

POLICY

ON

CORPORATE

SOCIAL

RESPONSIBILITY (CSR)

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1. OBJECTIVE

This CSR policy is a policy statement containing the intent, approach and direction given by the board of the Company taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan for CSR projects

This policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as **Regulations**) as may be applicable and as amended from time to time.

This policy which encompasses the company's philosophy towards CSR and lays down the guidelines and mechanism for undertaking socially relevant programs to promote inclusive growth and equitable development of identified areas by contributing back to the society.

2. DEFINITIONS

- a. "**Act**" means the Companies Act, 2013 and subsequent amendments thereof;
- b. "**Administrative overheads**" means the expenses incurred by the company for 'general management and administration' of CSR functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- c. **Company** - Means Endress+Hauser (India) Private Limited
- d. "**Corporate Social Responsibility (CSR)**" means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the rules, but shall not include the following, namely:-
 - (i) activities undertaken in pursuance of normal course of business of the company
 - (ii) 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;
 - (iii) Contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - (iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
 - (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
 - (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

- e. **"CSR Committee"** means the Corporate Social Responsibility Committee as formulated and reconstituted by the Board of the Company from time to time.
- f. **"International Organization"** means an organization notified by the Central Government as an international organization under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;
- g. **"Net profit"** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:- (i) any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act ;
- h. **"Ongoing Project"** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;
- i. **"Rules"** means the Companies (CSR Policy) Rules issued by the Ministry of Corporate Affairs (MCA) as amended from time to time.

3. Constitution of CSR Committee

The CSR Committee shall consist of two Directors, as may be deemed fit by the Board. The Committee shall meet, whenever required, to discuss and review CSR activities and Policy. Quorum for the CSR Committee Meeting shall be two members. The Committee members may attend the meeting physically or via such audiovisual means as permitted under the Act. The Committee shall have the authority to invite such employee(s), senior official(s) and or external experts, as it may deem fit, to attend the CSR Committee Meeting(s). The Company Secretary, if any, shall act as Secretary to the Committee.

4. Scope & Functions of CSR Committee

The functions / terms of reference of CSR Committee shall, inter-alia, include the following:

- a. To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject as specified in Schedule VII of the Act;
- b. To recommend CSR activity / programme / project to the Board for its approval;
- c. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;

- d. To monitor the CSR Policy of the Company from time to time;
- e. To review the CSR activities of the Company and provide progress update to the Board of Directors at such interval as may be deemed fit.
- f. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors, from time to time.

5. CSR PLANNING

- a. To assist in planning of the activities, an indicative budget allocation for broad sector of activities will be underlined in the Annual Action Plan (AAP) which shall be formulated and recommended by the CSR Committee and submitted to the Board at its first meeting of each financial year for approval and which shall include the following:
 - i. the list of CSR projects or programmes to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - ii. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021;
 - iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - iv. monitoring and reporting mechanism for the projects or programmes; and
 - v. details of need and impact assessment for the projects undertaken by the company as per applicability.
- b. The Board may however alter such plan any time during the financial year as per the recommendation of the CSR Committee based on reasonable justification to that effect.
- c. Board of the Company may approve such multi-year project undertaken by the Company in fulfilment of its CSR obligations whose timelines shall not exceed three years excluding the financial year in which it was commenced, and which may include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year based on reasonable justification.
- d. Broadly, the CSR AAP activities will focus on projects and programmes on Health initiatives such as Healthcare , Nutrition and Drinking Water, Area of Education, Development of local Community and likewise. Provided the Company may add such further areas for CSR activities in future as may be permitted per Act and rules thereon.
- e. The Company will give preference to well defined Project operating principles during the planning stage for the identification and implementation of its CSR Projects / Programmes in order to ensure optimal utilisation of the CSR budget.

- f. The Company will endeavour at all times to build and develop the skills of its CSR team and enhance level of CSR awareness within the organization and may also engage International Organizations for capacity building of its own CSR personnel.
- g. The Company may also collaborate with other companies for undertaking CSR projects or programmes or CSR activities as recommended and approved by board from time to time with clear guidelines on reporting of such projects or programmes in accordance with applicable rules.
- h. The Company may spend CSR amount for creation or acquisition of a capital asset in accordance with applicable rules and compliances.

6. CSR BUDGET AND CSR EXPENDITURE

- a. The Board of the Company will ensure that in each Financial Year (FY), at least two percent of the average net profit (calculated as per Section 198 of the Companies Act 2013) accrued during the three immediately preceding Financial Years is spent on CSR activities / projects / programs in pursuance of CSR policy.
- b. The Board of the Company will satisfy itself that the funds disbursed have been utilised for the purposes and in the manner as approved by board and Head of Finance shall certify to the effect.
- c. In the event where the amount indicated in para 6(a) above is not spent in its entirety in that Financial Year, the reasons thereof will be outlined as per section 134 (3) (o) of the Act in Board's report and the unspent amount shall be transferred to a fund specified in Schedule VII of the Act for this purpose from time to time within 6 months from end of such financial year unless the unspent amount relates to any ongoing project in which case the amount of such unspent amount will be transferred to an Unspent CSR bank account opened by the company for each such financial year within 30 days from end of such financial year.
- d. In an event where the Company is unable to spend the unspent amount relating to an ongoing project as transferred to an Unspent CSR bank account indicated in para 6 (c) within 3 financial years from the date of such transfer, the said unspent amount will be transferred to a fund as specified in Schedule VII of the Act for this purpose and as amended from time to time within 30 days from the date of completion of the 3rd financial year.
- e. In an event where the Company makes any surplus or profit from pursuing the CSR projects/ programmes, these will not form part of the business profit but will, instead be ploughed back into the same project or will be transferred to the unspent CSR bank Account as the case may be and spent in pursuance of CSR Policy and AAP of the Company or will be transferred to a fund specified in Schedule VII of the Act for this purpose and as amended from time to time, within a period of six months of the expiry of the financial year.

- f. In an event where CSR expenditure is in excess of requirement as per section 135 of Companies Act, 2013, such excess amount may be set-off against the requirement to spend as per Section 135 of Act, up to immediate succeeding three financial years subject to the condition that
 - i. this excess amount shall not include any surplus arising out of CSR projects; and
 - ii. Board of the Company will pass a resolution to this effect
- g. Board of the Company will ensure that Administrative Overheads shall not exceed 5% of the total CSR Expenditure of the company for the financial year
- h. In case the Company undertakes Impact Assessment , the expenditure on this may be booked towards CSR for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

7. CSR IMPLEMENTATION

- a. Each CSR projects or programs shall either be undertaken directly by the Company or through an implementation agencies fulfilling such prescribed criteria as laid down under the Act and rules thereon as amended from time to time (the “Implementation Partners”).
- b. The CCR Committee will constitute an Implementation Team (“the Implementation Team”) which shall comprise of the members of the CSR department of the Company and such other employees/ persons as identified by the CSR Committee from time to time, for all Project and other CSR activities of the Company. The Implementation Team shall inter-alia:
 - i. identify and design a Project in compliance with the provisions of the Act and Rules;
 - ii. plan budget for each Project, the modality of its operations, its monitoring mechanism and obtain the approval of the CSR Committee for the same;
 - iii. be the interface with various departments within the Company to ensure effective implementation of any Project;
 - iv. prepare a quarterly report on the progress of each Project and the status of expenditure for such Project and submit the same for consideration and review of the CSR Committee
- c. Before collaborating and funding any Implementation Partner, the Implementation Team shall evaluate Implementation Partners and shortlist them for the CSR Committee to review.
- d. The CSR Committee will finalise the Implementation Partner based on the evaluation of the Implementation Team and on the parameters set out under the Act and the Rules and satisfy themselves that such Implementation Partner meets the criteria of being an Implementation Partner. The broad aspects to be considered while engaging any Implementation Partner are set out in **Annexure A** to this Policy.

- e. The CSR Committee will propose , formulate CSR activities /Projects/AAP to the Board in consultation with the Implementation Team prior to execution of the agreement(s) with such Implementation Partner, or any other service provider.
- f. The Company shall execute an agreement with an Implementation Partner or service provider specifying in detail the activities to be carried out by the Implementation Partner or service provider, as the case may be, the rights and obligations of the Implementation Partner or service provider, the process of utilization of funds granted to the Implementation Partner, if any, and the implementation schedule and the monitoring and reporting mechanism of the Project./Programme.

8. GOVERNANCE

- a. The overall governance, formulation and recommendation of the CSR Policy is the responsibility of the CSR Committee.
- b. The Implementation Team are responsible for administering and executing the CSR activities undertaken by the Company in compliance with the CSR Policy under the directions and guidance of the CSR Committee.
- a. Board of the Company , taking into account the recommendations of its CSR Committee, will approve the CSR Policy for the Company, ensure that the activities as are included in CSR policy of the Company are undertaken by the company, will devise guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan of CSR activities in the Company, mode of implementation of CSR projects, monitoring mechanisms to monitor implementation of CSR projects of the Company and assess the impact of its CSR projects on Sustainable Development Goals;

9. MONITORING & EVALUATION

- a. The Board of the Company will monitor the progress of approved CSR projects and programs with respect to timelines and budgets through the CSR Committee and Implementation Committee. This may be done by:
 - Engaging National & International Organizations, if required, for designing, monitoring and evaluation of the CSR projects or programmes
 - Allocation of a separate budget for setting up and running the monitoring system;
- b. In case of ongoing project, the Board of the Company will monitor the implementation of the project with reference to the approved timelines and year-wise allocation and will make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- c. The Company will use various monitoring techniques based on systems, digital technology and physical monitoring as for instance regular field visits to Project / Programme sites,

comprehensive documentation and reports, timely and regular interaction with beneficiary communities to obtain feedback and such other means that the CSR Committee may deem necessary in the interest of its CSR initiatives.

- d. A monitoring report of the projects shall be carried out and submitted to the CSR Committee. Professional agencies/International Organizations may also be hired for carrying out Monitoring & Evaluation.

10. DISCLOSURE OF THE POLICY

The Company will ensure to make disclosure of its CSR Policy, composition of the CSR Committee and such other contents and reports of its CSR projects / programme in such format and in such manner as prescribed by the Act and applicable rules thereon.

11. AMENDMENT

The Board of Directors of the Company shall have the powers to revise/modify/amend this Policy from time to time, as the Board may think fit, based on the recommendations made by the CSR Committee and to confirm to the revision/amendment, if any, to be made to the CSR Rules by the MCA, under the Act.

ANNEXURE A

1. The Company shall exercise due diligence on all aspects before engaging any Implementation Partners including the veracity and adequacy of the documents. The information that shall be sought from such Implementation Partners includes:

- (i) Constitutional documents;
- (ii) CSR Registration No. and details;
- (iii) PAN Card;
- (iv) IT exemption certificate;
- (v) Income tax returns of the last three financial years;
- (vi) Audited accounts of the last three financial years;
- (vii) Confirmation that Implementation Partner meets the eligibility criteria as laid down under the Act;
- (viii) Description of the Project;
- (ix) Confirmation that the proposed Project meets the criteria/ is consistent with the list of activities laid down in Schedule VII of the Act.

2. The Implementation team may visit and/or meet the representatives to assess the Implementation Partner (as required).