

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' or 'the Company') was established in 1993 as a private Limited Company and is engaged in production and marketing of braking systems and other lines of business.

The Company's philosophy focus has always been to contribute to the sustainable development of the society and environment, and to make our planet a better place for future generations.

This policy sets out the commitment of the Company and its approach towards Corporate Social Responsibility with focus on 'Giving Back to Society'. The Company is committed to improving the quality of life of the communities through long term stakeholder value creation.

The Company is committed to upholding the highest standards of Corporate Social Responsibility ('CSR') seeks to support community based initiative by engaging in like-minded stakeholder partnerships for higher outreach benefitting more lives for empowerment of local communities and make a positive impact on the environment.

This policy seeks to establish guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of the annual action plan for the said activities to be undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Companies Act, 2013 ['Act'] read with Companies (Corporate Social Responsibility Policy) Rules, 2014 ['CSR Rules']

Further, the CSR initiatives, the Company will address the issues of malnutrition, improving healthcare infrastructure, promote environment sustainability, supporting education, rehabilitating abandoned women and children and preserving Indian Art Culture.

2. GUIDING PRINCIPLES

- i. CSR Projects will be directed towards underprivileged and marginalized sections of society, in consonance with properly identified needs and aspirations of such communities.

- ii. Projects should be viable, creating a sustainable impact measurable in terms of outputs and outcomes.
- iii. Projects, programs or activities taken up shall fall within the purview of the Schedule VII of the Companies Act, 2013.
- iv. Community participation will be encouraged in order to ensure sustainability of CSR activities.
- v. Affirmative action to provide opportunities to marginalized and weaker communities will be taken up.
- vi. The Company will adopt a suitably structured, evidence based CSR Implementation strategy and all projects will be monitored through in-house and/or third party evaluations on case to case basis.
- vii. Projects or programs will be identified and budgets allocated for them, suitable implementation agencies will be identified with clear outlining of desired outcomes made.
- viii. To the extent possible, projects and various CSR initiatives will relate to focus areas identified in this CSR Policy.

3. OBJECTIVES

The Company through this CSR Policy aims to achieve the following objectives:

- a) Imparting quality education to children of marginalized sections.
- b) Achieve greater impacts through CSR projects and programmes by judicious investment and optimum utilization of financial and human resources.
- c) Economic development that positively impacts the society at large with minimal resource footprint.
- d) Achieve positive impact on the environment, local communities and other all stakeholders.
- e) Eradication of hunger, poverty, malnutrition.
- f) Improvement of health and nutrition of community

4. FOCUS AREA

KBI shall undertake CSR activities in relation to the following:

A. Education:

- i. Education for needy children from weaker section of the society and for specially abled children
- ii. Special emphasis shall be given to imparting education to girl child and women, so that they and their families are empowered.
- iii. To take initiative for imparting quality education to children of marginalized sections and help them to pursue primary as well as higher education and to make monetary contributions to academic institutions with the objective of assisting students in their studies, promoting primary and higher education by setting up or supporting school, college and universities etc.

B. Health Care:

- i. Improving the access to health care facilities (general and multi-specialty with specialist doctors).
- ii. Taking initiatives for dispensaries, mobile clinics, need based health camps with doctors and paramedical staff.
- iii. Providing free ambulance services.
- iv. Organizing blood donation camps
- v. Creating awareness programmes for women and adolescent children.
- vi. Building and strengthening healthcare facilities
- vii. Taking initiatives to for making safe drinking water (Swatch Jal) available

C. Livelihood:

- i. Trains the underprivileged adolescent youth in English Proficiency.
- ii. Imparting basic computer education and soft skills for enhancing prospects of employment in the fast expanding sectors including retail, hospitality and BPO.
- iii. Taking initiatives for skill development and vocational training, integrated livestock & agriculture development, introduction of high yield agricultural crops, vermi-composting, micro-irrigation, renewable micro off-grids.
- iv. Programmes on Livelihood (Samriddhi) and Employability (Daksh).

D. Girl Child and Women Empowerment:

- i. Programs for empowerment of the girl child and women.
- ii. Establishing Women & Farmer Self Help Groups for Micro-enterprise development.

E. Community Infrastructure Development:

- i. Initiatives to make safe drinking water available to local communities.
- ii. Building and maintenance of water storage structures.
- iii. Construction of community centers.
- iv. Construction of Roads.

F. Assistance during natural disaster:

- i. To provide help during any natural disaster in the form of man and material whenever necessary throughout India.
- ii. To procure and provide medical supplies to victims.
- iii. To take initiatives to rehabilitate victims of natural disaster.

G. Sanitation:

- i. Construction of household and public toilets in local communities, schools etc..
- ii. Awareness about healthy sanitation facilities and to eliminate open defecation

H. Environment: To enhance the quality of life by promote environmental sustainability through maintaining ecological balance, promoting biodiversity, conservation of natural resources, promoting the use of renewable energy, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources, plantation, maintaining quality of soil, air & water and maintaining gardens and river banks.

I. Other Focus Areas

In addition to the aforesaid Focus Areas KBI may consider any of the activities mentioned in Schedule VII of the Companies Act, 2013.

5. UNDERTAKING CSR ACTIVITIES

- i. KBI will undertake its CSR Activities on its own or through a legal entity/organisation in terms of Rule 4(1) of CSR Rules, after securing approval of CSR Committee and the Board of Directors.
- ii. KBI will ensure that arrangements for implementation of CSR projects are made with only credible and competent partners, who have an understanding of local socio-political-economic issues and challenges.
- iii. KBI's CSR activities will not include the following:
 - activities undertaken in pursuance of normal course of business of the company;
 - 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;
 - contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
 - activities supported by the company on sponsorship basis for deriving marketing benefits for its products or services;
 - activities carried out for fulfilment of any other statutory obligations under any law in force in India.

- iv. The Company will ensure that every entity, that the legal entity undertaking any CSR activity, files Form CSR-1 with the concerned Registrar of Companies, Ministry of Corporate Affairs to register itself with the Central Government with effect from the 01.04.2021.
- v. The company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with CSR Rules as amended up to date.
- vi. The Board of KBI will satisfy itself that the funds disbursed for CSR activities have been utilised for the said purposes and in the manner as approved by it and the same shall be certified by the Chief Financial Officer (“CFO”) of the Company or the person responsible for financial management of KBI.
- vii. In case of on-going project in terms of Rule 2(i) of CSR Rules, the Board of a Company will monitor the implementation of the project with reference to the approved timelines and year-wise allocation and will be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- viii. In respect of any amount required to be spent by KBI in a given financial year in accordance with the Act, CSR Rules and KBI’s CSR Policy which is not spent within such financial year and does not relate to an ongoing project, reasons for failure to spend such amount shall be specified in the report of the Board under Section 134(3)(o) of the Act and such unspent amount shall be transferred to a fund specified in Schedule VII of the Act, within a period of 6 (six) months of the expiry of the given financial year.
- ix. In respect of any amount relating to an ongoing project required to be spent by KBI in pursuance of the Act, CSR Rules and KBI’s CSR Policy which is not spent within such financial year, such amount shall be transferred by KBI within 30 (thirty) days from the end of the financial year to a special account to be opened by KBI in that behalf for that financial year in any scheduled bank to be called the ‘KBI Unspent CSR Account’. Such amount shall be spent by KBI in pursuance of KBI’s CSR Policy within 3 (three) financial years from the date of its transfer, failing which, it will be transferred to a fund specified in Schedule VII of the Act, within 30 (thirty) days from the date of completion of the 3rd (third) financial year.

- x. Any surplus arising out of the CSR activities shall not form part of the business profit of KBI and shall be:
 - a) ploughed back into the same project; or
 - b) transferred to KBI's Unspent CSR Account and spent in pursuance of CSR policy and annual action plan; or
 - c) transferred to a fund specified in Schedule VII of the Act, within 6 (six) months of the expiry of the given financial year.

- xi. Administrative overheads in respect of KBI's CSR Policy shall not exceed 5% (five per cent.) of its total CSR expenditure. 'Administrative Overheads' means the expenses incurred by the KBI for 'general management and administration' of CSR functions but does not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.

- xii. In case KBI spends an amount in excess of the amount required to be spent by KBI in a given financial year in accordance with the Act, CSR Rules and KBI's CSR Policy, such excess amount may be set off against the amount required to be spent by KBI up to immediately succeeding 3 (three) financial years, subject to the following conditions:
 - a) such excess amount available for set off shall not include the surplus arising out of the CSR activities, if any; and
 - b) passing of a resolution by the Board of KBI authorising such set-off.

- xiii. KBI will be allowed to spend CSR amounts to create or acquire capital assets which shall be held by:
 - a) a not-for-profit company established under Section 8 of the Act, or a registered public trust or registered society, having charitable objects and CSR registration number; or
 - b) beneficiaries of a CSR project, in the form of self-help groups, collectives, entities; or
 - c) a public authority as defined under the Right to Information Act, 2005.

- xiv. Contribution to 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 Government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women will also be considered as an integral part of CSR efforts.

6. LOCATION OF CSR EFFORTS

The CSR committee will identify & decide the locations for undertaking CSR activities and will report the same in the Annual Action Plan.

In terms of Section 135(5) and General Circular No. 06/2018 dated 28.05.2018, 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 activities.

7. COMPOSITION OF CSR COMMITTEE

The CSR Committee comprises the Board members as appointed by the Board of the Company from time to time.

8. CSR BUDGET

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

9. RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of KBI will be responsible for:

- Approving the CSR policy as may be recommended by the CSR Committee, subject to necessary changes / modifications as the Board may deem fit.
- Ensuring that in each financial year, the KBI spends such amounts for CSR.
- Activities as may be stipulated in the Act, as amended from time to time.
- Ensuring that the activities included in the CSR Policy are undertaken by KBI.

10. RESPONSIBILTY OF THE CSR COMMITTEE

The Responsibilities of the CSR Committee will include:

- i. CSR Committee will formulate and recommend to the Board, an Annual Action Plan in pursuance of KBI's CSR policy, which shall include the following, namely:-
 - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - the manner of execution of such projects or programmes as specified in Rule 4(1) of CSR Rules;
 - the modalities of utilization of funds and implementation schedules for the projects or programmes;

- monitoring and reporting mechanism for the projects or programmes; and
 - details of need and impact assessment, if any, for the projects undertaken by the company:
- ii. Recommending the amount of expenditure for CSR activities to the Board of Directors; and
 - iii. Suggesting modification of Annual Action Plan with reasonable justification

The Board may alter Annual Action Plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

11. FUNDING, SELECTION AND MONITORING PROCESS

KBI will receive request for funding of projects throughout the calendar year. CSR Committee will evaluate and approve the proposal received under Company's Focus Area. CSR Committee will monitor the status of each project and will report its finding to the Board of KBI periodically.

The Company will devise a comprehensive monitoring mechanism to ensure that the CSR activities, projects and programmes are properly implemented as budgeted and planned. For these purposes, the followings shall be done:

- Progress of the ongoing CSR activities and projects shall be reviewed and monitored from time to time and on a case to case basis by the CSR Committee of the Company and the project monitoring committees as may be constituted by the Company ("**Project Monitoring Committees**").
- Regular field visits to the project/programme sites by Project Monitoring Committees and preparation of comprehensive report and documentations.
- Report for monitoring, disbursements and utilization of funds shall be submitted by the Chief Financial Officer (CFO) (or his/her equivalent responsible for financial management of KBI) to the Board of Directors of the Company for approval, periodically as required in Companies Act, 2013.

12. CONTACTS

For queries related to CSR Policy, please write to the Finance / HR Head of Knorr-Bremse India Private Limited at 51/4 KM Stone, Vill. & PO Baghola, Palwal-121102, Haryana, India.