implementing agencies registered with the Ministry of Corporate Affairs.

The CSR Policy is formulated in accordance with the provisions of section 135 of the Companies Act, 2013 and rules made under the applicable laws to the company.

Effective Date:

This policy shall be effective from the beginning of the financial year 2022-23.

Definitions:

Words and expressions used herein and not defined in this policy shall have the meanings respectively assigned to them in the Companies Act, 2013 and Rules made there under.

Functions of CSR Committee:

The CSR Committee was constituted by the Board of Directors on 11th June 2022 and in a nutshell, the CSR committee is empowered to do the following functions and suggest to the board to make appropriate decisions in implementing CSR projects or programs within the time frame.

1. To formulate and recommend a CSR Policy indicating the CSR Project activities to be undertaken by the company in areas specified in Schedule VII to the Act.
2. To select and recommend the projects to be undertaken by the Company.
3. To formulate and recommend an annual action plan and implementation Schedules in pursuance of CSR Policy covering the list of approved CSR projects or programs.
4. Suggest the modalities of utilization of funds for the projects or Programme.
5. Monitoring and reporting mechanism for the projects or programs and
6. If required conduct an impact assessment study for the projects undertaken by the company.
7. Recommend changes to the Board, if any, needed in the annual action plan.

Project Identification:

- a) The CSR Committee may identify the CSR activities through market studies conducted or based on proposals or requests received from voluntary organizations, Non-Government Organizations, Government bodies etc.

- b) Each CSR activity identified will be treated as a project and each project shall have a time frame defined for execution and completion. CSR project(s) may either be completed in one financial year or within three years as an Ongoing Project.

“Ongoing Project” shall mean a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced and shall include such a project that was either initially approved or not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

- c) Each identified project along with a budget will be presented to the Board by the CSR committee for their approval.
- d) In certain cases, where requirements arise out of unexpected occurrences like natural calamities, etc., the Chairman of the Company is authorized to approve the proposals. The same may be ratified in the ensuing CSR committee meeting.

Implementation of CSR activities

The Company may undertake the CSR activities directly by itself or by contributing to the following Implementing Agencies as may be recommended by the CSR Committee and approved by the Board:

- (a) 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, established by the company, either singly or along with any other company, or
- (b) 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

- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) 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 has an established track record of at least three years in undertaking similar activities.

Where contributions of CSR activities are made or carried through the aforesaid approved Entity, the company shall obtain a Fund Utilization Certificate from them duly certified by the practicing professionals and submitted to the CSR Committee.

Monitoring

To ensure the effective implementation of the CSR programs undertaken, a monitoring mechanism is put in place.

- Progress of the CSR activities under implementation is reported to the CSR committee on a regular basis
- The CSR committee may also try to obtain feedback from the beneficiaries of each program and present it to the board.
- Appropriate documentation of the CSR Policy, annual CSR activities, CSR budget, details of the executing partners, and the expenditure incurred will be reviewed on a regular basis.
- Chief Financial Officer shall certify that the funds so disbursed have been utilized for the purposes and in the manner as approved by the CSR Committee / Board.

Geographical area:

The board on the recommendation of the committee will finalise the CSR project which shall be implemented preferably in the areas where the factory or establishment of the company is situated. However, the company may undertake CSR activities anywhere in India if recommended and approved by the board.

Impact assessment:

The company, on the applicability as per section 135 of the Companies Act, shall undertake an impact assessment, through an independent agency, on the applicable CSR Projects.

CSR Activities as permitted in the act as per schedule VII of the Act:

- (i) Eradicating hunger, poverty, and malnutrition, promoting health care including 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;
- (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, daycare centers, and 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 the 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 (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- (vii) Training to promote rural sports, nationally recognized sports, para-Olympic sports, and Olympic sports;

- (viii) Contribution to the Prime Minister's National Relief Fund or Prime Minister's Central 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 the 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 Organization (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;
- (xii) Disaster management, including relief, rehabilitation and reconstruction activity(ies) and
- (xiii) Any other activity as may be specified in Schedule VII of the Act from time to time.

CSR Budget:

The Board of Directors of the company on the recommendations of the CSR committee will allocate an amount which is not less than 2 % of the average net

profits of the immediately preceding 3 financial years as the budget for every eligible financial year.

Method of CSR Spending:

Where contributions are made to an implementing agency, the company shall ensure that the implementing agency has a valid “CSR Registration Number” and also shall obtain a Fund.

The company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective companies are able to report separately on such projects or programs.

Utilization Certificate duly certified by an independent Chartered Accountant and submitted to the CSR Committee.

For ongoing projects, extending beyond the financial year, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation.

CSR Budget Expenditure:

a) Administrative Overheads:

Administrative overheads shall not exceed five percent of the total CSR expenditure of the company for the financial year.

b) Unspent CSR Amount:

a. Not Relating to Ongoing Project:

Transfer such CSR surplus amount to a Fund specified in Schedule VII, of the Companies Act, within a period of 6 (six) months of the expiry of the financial

year or such other period prescribed under the Companies Act/Rule thereof.

b. Relating to Ongoing Project:

- i. Any amount that is remaining unspent pursuant to any ongoing project, undertaken by a company in pursuance of this Policy, shall be transferred by the company within a period of thirty 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
 - ii. Such amount shall be spent by the company in pursuance of its obligation under this Policy within a period of three financial years from the date of such transfer,
 - iii. 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.
- c) **CSR Surplus Amount:** Excess amount remaining surplus after completion of the CSR project.
- a. Such surplus arising out of the CSR activities shall not form part of the business profit of a company and
 - b. Shall be ploughed back into the same project Or
 - c. Shall be transferred to the unspent CSR Account and spent in pursuance of this policy and annual action plan of the company Or
 - d. 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) CSR Expenditure deficit:

CSR amount spend by the Company in excess of the statutory requirement may be

set off against the requirements to be spent in the immediate succeeding three financial years subject to the following conditions:

- 1) The excess amount available for set-off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (c) stated above.
- 2) The Board of the company shall pass a resolution to that effect.

e) Capital asset:

Where a company spent any CSR amount for the creation or acquisition of a capital asset, such asset shall be held only by –

- a. a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
- b. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c. a public authority:

CSR Reporting:

The Company shall submit to the CSR Committee the details of projects/ Programmes/ activities undertaken periodically at reasonable intervals. The CSR committee shall forward a report on the CSR activities of the Company to the Board of Directors once a year. The Board shall provide a report in the prescribed format on CSR activities of the Company in its Report to shareholders every year.

The company shall also post on the Company's website the contents of the CSR policy, the Composition of the CSR Committee, Projects approved by the Board and the report of the Board of Directors of the Company on the CSR activities in the prescribed format.

CSR Policy Review and Modification:

The Managing Director of the Company is authorized to make minor modifications to this Policy which will remove ambiguities, enhance clarity on the provisions in relation to the implementation of this policy, etc.

In case of any major changes to the Policy, the Board of Directors shall amend this policy, as may be required to be in line with the changes, amendments and modifications if any in the Companies Act, 2013 and the Rules made thereunder, on the recommendation of the CSR Committee.

Further, in case of any amendment, clarification, circular, notification etc., issued by a competent authority, which is not consistent with the provisions laid down under this Policy, the provisions of such amendment, clarification, circular, notification, etc., shall prevail and this policy shall stand amended accordingly, without any further action, on and from the date on which such amendment, clarification, circular, the notification comes in to effect.

Further, the Board also reserves the right to amend the Policy on the recommendation of the CSR Committee as it may deem necessary.