

ORGANIC RECYCLING SYSTEMS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. **CONTEXT:**

This Corporate Social Responsibility Policy (hereinafter referred to as “**CSR Policy**”) is framed by ORGANIC RECYCLING SYSTEMS LIMITED (“the Company”) in terms of the provisions of Section 135 of the Companies Act, 2013 (hereinafter referred to as “the Act”) read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time (hereinafter referred to as “the CSR Rules”).

This Policy encompasses our philosophy towards CSR and lays down guidelines and mechanisms for undertaking socially beneficial programmes for welfare and sustainable development of the society at large.

2. **APPLICABILITY:**

The Company is governed by the provisions of this CSR Policy at all such time during which the Company fulfills the criteria as specified in sub-section (1) of Section 135 of the Act and sub-rule (2) of Rule 3 of CSR Rules.

This policy shall apply to all CSR initiatives and activities to be undertaken by the Company.

3. **OBJECTIVES OF THE POLICY:**

The objectives of the CSR Policy are to:

- a) Uplift the communities around its areas of operation, thereby creating a positive impact in the community;
- b) Identify interventions to ensure sustainable social development after considering the immediate and long-term socio-environmental consequences; and
- c) Generate community goodwill for the Company through its CSR initiatives and help reinforce a positive image of the Company as a socially responsible corporate entity.

4. **DEFINITIONS:**

In this Policy unless the context otherwise requires:

- (a) “**Act**” means the Companies Act, 2013;
- (b) “**Administrative overheads**” means the expenses incurred by the Company for ‘general management and administration’ of Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

- (c) **“Board of Directors” or “Board”** means the collective body of the directors of the company;
- (d) **“Corporate Social Responsibility(CSR)”** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in Section 135 of the Act in accordance with the provisions contained in CSR rules, but shall not include the following, namely:-
- i. activities undertaken in pursuance of normal course of business of the company;
 - ii. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
 - iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
 - v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
 - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- (e) **“CSR Committee or the Committee”** means the Corporate Social Responsibility Committee of the Company set up in pursuance of Section 135 of the Act;
- (f) **“Fund” or “CSR Fund”** means the until a funds are specifically specified under Schedule VII for the purposes of sub-section (5) and (6) of Section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the Company to any fund included in Schedule VII of the Act;
- (g) **“Net Profit”** means the net profit of a Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:
- i. any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
 - ii. any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act;

- (h) **“International Organisation”** means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act;
- (i) **“Ongoing Project”** means a multi-year project undertaken by the 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 project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;
- (j) **“Permissible CSR Activities”** means such activities as specified in Schedule VII of the Act, as amended from time to time;
- (k) **“Public Authority”** means ‘Public Authority’ as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);
- (l) **“Rules”** means the Companies (Corporate Social Responsibility Policy) Rules

words and expressions used in this CSR Policy and not defined hereinabove but defined in the Act shall have the meaning respectively assigned to them in the Act.

5. **CONCEPT OF CSR:**

The Corporate Social Responsibility (CSR) is a medium to return to the Society a part of the resources acquired from them and to create a sense of responsibility. The CSR is a process with the aim to embrace responsibility for the actions of the Company and encourage a positive impact through activities on the environment, society and in general all other members of the public.

Our Company believes growth of the business can be sustained through profit from the business, growth of the people around the business and distribution of the profit to its stakeholders and through the CSR activities some part of the growth can be distributed to its unseen stakeholders.

Vision Statement

Endeavour to serve the society and improve quality of life for all our communities through integrated and sustainable development in every possible way.

Mission Statement

Strive to improve the quality of life of the members of the society.

6. CSR COMMITTEE:

The Company, if required, shall constitute CSR Committee consist of minimum 3 (three) Directors including at least one Independent Director.

Where the amount to be spent by a Company under sub-section (5) of section 135 does not exceed fifty lakhs rupees or any other limit as may be prescribed from time to time, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such committee provided under section 135 shall, in such cases, shall be discharged by the Board of Directors of the Company. In our case the amount to be spent by a Company under sub-section (5) of section 135 does not exceed fifty lakhs rupees, hence Constitution of CSR Committee is not mandatory and function of CSR Committee as prescribed under Section 135 shall be discharged by the Board of Directors of the Company.

7. DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS:

The Board of Directors of the Company shall:

- a.** approve the CSR Policy which shall indicate the activities to be undertaken by the company in areas or subjects, specified in Schedule VII of the Companies Act, 2013 and disclose the contents of such policy in its Board Report and also place it on the Company's website.
- b.** ensure that the activities as are included in CSR Policy of the Company and such activities are undertaken by the Company in the manner prescribed in CSR rules.
- c.** Formulate an annual action plan in pursuance of CSR policy and incurred CSR expenditure in accordance with CSR annual action plan.
- d.** ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its CSR Policy.

Provided that if the company fails to spend aforesaid amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, 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.

- e. satisfy itself that the amounts disbursed in respect of fulfillment of CSR obligation have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- f. monitor the implementation of the ongoing project, if any, with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- g. ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- h. include in its Report the annual report on CSR in the format as prescribed in CSR rules.
- i. monitor the CSR Policy of the company from time to time.

Any official of the Company can be nominated by Board to act as Nodal Officer for CSR activities and all connected matters relating to CSR compliances. Project proposal for any CSR activity shall be examined by the Nodal Officer (as designated from time to time) and the proposal shall be submitted for recommendations to the Board.

All cases considered by Nodal Officer shall be placed before Board for consideration and approval. Board shall instruct and supervise that the Nodal Officer is implementing the CSR in compliance with the applicable provisions of the law.

8. ACTIVITIES TO BE UNDERTAKEN:

8.1 ACTIVITIES:

This policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiative that measurably improve the lives of the underprivileged by ensuring the social wellbeing of the communities in the vicinity of its business operations by one or more of the specified areas as notified or to be notified under Schedule VII of the Companies Act, from time to time.

8.2 ANNUAL ACTION PLAN:

The Board shall formulate an annual action plan in pursuance of CSR policy, which shall include the following, namely:-

- a) the list of CSR projects or programmes 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 programmes as specified in sub-rule (1) of rule 4 of the CSR rules;
- c) the modalities of utilisation of csr obligation and implementation schedules for the projects or programmes;
- d) monitoring and reporting mechanism for the projects or programmes; and
- e) details of need and impact assessment, if any, for the projects undertaken by the Company:

Provided that the Board may approve and/or alter the annual action plan, at any time, during the financial year, based on the reasonable justification to that effect.

8.3 SELECTION/IDENTIFICATION OF CSR PROJECTS:

- a. CSR Projects need to be identified and planned for approval of the Board, with estimated expenditure and phase wise implementation schedules.
- b. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR objects in other areas.
- c. As a cardinal principle, the CSR Projects shall be identified on the basis of a detailed assessment survey and ensure that such CSR project must fulfill the criteria as prescribed in Section 135 and rules made there under. Every year, the CSR Budget, along with its implementation schedule shall be presented to the Board for its approval.
- d. The Board members and/or Nodal Officer are authorized severally to decide the Projects to be implemented as approved by the Board.

- e. The Board may engage external professionals /firms /agencies, if required, for the purpose of selection of CSR Projects.

8.4 CSR OBLIGATION & EXPENDITURE:

- a) The CSR obligation towards CSR initiatives shall be at least two percent of the average net profits of the Company made during the three immediately preceding financial years calculated in accordance with the provisions of Section 198 of the Act towards CSR initiatives.
- b) Any surplus arising out of the CSR projects or programs 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 this CSR policy and annual action plan of the company or transfer such surplus amount to a funds specified in Schedule VII, within a period of six months of the expiry of the financial year.
- c) Where the Company **spends an amount in excess of requirement** provided under Section 135(5), such excess amount may be set off against the requirement to spend under Section 135(5) up to immediately succeeding three financial years subject to the conditions that:
 - i. 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 (2) of the CSR rules.
 - ii. the Board of the company shall pass a resolution to that effect.
- d) The administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- e) The Company undertaking impact assessment, if any, may book the expenditure towards CSR for that financial year, up to the such limit as may be prescribed under the CSR rules.
- f) The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by –
 1. a company established under section 8 of the Act, or a registered public trust or a registered society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4 of CSR rules; or
 2. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 3. a public authority.

- g) **Unspent amount**, if any, for the financial year, unless it is earmarked for an Ongoing Project referred to in section 135(5), shall be transferred to funds specified in Schedule VII of the Act, within a period of 6 months from the end of the financial year.
- h) Unspent amount, if any, for the financial year, pertaining to an Ongoing Project fulfilling conditions as prescribed in CSR rules and undertaken in pursuance of CSR policy, shall be transferred to a special bank account i.e. Unspent Corporate Social Responsibility Account of the Company within a period of 30 days from the end of financial year and such unspent amount shall be spent by the Company in pursuance of its obligation towards CSR policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a funds specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

8.5 IMPLEMENTATION OF CSR PROJECTS:

- a) The CSR will be undertaken as per the programs and/or projects to be undertaken from the activities prescribed under schedule VII and identified by the Nodal Officer/Board from time to time.
- b) The Board shall ensure 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, 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; 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, 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.

Explanation.- For the purpose of clause (iii), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

Provided that entity covered under point (b) above intends to undertake any CSR activity must have CSR Registration certificate/unique CSR Registration Number as provided by the concerned Registrar of the Companies.

Provided further that criteria of having mandatory CSR Registration Number shall not affect the CSR projects or programmes approved prior to the 1st day of April 2021.

- c) The company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of their own personnel for CSR
- d) The company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees/Board of respective companies are in a position to report separately on such projects or programmes.

8.6 MONITORING AND IMPACT ASSESSMENT:

A. MONITORING:

Monitoring and Evaluation Mechanisms include the following, one or more of which shall be implemented based on the size, quantum and tenure of the CSR programmes:

- i. To ensure effective implementation of the CSR programmes undertaken at each work center, a monitoring mechanism will be put in place by the work center head. The progress of CSR programmes under implementation at work center will be reported to corporate office on a regular basis
- ii. Feedback would also be obtained and documented from the beneficiaries and influential local leaders by the respective work centers about the programmes, as and when required.

- iii. Field visits may be conducted by the respective CSR teams/Nodal Officer to ensure the progress of the programmes at their work centers. The visits may be informed and surprised also.
- iv. Partners would be required to report narrative as well as financial updates on a quarterly/annual basis in the format mutually decided.
- v. The Finance and Accounts Team of the Company would conduct audit of the CSR programmes as and when required. The Finance and Accounts would, from time to time, also guide the respective partners and CSR team of Company on necessary compliances.

The Board of Directors of the Company shall also monitor the CSR Programmes / Projects in such manner and on such periodicity as may be required by the Act / the Rules.

B. IMPACT ASSESSMENT:

The Company, as per direction of the Board, may carry the impact assessment for any one of the programs or projects to assess or improve the effectiveness of CSR spend, which will enable the Board for its further disposal CSR Obligation and presentation before the Board.

However, if the Company falls under the threshold limit as prescribed under Rule 8(3) of the CSR rules, then the Company shall undertake impact assessment through an independent agency for their CSR projects having outlays and completion period as prescribed under the CSR rules and such impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

9. 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. Thus, will give preference to conducting CSR activities by Board for identification of projects of such areas and recommend it to the Board for undertaking CSR activities.

10. CSR REPORTING:

- a) Periodical Reports on CSR Activities should be sent by Nodal Officer to Board highlighting the cumulative spending and outcomes of the program specific details.
- b) The Board's Reports shall also include an annual report on CSR containing particulars as specified in the format prescribed in CSR rules.
- c) The Composition of the CSR Committee and CSR Policy and Projects approved by the Board shall be disclosed, if required, on the website of the Company as per CSR Rule.
- d) The Board will ensure that the Statutory requirements as may be prescribed from time to time under the Companies Act, 2013, as amended and the CSR Rules are complied with.

11. GENERAL:

- a. The members of Board/Nodal Officer, the CSR Partners, Employees, External Professionals and other person connected and attached with this CSR Policy must follow norms of confidentiality, if and as applicable.
- b. If it is observed that any CSR Activity taken up for implementation is found not properly implemented, the Board may discontinue funding the project at any time during the course of implementation and use such amounts for any other project.
- c. The Board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this CSR Policy.

12. AMENDMENT:

The Board is empowered to amend the CSR Policy of the Company. The Board may subject to compliance with applicable law, at any time approve, alter and amend the CSR Policy, as it deems fit to comply with the statutory obligation to undertake the CSR Activities.

This policy is approved by the Board of Directors of the Company.