

SATYA MICROCAPITAL LIMITED

Corporate Social Responsibility Policy

Version 2.0

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1. Preamble

The Corporate Social Responsibility Policy of SATYA MicroCapital Ltd. ("the Company") has been framed in accordance with the Section 135 of the Companies Act, 2013 ("the Act") and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time ("CSR Rules"). As per this Act and the Rules, CSR norms are applicable on companies which has (a) net worth of Rs. 500 Crore or more; or (b) turnover of Rs. 1000 Crore or more; or (c) net profit of Rs. 5 Crore or more.

The companies, crossing the prescribed threshold, are required to spend at least 2% of their average net profit for the immediately preceding 3 financial years on CSR activities.

Such expenditure incurred on the CSR activities cannot be taken as an expenditure incurred by the Company being an assessee for the purposes of the business or profession.

2. CSR Approach and Guiding Principles

The Company aims to work towards inclusive and sustainable development of the community in and around its areas of operations and other parts of the country. The objective of the CSR projects / programmes of the Company is to improve the quality of life of people and build lasting social capital through interventions in social initiatives for the benefit of the community.

The guiding principles for selection, implementation and monitoring of CSR activities of the Company shall be as follows:

i) Selection of CSR Projects and Programmes

- a) While CSR projects / programmes of the Company may be carried out in any part of India, the Company shall give preference to the local areas around its operations.
- b) The Company would undertake the CSR activities out of the themes listed in Schedule-VII of the Act as amended from time to time. The themes in the scope of CSR policy must be interpreted liberally so as to capture the essence of the subjects enumerated in Schedule VII of the Act. Any modification(s) in Schedule VII of Companies Act and the rules framed thereunder shall also be deemed to have been incorporated in the scope of CSR policy of the Company from the date of such changes being notified by the Government.
- c) The Company shall not discriminate against the beneficiaries of the CSR projects / programmes, on any grounds which shall include but not limited to caste, creed, gender, race, religion, disability or sexual orientation but it may focus its CSR projects / programmes to benefit the deprived, under-privileged, differently abled persons, economically or socially

weaker or marginalised sections of the society.

- d) The Company may select the CSR projects /programmes on their own and/or based on need assessment, consultation with local bodies / government authorities or any other process as may be deemed appropriate considering the nature of activity including the emergent requirements arising out of climate change, natural calamity / disaster, pandemic, national priorities etc.

ii) Implementation of CSR Projects and Programmes

a) The time period for implementation of a particular project or programme will depend on its nature, extent of coverage and the intended impact thereof.

b) The Company will follow a project / programme wise accountability approach to stress on the long term sustainability of its CSR projects / programmes. The CSR projects / programmes will be classified as under:

I. Ongoing Project - Multi-year CSR project/programme having timelines not exceeding three years excluding the financial year in which it is commenced and shall include CSR project /programme which was initially not approved as multi-year project/ programme but whose duration has been extended beyond one year by the Board of Directors of the Company based on reasonable justification; and

II. Other Projects - CSR projects/programmes which are not Ongoing Projects will be treated as other projects / programmes.

c) CSR projects/ programmes shall be implemented with participation of local community, wherever possible, and in consultation with local administration at village, block and district levels, wherever applicable. In order to make the desired impact on the society at large, the Company may synergize its CSR projects/ programmes with the initiatives undertaken by the Central / State Government, District Administration and Local Administration, multilateral agencies and/or any other agencies as deemed fit by the Company as the case may be.

d) The CSR projects / programmes shall be executed by the Company itself and / or through any other implementing entities which fulfil the criteria and meet the requirements, as prescribed under Rule 4 of CSR Rules.

e) The Company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

f) The Company may also collaborate with other companies to undertake CSR projects, provided the CSR Committees of the respective companies are able to report separately on such projects.

iii) Monitoring of CSR Activities

a) The CSR programmes / projects to be monitored using appropriate monitoring tools that may include field visit(s), third party audit(s) or certification(s), self-assessment report(s), feedback survey(s), impact assessment(s), periodical review(s) and/or any other appropriate mechanism.

b) The Company shall undertake impact assessment of its CSR projects/Programmes as per the provisions of CSR Rules.

c) Corporate Social Responsibility Committee (“CSR Committee”) of the Board of Directors

shall monitor the progress of the CSR projects / programmes.

- d) The Board of Directors of the Company shall be apprised about the progress of CSR projects / programmes. In case of 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.

3. Board's Responsibility

The Board of Directors shall take into account the recommendations made by the CSR Committee and approve the CSR Policy and programmes for the Company.

The Board shall satisfy itself that the CSR funds so disbursed have been utilised 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.

The Company shall implement its CSR activities taking into account the approach and directions given by the Board of Directors considering the recommendation of CSR Committee.

The Board of Directors are required to disclose in their report the composition of the CSR Committee, content of CSR policy and other compliance undertaken by the Company in accordance with the Act and place it on Company's website. If the Company fails to spend the prescribed amount on CSR activities, the Board is also required to specify the reasons for not spending the amount in their report.

4. Constitution of the CSR Committee

The Board of Directors of the Company shall constitute the Corporate Social Responsibility (CSR) Committee. The members in the Committee shall be appointed by the Board of Directors of the Company which shall consist of at least three Board Directors out of which one shall be Independent Director.

The Committee comprises of following Directors:

- a. Mr. C. P. Mohan, Independent Director
- b. Mr. Mukul Jaiswal, Independent Director
- c. Mr. Ratnesh Tiwari, Director
- d. Mr. Taejun Shin , Nominee Director

5. Meetings of the CSR Committee

The CSR Committee meeting shall be held at least once in a financial year or from time to time as and when required. The CSR Committee along with the Social Performance Management (SPM) team of the Company shall decide the CSR programmes and initiatives for each financial year and accordingly recommend the agenda to the Board of Directors.

6. Terms of Reference of the CSR Committee

The following will be the responsibilities of the CSR Committee:

- To Formulate and recommend CSR activities to be undertaken by the Company;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To formulate the CSR Budget based on the CSR activities planned for the year;
- To submit reports to the Board of Directors in respect of the CSR activities undertaken by the Company;
 - To decide on the locations for the CSR activities;
 - In case of ongoing project, a detailed estimate on implementation schedule or milestones should be submitted by the CSR Committee to the Board; and
 - Formulate and recommend CSR Policy and annual action plan, provided that the Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect.

The CSR 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 of the Act;
- (b) the manner of execution of such projects or programmes;
- (c) the modalities of utilisation 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.

7. CSR Projects, Programmes and Activities

The Company would focus the CSR activities around following thrust areas:

- i. Eradicating hunger, poverty and malnutrition, promoting preventive health care, sanitation and making available safe drinking water.
- ii. Promoting gender equality and empowering women.
- iii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- iv. Disaster relief & rehabilitation initiatives – support to communities affected by the same.
- v. 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.
- vi. Disaster management, including relief, rehabilitation and reconstruction activities.

- vii. Rural development projects.
- viii. Any other activity as may be permitted, from time to time.

Specific activities under the above-mentioned focus areas will be carried out under the guidance of the CSR Committee and the Social Performance Management (SPM) team of the Company.

8. Implementation Mechanism

The CSR Activities may be undertaken by the Company directly or through any of the following entities as “Implementation Agency” being duly registered with the Central Government and having a unique CSR Registration Number (with effect from 1 April 2021):

- Company established under section 8 of the Companies Act, 2013, or registered Public Trust, or registered Society, registered under section 12-A and 80-G of the Income Tax Act 1961, being established by the Company, either singly or along with any other Company; or
- Company established under section 8 of the Companies Act, 2013, or registered Trust, or registered Society, being established by Central Government or State Government; or
- Company established under section 8 of the Companies Act, 2013, or registered public Trust, or registered Society, registered under section 12-A and 80-G of the Income Tax Act 1961, and having an established track record of at least three years in undertaking similar CSR activities; or
- Any entity established under an act of Parliament or a State Legislature.

9. Role of the Social Performance Team

The Social Performance Management (SPM) team of the Company will be the key stakeholder in the governance of the CSR Policy and initiation of activities within the Company. The SPM team will keep the key internal and external stakeholders informed by regular communication and updates, including providing updates on the progress of the projects and addressing issues/concerns, if any.

The CSR programmes planned for the year will be prepared annually, ideally during the first month of each financial year, by the SPM team and then presented to the CSR Committee, which in turn shall present the annual agenda to the Board of Directors, for adoption and approval for each financial year.

10. Budgets and Expenditures

The Company shall allocate a budget towards each of the CSR activities falling within the purview of the objectives of this policy.

The Company shall spend at least 2% (two percent) of average Net Profits of the Company made during the three immediately preceding financial years towards CSR activities. For this purpose, the net profit shall be calculated in accordance with the provisions of section 198 of the Act read with the CSR rules.

The Company may spend up to 5% of the total CSR expenditure in one financial year on administrative expenses relating to the general management and administration of CSR functions in the Company.

The surplus arising out of the CSR activities, if any, will not be considered as a part of the business profits of the Company and shall be ploughed back into the same project, or shall be transferred to the Unspent CSR Account and it should be spent in pursuance of this CSR policy and annual action plan of the Company, or the Company may transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

Any unspent amount shall be dealt with in accordance with the provisions of Section 135(5) & (6) of the Act and CSR Rules.

In case the Company spends an amount in excess of the requirements of its CSR obligations in a financial year, such excess amount may be set-off against the requirement of the CSR Spending under sub-section (5) of Section 135 upto the immediate succeeding 3 financial years subject to the fulfilment of conditions as specified under the CSR Rules.

The Company may spend its CSR amount for creation or acquisition of the capital asset subject to the fulfilment of conditions as specified under the CSR Rules.

11. Reporting

The expenditure for the financial year will be tracked by the SPM team and reported to the Board members in the CSR Committee meetings. The Board's report of the Company shall include an annual report on CSR containing the particulars set out in CSR rules.

Details of the composition of CSR Committee, CSR Policy and CSR activities will also be presented on the website of the organisation.

12. Impact assessment of CSR Projects

The Company shall undertake impact assessment of its CSR projects as per the provisions of the CSR Rules.

Impact assessment reports shall be placed before the Board and shall be annexed to the Annual Report on CSR.

Expenditure on impact assessments incurred during any year may be booked towards Corporate Social Responsibility expenses for that financial year, which shall be as per the provisions of the CSR Rules.

13. Interpretation

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments thereof, shall have the meaning respectively assigned to them therein.

14. Amendments to the policy

The Board of the Company, either on its own or as per the recommendation of the CSR Committee, may, subject to compliance with applicable law, at any time alter, amend or modify the CSR Policy as it deems fit to comply with the statutory obligation of the Company to undertake the CSR Activities.