

KNORR-BREMSE INDIA PRIVATE LIMITED
CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

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KNORR-BREMSE INDIA PRIVATE LIMITED CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. PREAMBLE

Knorr Bremse India Private Limited (“**KBI**”), Knorr Bremse Systems for Commercial Vehicles India Private Limited (“**KB CVS India**”), and Knorr Bremse Technology Center India Private Limited (“**KB TCI India**”) (together, “**KB Group India**”) are engaged in diverse sectors including manufacturing, engineering, and technology services. Each of these companies shares a common commitment to contributing meaningfully to society and the environment.

As part of this shared vision, Knorr Bremse Global Care India Foundation (“**KBGC India**”), a Section 8 company, has been jointly established by KBI, KB CVS India, and KB TCI India. KBGC India serves as the Nodal CSR Program Management Partner to identify, coordinate, and implement CSR projects on behalf of all KB Group entities in India. This ensures a consistent, transparent, and compliant approach across the group in alignment with India’s CSR legal framework.

This policy outlines the collective commitment of KB Group India to ‘**Giving Back to Society**’ through impactful and inclusive development programs. It serves as a guiding framework for the selection, implementation, and monitoring of CSR projects in accordance with Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the “**CSR Rules**”), and applicable directives of KB Global Care globally.

The principal CSR focus areas of KB Group in India include:

- Promoting education, vocational skills and livelihood enhancement for school-going children and youth, with special emphasis on girl children and women;
- Enabling livelihood enhancement and economic inclusion through skill-building, employability and income-generation initiatives for vulnerable and marginalized communities;
- Promoting preventive healthcare and improving access to safe sanitation and drinking water through healthcare awareness and hygiene practices; and
- Undertaking other CSR initiatives as set out in this Policy, including environmental sustainability, women and child empowerment, community infrastructure development, disaster relief and emergency support, and such other activities permissible under Schedule VII of the Companies Act, 2013.

Through these principal focus areas, KB Group India seeks to create sustainable social, environmental and economic impact by improving community well-being, promoting inclusive development and long-term capacity building, while ensuring full compliance with Section 135 and

Schedule VII of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

2. GUIDING PRINCIPLES FOR UNDERTAKING CSR ACTIVITIES

- i. CSR projects will be directed toward underprivileged and marginalized communities, addressing clearly identified needs and aspirations, with special focus, where appropriate, on youth, girl children and women.
- ii. CSR projects should be viable, creating a sustainable impact measurable in terms of outputs and outcomes.
- iii. All CSR activities will align with Schedule VII of the Companies Act, 2013, while also promoting the core objectives of KBGC India and supporting the broader vision of Knorr-Bremse Global Care to create sustainable and inclusive social impact through improved access to education, clean water, sanitation and preventive healthcare which include:
 - Providing relief from poverty, distress, and sickness;
 - Promoting the advancement of education, including vocational education and public-oriented research;
 - Supporting preventive healthcare through improved access to safe drinking water, sanitation, and related environmental protection measures for local communities.
- iv. CSR projects will be non-commercial in nature, with no profit motive.
- v. Community participation will be encouraged to strengthen local engagement and ensure the sustainability of CSR activities.
- vi. Affirmative action to create opportunities for marginalized and weaker communities.
- vii. KB Group India will consider only structured, evidence-based CSR projects recommended and approved by KBGC India.
- viii. CSR projects will be clearly defined with allocated budgets, timelines, and desired outcomes.
- ix. KB Group India shall ensure all CSR projects are implemented and monitored by KBGC India and/or other implementing agencies, as necessary.

- x. To the extent possible, CSR activities will align with the vision, mission and strategic priorities of Knorr-Bremse Global Care, while remaining consistent with this Policy and applicable law.
- xi. CSR activities shall be undertaken solely for charitable and community development purposes and shall not be carried out in the ordinary course of business or with any commercial or profit-making objective.

3. **OBJECTIVES**

Through this CSR Policy, KB Group India aim to:

- i. Undertake CSR initiatives aligned with KB Group India's defined CSR focus areas set out in this Policy, contributing to inclusive and sustainable development through structured, need-based interventions that promote community well-being, resilience and long-term social impact.
- ii. Maximize social impact through strategic and judicious investment of financial and human resources in CSR projects and programs.
- iii. Undertake CSR initiatives that result in measurable, sustainable, and long-term benefits to the environment, communities, and society at large.
- iv. Ensure that CSR activities are identified, selected, implemented, and monitored through transparent, evidence-based practices, in alignment with this Policy and applicable law.
- v. Actively engage KBGC India as the Nodal CSR Program Management Partner, to:
 - Propose impactful CSR projects;
 - Coordinate and implement approved CSR projects;
 - Monitor progress and utilization of funds; and
 - Report implementation status and project outcomes to support effective governance and oversight.

4. **FOCUS AREA**

KB Group India shall undertake CSR activities in accordance with this Policy, which shall align with the primary objects of KBGC India and the permissible activities under Schedule VII of the Companies Act, 2013. The focus shall be on achieving sustainable development outcomes with long-term community impact.

The principal thematic focus areas set out below reflect KB Group India's current CSR priorities. These focus areas are illustrative and non-exhaustive and shall be implemented in accordance with this Policy and evolving community needs.

A. Education & Skill Development (primarily school-going children and youth, while support may extend to other eligible beneficiaries, where appropriate)

- i. Promote equitable access to quality education for school-going children, particularly from underprivileged and marginalized communities, including children with special needs.
- ii. Strengthen educational access through system-level support, including improvement of school infrastructure, enhancement of pedagogical practices, provision of learning resources and integration of life skills education.
- iii. Facilitate access to higher education through scholarships, and financial assistance for deserving students across school and tertiary education pathways.
- iv. Advance education and learning participation of girls and women, with a focus on improving enrolment, retention and completion rates, thereby strengthening gender equity in education.
- v. Enhance employability and income-generation potential of youth (including women) through vocational training, digital literacy, language proficiency, soft skills development and job-readiness programs.

B. Livelihood Enhancement & Economic Inclusion

- i. Support workforce participation and economic inclusion by enabling transition into, or re-entry into, formal and informal employment opportunities, thereby strengthening sustainable livelihood outcomes.
- ii. Strengthen livelihood enhancement through promotion of micro-enterprises, entrepreneurship, self-employment initiatives and small business development models, enabling sustainable income-generation opportunities for vulnerable and low-income groups.
- iii. Enable ecosystem support for livelihood and enterprise development through facilitation of enabling infrastructure and other necessary support systems required for enterprise creation, sustainability and growth.

C. Water, Sanitation, Hygiene (WASH) & Preventive Health

- i. Strengthen infrastructure for safe sanitation through construction and upgradation of toilets and sanitation blocks in schools, vocational training centres and community spaces.
- ii. Improve access to safe drinking water through installation and maintenance of sustainable water supply and purification systems in schools and communities.
- iii. Enhance safe sanitation and hygiene infrastructure, including handwashing stations, bathing areas and sanitation support facilities.
- iv. Promote awareness and behavioural change on hygiene, sanitation and preventive health practices among school children, youth and community members, including menstrual hygiene management and special focus on vulnerable groups.
- v. Strengthen community-led sanitation and hygiene governance through participatory planning, awareness initiatives, stakeholder engagement and convergence with Government sanitation and public health programmes to enable sustainable WASH outcomes.

D. Environmental Sustainability

- i. Support conservation and restoration initiatives aimed at protecting biodiversity, natural ecosystems and habitats of flora and fauna.
- ii. Integrate environmental sustainability considerations across CSR initiatives through environmentally responsible practices, resource conservation measures and sustainable implementation approaches.
- iii. Support climate resilience, resource conservation and environmentally sustainable practices, including responsible waste management, water conservation and clean energy initiatives, where aligned with CSR projects.

E. Disaster Relief & Emergency Response

KB Group India may undertake need-based relief, rehabilitation and recovery initiatives in response to national or state emergencies, natural disasters or humanitarian crises, within KB Group India's operating states or geographies where its CSR programs are active, where such intervention is considered necessary and aligned with this Policy.

Illustrative interventions may include:

- i. Provision of disaster relief and emergency response support aligned with the principal CSR focus areas of this Policy.
- ii. Disaster relief and emergency response initiatives shall ordinarily be implemented through KBGC India's existing implementation partners (non-governmental organisations) with whom KBGC India maintains active programs, partnerships or collaborations.

F. Other Initiatives

- i. KB Group India may support any additional CSR initiatives covered under Schedule VII of the Companies Act, 2013, based on emerging needs and priorities.
- ii. CSR activities shall be non-commercial, community-oriented, and in line with the values of the KB Global Care.

5. UNDERTAKING CSR ACTIVITIES

KBGCI will act as the Nodal CSR Program Management Partner for identification, recommendation, implementation, and monitoring of CSR projects, in alignment with this Policy and applicable CSR law.

Upon approval of projects by KBGCI and in compliance with the applicable legal framework, the CSR activities will be undertaken as follows:

I. Modes of Implementation

KB Group India shall undertake CSR activities:

- ❖ On their own; or
- ❖ Through KBGCI as a registered Implementing Agency (with CSR-1 registration); or
- ❖ Through any other registered entity in accordance with Rule 4(1) of CSR Rules, after approval of their respective CSR Committees and Boards.

II. Implementing Partner Due Diligence & Registration

Where KBGC India is not the implementing agency, CSR projects will be implemented only through competent partners who demonstrate:

- ❖ A strong understanding of local socioeconomic challenges and proven track record of minimum 5 years.
- ❖ Compliance with statutory registrations (CSR-1, FCRA if applicable).
- ❖ Transparent governance practices.

III. Prohibited Activities

CSR activities shall not include:

- ❖ Activities in the ordinary course of business.
- ❖ Projects outside India (except training of Indian sports personnel).
- ❖ Contributions to political parties (direct or indirect).
- ❖ Activities undertaken exclusively for the benefit of employees of the Company and their families.
- ❖ Sponsorship linked marketing activities.
- ❖ Statutory compliance related obligations under any law in force.

IV. Collaborative Projects

KB entities may collaborate with other companies, ensuring:

- ❖ Separate project-wise reporting and budgeting.
- ❖ Individual accountability and transparency as per Rule 4(4) of CSR Rules.

V. Fund Utilization & Certification

Each KB entity shall ensure that funds disbursed for CSR:

- ❖ Are utilized solely for approved CSR projects.

- ❖ Are certified for utilization by the respective CFO or Finance Head.
- ❖ Are monitored regularly by the CSR Committee, with project implementation and monitoring support provided by KBGC India.

VI. Ongoing Projects

For ongoing projects:

- ❖ Implementation shall be monitored by KBGCI against pre-approved timelines and budgets, with periodic oversight by the respective CSR Committee.
- ❖ The respective Board of the relevant KB Group entity may approve justified modifications to ongoing projects and/or the Annual Action Plan, as permitted under applicable law, based on recommendation of the respective CSR Committee, taking into consideration the recommendations of KBGCI.

VII. Treatment of Unspent CSR Funds

- ❖ **Not related to ongoing projects:** Transfer to Schedule VII fund within 6 months of FY end.
- ❖ **Related to ongoing projects:** Transfer to the '*KB Unspent CSR Account*' within 30 days of FY end and spend within 3 years. Failing which, the balance must be transferred to a Schedule VII fund within 30 days after the third FY.

VIII. Surplus from CSR Activities

Any surplus must be:

- ❖ Reinvested in the same project, or
- ❖ Transferred to the Unspent CSR Account, or
- ❖ Transferred to a Schedule VII fund within 6 months from FY end.

IX. Administrative Overheads

Shall not exceed 5% of total CSR expenditure, excluding costs related to designing, implementation, monitoring, or evaluation of specific projects.

X. Set-Off of Excess Spending

Excess CSR spend may be set-off against future obligations for the next 3 financial years, subject to:

- ❖ Board resolution approval.
- ❖ Exclusion of surplus from the excess amount eligible for set-off.

XI. Creation or Acquisition of Capital Assets

CSR expenditure may be used to create/acquire capital assets, which must be held by:

- ❖ KBGC India, or a registered trust/society/ Section 8 company with CSR-1 registration.
- ❖ Beneficiaries of the CSR project (e.g., SHGs or collectives); or
- ❖ Public authorities under the RTI Act, 2005.

XII. Contribution to Government Funds

Donations to funds listed under Schedule VII, such as:

- ❖ Prime Minister's National Relief Fund (PMNRF)
- ❖ Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)
- ❖ Other Central Government relief or welfare funds for SCs, STs, OBCs, minorities, and women, will be treated as eligible CSR activities.

6. COMPOSITION OF CSR COMMITTEE

The CSR Committee members of each company shall be appointed from the Directors of that specific company. Specifically,

- i. The CSR Committee members of KBI shall be appointed from the Directors of KBI.
- ii. The CSR Committee members of KB CVS India shall be appointed from the Directors of KB CVS India.

- iii. The CSR Committee members of KB TCI shall be appointed from the Directors of KB TCI.

7. CSR BUDGET

The funds for CSR would be allocated as stipulated under the Companies Act, 2013 as amended from time to time.

8. RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of each KB Group India will be individually responsible for:

- i. Approving the CSR Policy and the Annual Action Plan, as recommended by the respective CSR Committee, with such modifications as deemed necessary and permitted under applicable law.
- ii. Ensuring disclosure of:
 - a. The CSR Policy,
 - b. Composition of CSR Committee, and
 - c. The Annual Action Plan on the respective company's website.
- iii. Ensuring compliance with Section 135 of the Companies Act, 2013 and related rules, including spending, in each financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years on CSR activities.
- iv. Reviewing periodic reports and recommendations submitted by respective CSR Committee regarding implementation of CSR activities, and satisfying itself that such activities are implemented in accordance with the approved CSR Policy and Annual Action Plan.
- v. Approving transfer of unspent CSR funds to the "*Unspent CSR Account*" for ongoing projects or to a fund specified in Schedule VII of the Act for other unspent amounts, along with adequate justification in the Board's Report in case of non-spending.
- vi. Ensuring certification by the Chief Financial Officer (CFO) or Finance Head regarding the utilization of CSR funds.
- vii. Approving CSR disclosures in Board's Report, signing of CSR returns and relevant statutory filings (including Form CSR-2), and overseeing statutory compliance related to CSR activities.

9. RESPONSIBILITY OF THE CSR COMMITTEE

The CSR Committee shall be responsible for:

- i. Reviewing and recommending the CSR Policy and Annual Action Plan, including CSR projects submitted by KBGCI following completion of its internal governance process, to the respective Boards, including:
 - ❖ List of CSR projects/programs in alignment with Schedule VII of the Act;
 - ❖ Modalities of execution and implementation schedule;
 - ❖ Fund utilization plans;
 - ❖ Monitoring and reporting mechanisms; and
 - ❖ Impact assessment plans, if applicable.
- ii. Recommending the amount of expenditure to be incurred on CSR activities.
- iii. Reviewing periodic reports submitted by KBGCI and other implementing agencies regarding project implementation, fund utilisation, outcomes and compliance..
- iv. Recommending justified modifications to the Annual Action Plan and ongoing CSR projects, where required, for approval by the respective Board.
- v. Ensuring effective coordination with KBGCI in relation to project proposals, implementation updates and monitoring reports.

10. FUNDING, SELECTION AND MONITORING PROCESS

- i. All project proposals for CSR funding shall be received from KBGC India throughout the year, which shall align with this CSR Policy and focus areas of KB Group India.
- ii. The CSR Committees of KB Group India will review, evaluate, and recommend suitable CSR projects proposed by KBGC India for Board approval, ensuring they meet legal and internal policy requirements.
- iii. Once approved, CSR funds shall be disbursed to KBGC India or other eligible implementing agencies post-execution of MOUs, as per statutory requirements.
- iv. KBGCI shall regularly monitor implementation, conduct field visits (where appropriate), maintain project documentation and submit periodic implementation reports to the respective CSR Committees.

- v. The CFO/Finance Head shall submit fund utilization and disbursement reports to the CSR Committee and the Board periodically. Unutilized or surplus funds shall be dealt with as per CSR Rules.
- vi. Impact assessments shall be initiated and managed wherever required under Rule 8(3) of the CSR Rules, and may also be undertaken for other CSR projects where considered appropriate by the respective Board.

11. REVIEW AND AMENDMENT

The Board may amend, modify or revise this Policy from time to time based on the recommendation of the CSR Committee and in accordance with the Companies Act, 2013, the CSR Rules and applicable regulatory requirements.