

	KARCHER CLEANING SYSTEM PVT LTD – AK-IN	
	Title: Policy on Corporate Social Responsibility (CSR)	VERSION NO: 01
	CSR 01	EFFECTIVE DATE: 09-12-2024
	DEPT NAME: Legal	

POLICY ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

OF

“KARCHER CLEANING SYSTEMS PRIVATE LIMITED”

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1) OBJECTIVE

The CSR Policy of Karcher Cleaning Systems Private Limited (“Karcher” and/or “Company”) aims to consolidate and strengthen socially and environmentally responsible business practices that balance financial goals with social contribution.

The overall goal is to promote sustainable and inclusive development as a Responsible Corporate Citizen. This goal will be achieved through the following broad objectives:

- a. Operate its business in an economically, socially and environmentally sustainable manner in the interest of all its stakeholders.
- b. Take up programs that benefit society at large over a period of time.

2) APPLICABILITY

This document describes the Corporate Social Responsibility Policy (“CSR policy”) of Karcher. The CSR policy has been formulated in accordance with Section 135 of the Companies Act, 2013 (“the Act”), the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the relevant amendments/ notifications/circulars for the time being in force (CSR Rules). The CSR policy shall apply to all CSR programs/activities undertaken by the Company either directly or through any implementation agency.

3) ANNUAL SPENDS AND SELECTION OF CSR ACTIVITIES

The company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The “average net profit” as mentioned above would be calculated in accordance with the provisions of Section 198 Act. Administrative overheads should be less than 5 % of total CSR expenditure of the company for the financial year.

The Company shall follow and take all the necessary approvals as mentioned in the Mandatory Guideline for coordination and responsibilities of subsidiaries (CORE) and Corporate Standards of Cooperation (COSOC) before spending the above amount.

Subject to the provisions of the Act, CSR spend in excess of the statutory requirement, may be set off against the requirement to spend towards CSR activities for the subsequent years with the approval of the Board.

Any unspent CSR amount at the end of a financial year shall be reported to the Board of Directors specifying the reasons for not spending the amount which in turn shall be reported in the Board’s Report for that particular financial year. Transfer of the unspent CSR amount to government specified fund shall be governed by the applicable provisions of the Act.

The CSR projects will be undertaken by various work centers of the Company to the best possible extent within the purview of Schedule VII and Section 135 of Act. Further, the programs and/or activities can be identified through review, evaluation and assessment by the Board of Directors (“Board”) from time to time.

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The following are the Guiding Principles for selection of CSR Activities:

- a) Projects should be designed according to intended impact on the society along with clear objectives and planned outcomes
- b) Projects should be need-based, keeping local issues into consideration
- c) There should be due consideration of any material risk factors before selection of projects. These risks should be duly mitigated and managed on a regular basis.
- d) The activities should preferably be focused in geographical areas near work centers.

SCOPE

The Company will spend the amount so allocated as CSR expenditure on projects or programs or activities (either new or ongoing) carrying out any one or more of the following activities:

- 1) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- 2) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- 3) 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.
- 4) 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.
- 5) 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;
- 6) 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;
- 7) Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
- 8) 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;
- 9) (a) 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).

10) Rural development projects

11) Slum area development.

Explanation.- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

12) Disaster management, including relief, rehabilitation and reconstruction activities.

The above CSR activities are illustrative and are not exhaustive. Further programs and / or activities can be identified through review, evaluation and assessment by the Board from time to time.

EXCLUSIONS

Following activities shall be excluded from the CSR expenditure:

- a) Activities which are exclusively for the benefit of employees of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019;
- b) Activities undertaken in pursuance of normal course of business of the Company;
- c) Direct or indirect contribution to Political Parties under Section 182 of the Act;
- d) Expenditure on item/s not in conformity with Schedule VII of the Act;
- e) Surplus arising out of CSR projects shall not form part of the business profits of the Company instead the same will be further used for CSR purposes only.
- f) 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;
- g) activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services;
- h) activities carried out for fulfillment of any other statutory obligations under any law in force in India.

4) IMPLEMENTATION OF CSR ACTIVITIES

The Board shall be responsible for implementing the mandate of the CSR Policy and shall ensure that the CSR Activities are carried out in accordance with the CSR Policy read with the Act, CSR Rules and the Annual Action Plan approved by the Board of the Company.

The following are the Guiding Principles for implementation of its CSR Activities:

- a) The Company can either directly or through an implementation agency as allowed under the Act will undertake the CSR activities.
- b) While making the expenditure through implementation agency, the Company will check their credibility, knowledge and domain expertise in the CSR activities.
- c) The Company while collaborating with any implementation agency for undertaking projects or programs or CSR activities will ensure that is in a position to report separately on each CSR projects or programs
- d) Formalizing an Agreement with the implementing agency, if any, including important aspects like implementation of CSR activities, treatment of unspent amounts, if any, etc., considering that it is the responsibility of the Company to ensure utilization of CSR funds.

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5) ANNUAL ACTION PLAN

The Company shall prepare an Annual Action Plan to identify the activities and the CSR expenditure to be spent during the year which shall include the details as mentioned below:

- a) List of CSR projects or programmes approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- b) Manner of execution of such projects or programmes;
- c) 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

The Board shall formulate an Annual Action Plan for each financial year in pursuance of its CSR Policy if there is any CSR expenditure required to be spent by the company.

Provided that the Board may alter such Plan at any time during the financial year based on the reasonable justification to that effect.

Further, the Guiding Principles required to formulate the Annual Action Plan are as follows:

- a) CSR programs shall not include activities as restricted under the CSR Rules
- b) The preference for CSR programs is to be given by the Company to local areas and areas around its operations.
- c) Annual Action Plan shall be simple, action oriented, measurable, relevant and time bound.
- d) CSR activities will be carried out directly or through an implementing agency

6) MONITORING OF CSR ACTIVITIES

The Board shall be responsible for the monitoring of CSR activities, review CSR policy and the implementation of the same is in the due course of time.

The guiding principles for monitoring its CSR Activities are as follows:

- a) The CSR expenditure and action shall be bound for review at the discretion of the Board of the Company.
- b) The Board shall periodically review the financial and programmatic progress of CSR projects.
- c) The Board shall satisfy itself that the 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.
- d) The Board shall be empowered to appoint an external third party to monitor/review/audit the progress (financial and programmatic) of the CSR projects.
- e) 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 modification(s), if any, for smooth implementation of the project within the overall permissible time period.
- f) The details of CSR expenditure shall be annexed to the Director's report by way of an annual report containing particulars specified in CSR Rules.

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g) Impact assessment, if and when mandated, will be undertaken by an independent agency and such impact assessment report shall be placed before the Board and annexed to the annual report of CSR.

The CSR projects will be put up to the Board for their approval. All CSR projects must be approved by the Board before they are taken up for implementation.

For meeting the requirements arising out of immediate & urgent situations, the Board is authorized to approve amendment proposals put up by the Board of the Company.

7) AMENDMENTS

CSR Policy may be updated to align it with the changing requirement or changes in the legal and regulatory framework. Any revision in the Policy shall be approved by the Board of the Company.

In the event of any conflict between the provisions of this Policy and that of the Companies Act, 2013, the provisions of such Act shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the Act.

8) EFFECTIVE DATE

The CSR Policy shall be effective from the date of its approval by the Board of the Company.

9) CONTACT

For queries related to the CSR Policy, please write to us at corporate.india@karcher.com.

Description	Prepared by	Reviewed by	Approved by
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DESIGNATION	Corporate Legal Advisor	CFO	Director
SIGNATURE/DATE			