

CORPORATE SOCIAL RESPONSIBILITY POLICY



SOLARWORLD ENERGY SOLUTIONS LIMITED

(formerly known as Solarworld Energy Solutions Private Limited)

1. PREAMBLE

Solarworld Energy Solutions Limited is committed to conducting its business in a socially responsible, ethical, and sustainable manner. As a responsible corporate citizen, the Company recognizes its role in fostering inclusive growth and contributing to the socio-economic development of the communities it operates in.

This Corporate Social Responsibility (“CSR”) Policy (“Policy”) is formulated in compliance with the provisions of Section 135 of the Companies Act, 2013 (“Act”), read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”), as amended from time to time.

This Policy outlines the approach, objectives, focus areas, implementation mechanisms, monitoring processes, and reporting obligations to ensure effective CSR initiatives. The Policy shall be reviewed periodically or as required by changes in law, business environment, or stakeholder feedback.

2. DEFINITIONS

i. **“Act”** means the Companies Act, 2013 and rules framed there under, amended from time to time.

ii. **“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;

iii. **“CSR Committee”** means the committee constituted by the Board under Section 135(1) of the Act.

iv. **“CSR Policy”** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

v. **“CSR Rules”** means Companies (Corporate Social Responsibility Policy) Rules, 2014 as notified by Ministry of Corporate Affairs and as amended from time to time.

vi. **“Net profit”** means the net profit of a company as calculated under Section 198 of the Act, excluding certain items as specified in Rule 2(1)(e) of the CSR Rules.

vii. **“Ongoing Project”** means 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 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;

viii. **“Unspent CSR Account”** refers to an account opened as such by the Company with its Bank to transfer the amount remaining unspent at the end of Financial Year which relates to an ongoing project.

3. VISION AND COMMITMENT:

Our vision is to foster holistic empowerment of communities through sustainable initiatives that address critical needs. We are dedicated to the following principles:

- i. Conducting business in a socially responsible and ethical manner.
- ii. Protecting the environment and ensuring the safety of individuals.
- iii. Upholding human rights.
- iv. Engaging with and respecting local communities and cultures

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

- i. Composition:** The Corporate Social Responsibility Committee ('CSR Committee') shall consist of three or more Directors amongst whom at least one shall be an Independent Director.
- ii. Meetings:** The CSR Committee shall hold meeting as and when required, to discuss various issues on implementation of the CSR Policy of the Company.

iii. Role of CSR Committee:

The role and responsibility of the CSR Committee will be as under: -

- a) to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
- b) to recommend the amount of expenditure to be incurred on various CSR activities in a financial year;
- c) to monitor the Corporate Social Responsibility Policy of the company from time to time.
- d) to recommend the Board on the guiding principles for selection, implementation and monitoring of CSR activities.
- e) to formulate and recommend to the Board, an Annual CSR Action Plan in pursuance of its CSR policy.
- f) to recommend the Board to alter the Annual CSR Action Plan at any time during the financial year based on the reasonable justification to that effect.

5. CSR IMPLEMENTATION:

The Board, through the CSR Committee shall ensure that the CSR activities shall be undertaken/ executed/ implemented either by the Company itself and/ 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 80G 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. In the event, the Company implements its Corporate Social Responsibilities activities through any other trust(s), society(ies), company(ies) that is not established by the Company/ its holding company/ subsidiary(ies)/ associate(s), such trust(s), society(ies), company(ies) shall have (a) registration under Section 12A and 80G of the Income-tax Act, 1961; and (b) an established track record of at least three years in undertaking similar activities and the Company will clearly specify the projects or programmes to be undertaken through these entities, the modalities of utilization of funds on such projects and programmes and the monitoring and reporting mechanism along with clear impact creation from such activities over a timeline.

Effective from April 01, 2021 or such other date as may be notified by the Ministry of Corporate Affairs in this regard, the Company will ensure that implementing agency(ies), engaged by the Company are duly registered with the Ministry of Corporate Affairs.

6. CSR ALLOCATION:

The CSR Allocation for a financial year shall include –

- i. at least 2% of the average Net Profits of the Company made during three immediately preceding financial years;
- ii. any income arising there from;
- iii. surplus arising out of Corporate Social Responsibilities activities; and
- iv. any contribution specifically received for Corporate Social Responsibilities activities.

Further, it is clarified that any surplus arising out of Corporate Social Responsibilities activities shall not form part of the business profits.

The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held 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 the Rule; or
- b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c) a public authority.

In case, the Company spends an amount in excess of requirement provided Section 135(5) of the Act, such excess amount may be set-off against the requirement to spend Section 135(5) of the Act up to an immediate succeeding three financial years provided the Board approves the set-off by passing a resolution to that effect. The surplus arising out of the CSR activities shall not be available for set-off.

In case, the Company fails to spend the prescribed CSR amount in any financial year, the Board shall, in its report under Section 134(3)(o), specify the reasons for not spending the amount. Further the Board shall also identify as to unspent amount relates to Ongoing Project or otherwise.

The unspent amount relating to any Project other than Ongoing Project shall be transferred to such Fund as may be specified in Schedule VII to the Act and recommended by the Board, within a period of six months of the expiry of the respective financial year.

The unspent amount relating to any Ongoing Project shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account 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.

Until a fund is specified in Schedule VII, the unspent CSR amount, if any, shall be transferred by the Company to any fund included in Schedule VII to the Act.

7. CSR ACTIVITIES:

- i. The CSR Activities which may be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 will include the following: -
 - a) 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.
 - b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
 - c) 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.
 - 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 art and handicrafts.

- f) 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.
- 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 govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
- i) (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

 (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).
- j) rural development projects.
- k) slum area development.
- l) disaster management, including relief, rehabilitation and reconstruction activities.
- m) Any other CSR Activity including projects/ programmes as may be notified by the Government from time to time.
- ii. The activities mentioned above are to be interpreted liberally so as to capture the essence of the same. These areas are only illustrative and not exhaustive. The initiatives by the Company in the above fields will include contribution to various projects engaged in these areas.
- iii. CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee but does not include any expenditure on an item not in conformity with the CSR Policy.

- iv. Though the Company would give preference to local area and areas around the Company for spending the amount earmarked for CSR, it would also work for the upliftment of the underprivileged at large.
- v. The CSR projects or programs or activities undertaken by the Company as per the Company's CSR Policy in India only shall amount to CSR Expenditure in accordance with the provisions of the Act.

8. CSR ACTION PLAN:

i. Annual Action Plan:

The CSR Committee shall formulate and recommend to the Board an Annual Action Plan. The Board may alter the Annual Action Plan at any time during a financial year, as per the recommendation of the CSR Committee, based on reasonable justification to that effect. Annual Action Plan shall include the following:

- a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII to the Act;
- b) the manner of execution of such projects or programmes as specified in the Rules;
- c) the modalities of utilization of funds 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.

ii. Undertaking CSR activities in Project Mode:

The CSR activities identified by the CSR Committee and approved by the Board shall be implemented in a project mode either directly or through implementing agency(ies), which will entail charting the stages of execution through planned processes, measurable targets, mobilization and allocation of budgets, prescribed timelines and relevant exit strategies. It also involves assigning of responsibility and accountability. Suitable documents/ agreements, if required, shall be entered into with the key stakeholders/ implementing agencies for the purposes of implementation and long-term sustainability of the CSR projects. The conditions of grant of amounts for all CSR activities and the break-up of the allocations shall be set-out and evaluated from time to time.

iii. Engagement of International Organizations:

The Company may engage international organisations for designing, monitoring and evaluation of the CSR activities as per the CSR Policy as well as for capacity building of its own personnel for CSR.

iv. Administrative Overheads:

The Board shall ensure that the Administrative Overheads shall not exceed 5% of total CSR expenditure of the Company for the financial year.

9. MONITORING & EVALUATION FRAMEWORK:

The CSR Committee will ensure a transparent monitoring mechanism for ensuring effective implementation of the CSR activities proposed to be undertaken by the Company.

The CSR Committee will ensure that the CSR activities are undertaken in compliance with this CSR Policy and in a project or programme mode with clearly defined project deliverables, implementation schedules, processes and budgets as given in the Annual Action Plan.

The CSR Committee will monitor the projects and programmes to ensure that they are being carried out in compliance with this CSR Policy and the Act. The CSR Committee shall also apprise to the Board of Directors about the progress of CSR project/ programmes/ activities including expenditure incurred by the implementing agency(ies) till the allocated budget is fully utilized.

In case of the Ongoing Project(s), the Board shall monitor the implementation of the project 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.

The Board shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer shall certify to the effect.

10. ROLE OF THE IMPLEMENTING AGENCIES:

The implementing agencies shall be responsible for:

- i. Determining the modalities of execution including targets and timelines;
- ii. Ensuring that implementation of all CSR activities is being carried on in accordance with the above;
- iii. Implementing the CSR activities and ensuring that such activities are undertaken in compliance with this CSR Policy with clearly defined project deliverables, implementation schedules, processes, budgets and relevant exit strategies;
- iv. Undertaking monitoring and evaluation of the CSR activities, as may be required;
- v. Maintaining documents and accounts pertaining to all CSR activities of the Company;

11. IMPACT ASSESMENT:

In case, the Company has average CSR obligation of Rupees ten crore or more in pursuance of Section 135(5) of the Act, in the three immediately preceding financial years, it shall undertake impact assessment, through an independent agency, of its CSR projects having outlays of Rupees one crore or more, and which have been completed not less than one year before undertaking the impact study.

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

12. DISCLOSURES:

The CSR Committee shall prepare an annual report on CSR, in the format prescribed under the Act and such report shall be included in the Board's report annexed to the financial statements. The report shall be signed by the Chairman of the CSR Committee and Managing Director/ Director of the Company.

The Company shall host the contents of the CSR Policy on its website, if any, in such manner as may be prescribed.

13. REVIEW AND MODIFICATION:

The Board retains the right to amend or modify this policy at any time as deemed necessary. The Board shall periodically review the CSR Policy of the Company.

14. CONFLICT WITH APPLICABLE LAWS

In case of any conflict between the provisions of this Policy and the Companies Act, 2013, SEBI LODR, or any other applicable law, the provisions of the law shall prevail. The Policy shall be deemed to be amended to the extent necessary to ensure compliance with such laws.

This policy has been approved by the Board of Directors of the Company in their meeting held on February 11, 2025