



ASSET DISPOSAL POLICY

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Approved by the Board, Jan 2023



POLICY ON ASSET DISPOSAL

PURPOSE AND OBJECTIVE

FIVE ensures adherence to best practice in the Disposal of its Assets, and in controlling access thereto.

This policy provides a framework for the disposal of the Company's assets that are not needed to provide the minimum level of basic services. Disposal of an asset may be necessary because of the asset becoming redundant, obsolete, replaced by an upgrade, damaged, stolen or simply surplus to requirements.

APPLICABILITY

This policy applies to all colleagues of FIVE who have access to or use of Assets. Head of Departments/Budget Holders who are disposing/granting access to Assets are responsible for ensuring that the process for sale or disposal/granting access to, (including all measures necessary to adequately decommission an Asset prior to disposal) complies with this policy.

DEFINITIONS

Assets: Refers to both "capital" and "controlled assets" when used without specifically indicating either.

Tangible Fixed Assets: For the purposes of this policy, tangible fixed assets are assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes on a continuing basis in FIVE's activities.

A **Fixed asset** is an asset intended for continuing use, rather than a short term, temporary asset.

Fixed assets are classified under the following major categories with accompanying estimation of useful life of assets*

- Computer Equipment- 3 years
- Equipment – other (including fixtures and fittings)- 5 years
- Motor Vehicle- 5 years

Capital Assets: Refers to real or tangible personal property having:

- A value greater than or equal to the capitalization threshold for the particular classification of the capital asset; and
- Having an estimated useful life of greater than one year from the time of acquisition.

**The useful life of assets may be subject to change based on nature of assets as per the Accounting Policy of the organization. The useful life updated above is an indicative listing and may be subject to additions as and when.*

ROLES AND RESPONSIBILITIES

Head of the Department

The User Department Head is responsible for the initiation of making a decision on the disposal of assets when an equipment/ instrument is found to have no residual value/ damaged/ requires a replacement. An agreed list of all obsolete surplus and redundant materials or assets should be prepared after the validation of inventories are done.

Manager or Senior Finance Manager

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Manager or Senior Finance Manager is responsible to ensure that proper accounting and audit procedures are observed, and all decisions are documented from approving proposals through disposal. They shall be responsible for administering the policy and related regulations and procedures regarding the policy disposal. They will be involved in the process of selection of quotation in case of sale of asset/ scrap sale, preparation of sales invoice and accounting the sale/ disposal with profit/ loss in the books of accounts

Director of Finance

The approval of the disposal of asset through sale/ others shall be done by the Director of Finance.

REASONS FOR DISPOSAL

Any item is eligible to be disposed of if:

- Useful life of the asset ends
- The product/ equipment/ instrument requires to be disposed of under any legal policy
- Machinery replacement decision made due to recurring efficiency issues or malfunctioning of the equipment
- The product/ equipment / instrument does not serve the original purpose due to the reformed procedures or policies within the company
- The equipment/ instrument is not compliant with the existing health and safety standards of the company
- The product/ equipment/ instrument occupies a lot of space but not serving any use for the company
- The equipment or instrument is/contain hazardous material causing potential damage at the workplace
- The asset does not serve any use in the foreseeable future at the company
- The selling of that particular asset assures maximum returns

TRANSFER OF ASSETS

Transfer of assets can be done where the goods which are having no residual value at one company may benefit the other. Such transfer may be at no cost to either unit or entail a fee or price negotiated by the two units concerned.

Prior to the transfer of existing assets to a new company, a check should be made to ensure that all such items are included in the company's inventory which should be updated if this is found not to be the case.

If many assets are to be transferred to the new company, an appropriately detailed list of such items could be compiled for ease of use. All such transfers are supported with 'transfer forms' duly filled and approved as per the defined approval matrix.

AUTHORISATION OF DISPOSAL

User Department Head (as and when) or Finance Manager is responsible for the initiation of deciding on the disposal of assets. This decision should be made when the responsible Head of the Department/ Finance Manager notices that the asset is redundant, obsolete, replaced, damaged, stolen or surplus to requirements. Prior to the commencement of the disposal process, an assessment of the condition of the asset is done, which is put forth for valuation process, after which a written authorisation for asset disposal must be obtained from the Director of Finance, if the asset is required to be disposed.

PROCEDURE

The Disposal procedures are initiated with the receipt of the approval from Director of Finance.

The following shall be ensured before the disposal procedure is initiated:

- Ensure compliance with the Data Protection Legislation by removing all the tags containing personal information from the instrument or equipment to be disposed of.
- Ensure compliance with the Health and Safety requirements, policies and legislations.

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- Ensure compliances to patents, license and legal agreements
- Any conflict of interest should be declared, and the relevant person should remove themselves from the asset disposal process.
- Disposal of electric equipment should comply with the relevant regulations on e-waste.
- Disposal of Assets should be performed by sale with issuance of official receipts, donation where the receiving body should confirm with a letter or by scrapping in accordance with local authority laws and regulations.

1. SALE OF ASSETS

- Value is ascertained based on the written down value of the asset or the market value of the asset
- Sale of assets can be done first by assigning the assets affixed price and then publicising the availability of the product or instrument or equipment for sale in a suitable manner.
- Identify prospective buyers for sale of asset
- Based on the quotes, highest value is selected and the same is approved by Director of Finance
- Clear and transparent documented procedures should be adopted, minimising the risk of allegations of unfairness in any process of distribution.
- The prospective buyers are provided with adequate opportunity for the prior inspection of goods available for sale.
- The item may on receipt of an offer, be sold to the first person to make such an offer.
- In the interests of promoting probity, fair dealing and openness, units must not sell or otherwise transfer surplus assets to staff or their relatives or friends unless arising from a public competitive process like tendering.

2. DONATION OF ASSETS

- The company can decide to donate its asset if the assets being disposed have zero residual value and may produce offsetting revenue on its disposal.
- Donations can be made only for organisations and not to individuals, where the organizations with a community service role is recommended.
- Donations must be approved by a delegated approving officer and there must be confirmation by Financial Officers that the goods have no residual value and no significant market value.

3. DISPOSAL OF ASSETS

- The goods with zero residual value can be sold to any agents that may perform the disposal of the same.
- All existing company guidelines on the sale should be communicated with the external agent in writing. Information should include the timeframe for sale, target revenue, condition and location of assets, reserve price, and end-user restrictions.
- A formal contract or agreement need to be formed with the agent which should be signed of by an authorised officer.

4. REDUCE

The best use for asset disposal is to reduce the waste at the source itself. An equipment/ instrument is carefully verified if it serves any value in one department or the other, one purpose or the other. Even after the validation process is completed, the product is still not found to have any residual value, then only is directed for disposal.

5. REUSE

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The equipment/ instruments that are not able to be reduced should be directed for re-use purpose. The verification on assets shall be done if the product has any reuse value. Approval will be obtained as per the approval matrix

6. RECYCLE

The separate components of the asset at hand are identified and mapped back with the material type which can be recycled as per the waste management policy. Components may be separated using the chemical or thermal recycling (physical separation of components) or mechanical recycling process (removal of components). Materials such as paper, glass, cardboard, plastic, metal and hazardous waste (from the equipment being disposed off) are separated and processed for recycling internally (glass) and externally (other materials) through certified third-party agencies.

DISPOSAL APPROACH ON ASSETS

PV PANELS

The installed system performance and the causes and frequency of system failures should be reported to provide clearer estimates of future end-of-life panel waste. Accordingly, the Finance Manager is responsible for the initiation of deciding on the disposal of PV Panel assets.

Failure Causes:

Causes of midlife failures are mostly related to the degradation of the anti-reflective coating of the glass, discoloration of the ethylene vinyl acetate, delamination and cracked cell isolation.

Exposure to mechanical load cycles like wind and temperature changes which induce potential degradation, junction box contact failures, loose frames, breakage of glass and cell interconnect and diode defects include the frequently observed failures in PV Panels. The wear-out phase includes severe corrosion of cells and interconnectors.

Storage:

Solar panels shall be stored in a manner that prevents breakage and release of any constituent of a solar panel to the environment under reasonably foreseeable conditions. A container or other method of storage (e.g., stretch-film wrapped panels on a pallet) used must prevent breakage, leakage, spillage, or damage that could cause leakage.

A small quantity handler of universal waste shall immediately clean up and place in a container any universal waste solar panel that shows evidence of leakage, spillage, or damage that could cause leakage under reasonably foreseeable conditions.

The container shall be closed, structurally sound, and compatible with the contents of the solar panel, and shall lack evidence of leakage, spillage, or damage that could cause leakage.

The solar panels should be sorted by type and the ancillary components should be removed that are typically removed for replacement during the normal operation and maintenance of a solar photovoltaic system like connectors, junction boxes and batteries.

Reuse, Recycling and Recovery:

Reuse of the solar PV panels may be done by selling in industries where lower efficiency solar panels may be used in solar chargers, solar e-signs and other appliances.

As current PV installations reach the final decommissioning stage, recycling and material recovery will be preferable to panel disposal. By recycling solar panels at their end-of-life, a large stock of raw materials can go back into new panel products, alleviating supply chain constraints.

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The PV waste can be transferred to the regional markets for waste management and recycling facilities which help to maximise value creation from panel waste.

Metal, glass, and copper wiring can all be recycled and reused. Glass cullet obtained by grinding the recovered glass, silicon, wiring, plexiglas and various metals are used as a building material and can be sold to other industries.

OTHER ENERGY SYSTEM COMPONENTS

Energy system components including batteries, generators, invertors, and uninterruptible power supplies can be listed for disposal through selling or donation or by scrapping when found to have malfunctioning, not serving the original purpose and affects the efficiency at the intended site for the intended purpose. Only designated areas shall be used for identifying and keeping such components. No mixing of such materials should occur. All reasonable efforts shall be provided to track the assets sold or donated till their final destination.

ELECTRONIC APPLIANCES AND EQUIPMENTS

All electronic appliances and equipment that are to be disposed of are evaluated by the User Department Head for validation of their residual value, which will be done by an external agent if not by us. All media waste, including laptops and personal computers will be inspected by IT and any confidential data stored within will be destroyed or erased. After inspection, the electronic appliances or equipment waste are sent to the relevant vendor for recycling.

All Electronic appliance and equipment waste at the company are disposed of from site only to a licensed recovery facility. Prior to this, all the batteries are segregated from the domestic waste stream and removed from site for recycling/recovery.

FURNITURE

The rusted and impaired furniture can be disposed of from the company or sold to other company if the furniture is in a reusable condition or can be sold to any scrap vendors if found to be no longer functional or useful in a manner that serves the best interests of the company.

The item of furniture is verified by the user department head to be no longer functional or useful. The furniture if not serving the purpose at the company but may become useful to others can be donated.

Some furniture, such as old mattresses or sofas, may contain harmful chemicals or materials that need to be disposed of properly to protect public health and the environment.

RECORD KEEPING

Aligning with the local and international laws and regulations, a list of asset disposals performed, methods and procedures adopted will be recorded in a register and submitted to the Chief Executive. The Register of Asset Disposal shall be certified by the Principal Manager to check compliance with these procedures, which shall be made available for inspection when asked. All records shall be kept for future references.

Once your asset disposal form is approved and asset is disposal, send to Finance to record asset disposal entries in the books of accounts. Relevant update is made to the Fixed Asset Register and is approved by the Director of Finance.

REVIEW

This Policy on Asset Disposal shall be reviewed annually by the Finance and Engineering team. It shall be checked for the compliance in line with the best practices, legislations and guidelines from the Risk and Compliance team, internal auditors, or external auditors.

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