

CORPORATE SOCIAL RESPONSIBILITY POLICY (“CSR POLICY”) OF KNAUF CEILING SOLUTIONS (INDIA) PVT. LTD. (“THE COMPANY or KCS”)

1. INTRODUCTION

KCS believes that the role of the company should not be limited to aggressively achieving its business objectives but should mandatorily include pro-active service to the society in which it operates. The company driven with the objective of making an impact-oriented contribution for the betterment of the environment and for the upliftment of the weaker sections of the society seeks to take positive steps towards it. The CSR Policy of the Company has been formulated and brought into effect in order to enable the company to fulfill its responsibilities of contributing to the larger good of the people and the planet.

The policy has been made in accordance with the provisions of the section read together with Schedule VII of the Companies Act, 2013 (“**the Act**”), read alongwith the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (“**the Rules**”).

2. DEFINITIONS

2.1. Corporate Social Responsibility (“**CSR**”): It means and includes but is not limited to:

- Projects or programs relating to activities specified in Schedule VII to the Act; or
- Projects/ programs relating to activities undertaken by the board of directors of the company in pursuance of recommendations of the Corporate Social Responsibility Committee of the Board as per declared CSR Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.

2.2. CSRC: It means the Corporate Social Responsibility Committee of the company set up in pursuance of Section 135 of the Act.

3. APPLICABILITY

3.1. The company shall be governed by the provisions of the CSR policy at all such times during which the company fulfills the requirement specified in Section 135(1).

3.2. The provisions of Section 135(1) shall apply to the company provided it has:

- Net worth of rupees five hundred crore or more; or
- Turnover of rupees one thousand crore or more; or
- Net profit of rupees five crore or more

During any of the preceding three financial years.

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSRC)

- 4.1. The CSRC of the company shall consist of the following members appointed by a resolution of the Board of Directors of the Company:

Name	Designation
Sanjeev Motiyani	Director
P V Soma Sundaram	Managing Director
William Mark Willis-Jones	Director
Radha Shivakumar	Finance Controller
Umesh Deshpande	General Manager
Deepali Mitra	Director – Human Resources & Admin

- 4.2. The CSRC shall be set up at the company's head office in Thane, which would look into the formulation of a CSR Policy, the recommendation of the amount of expenditure to be incurred on the activities of CSR enlisted in the CSR Policy and monitoring the CSR Policy of the company from time to time.

- 4.3. Roles and Responsibilities of the CSRC:

The CSRC shall

- Decide the CSR projects or programs or activities to be taken up by the company
- Place before the Board the CSR activities proposed to be taken up by the company for approval, each year
- Oversee the progress of the initiatives rolled out under this policy on a quarterly basis
- Define and monitor the budgets for carrying out the initiatives
- Submit a report to the Board of Directors on all CSR Activities undertaken during the Financial Year and the same shall be displayed on the Company's website at: <https://www.knaufceilingsolutions.com/en/regional-legal-notes/>
- Monitor and Review the implementation of the CSR Policy

- 4.4. The members of the CSRC shall hold office for a period not exceeding three years, from the date of their appointment.

- 4.5. A member of the CSRC may resign by a written notice stating the reasons for such resignation, addressed to the Board of Directors of the Company. The resignation shall be effective from the date of acceptance of the resignation in the meeting of the Board of Directors or after 30 days from the date of the resignation, whichever is earlier.

- 4.6. In case of resignation of any member of the CSRC, the Board of Directors shall appoint a new member to fill the vacancy created as such within 30 days from the creation of such a vacancy.

The new member shall be appointed in keeping with the constitution requirements of the CSRC as stated in clause 4.1 above.

4.7. A quorum of two members is required to be present for the meeting of CSRC to take place.

4.8. All the decisions of the CSRC shall be taken by way of a resolution passed by a majority of members of the CSRC present and voting.

5. AMOUNT TO BE ALLOCATED TO CSR

5.1. The amount of expenditure that the company must undertake on its CSR activities shall be such as shall be recommended by the CSRC.

5.2. A project-wise allocation of the CSR expenditure shall be recommended by the CSRC.

5.3. However, the amount so recommended shall not be lesser than two percent of the average net profits of the company made during the three immediately preceding financial years.

5.4. If the company fails to spend such amount, the Board shall specify the reasons for the same in the Board's report.

6. NET PROFITS

6.1. Net profits shall mean those calculated as per the provisions of the Act.

6.2. They shall not include profits arising from overseas branch of the company and dividend received from companies to which the provisions of section 135 are applicable.

6.3. However, where the net profits of the Company have been calculated in accordance with the provisions of the Companies Act, 1956, the Company need not recalculate the net profit in accordance with the provisions of the Act.

7. CSR

7.1. Kind of Activities:

The company proposes to serve the needs of the society by pro actively addressing the needs of the community in economic proximity of the company's operations.

The company will comply with applicable law, including Schedule VII of the Companies Act 2013 as amended from time to time.

The company shall endeavor to *inter alia* carry out the following as part of its CSR activities:

- engage in partnerships and programs with educational institutions to enhance quality of education for students in India.
- Assisting in providing vocational educational opportunities for students.

- Providing a good learning environment to the children and ensure their overall development.
- Use of newer methods and technologies, combined with a more relevant curriculum, to make a major difference in the effectiveness of education of students.
- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or approved Non-Governmental Organisations for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- Any other projects with approval from the Board of Directors, subject to clause 7.7.

7.2. Modalities of Performing CSR Activities:

- The company shall carry out the CSR activities by collaborating with an external agency recommended and approved by the CSRC.
- The Board of the company shall prior to collaboration with an external agency, determine whether the CSR activities approved by the CSRC shall be performed by the company itself or by the company through its own foundation or through registered trust or a registered society or a company that shall have an established track record of three years in undertaking similar programs or projects with those specified under Clause 7.1 above.
- If the implementation of the CSR projects requires specialized knowledge and skills that may not be available in-house, the CSRC may recommend availing of the services of external specialized agencies for the implementation of such CSR projects or programs.
- Prior to start of work, the Company will need to enter into an agreement or memorandum of understanding with the relevant executing/implementing external agency, setting out the terms and conditions of the engagement of the external agency.

7.3. Adherence to Schedule VII

The Company proposes to adopt one or more of the following CSR activities prescribed by applicable laws including Schedule VII of the Companies Act 2013, as amended from time to time viz.

- Promoting education, including special education and employment enhancing vocation skills especially among women, elderly and the differently abled and livelihood enhancement projects
- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or approved Non-Governmental Organisations for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- Any other projects with approval from the Board of Directors, subject to clause 7.7.

7.4. Area for performing CSR

The CSR activities shall be undertaken within the territory of the Republic of India

7.5. Implementation of CSR Activities:

- For effective implementation, a CSR plan detailing the CSR programs or projects, planned to be undertaken in each year, the responsibilities assigned, the modalities of execution and related expenditures along with the measurable and expected outcome of the same will be presented to the CSRC.
- Every year, the CSRC will recommend CSR projects or programs to be undertaken to the Board and shall provide guidance on the budgetary allocation of the CSR budget.
- The company shall with the approval of the Board make a budgetary allocation for CSR projects or programs for the year.
- CSRC shall decide the implementation of the schedule for performing the CSR activities on an annual basis at the beginning of every financial year.

7.6. Monitoring Mechanism

- The Board through its CSRC shall monitor the expenditure and outcomes of CSR projects and shall be responsible for the effective monitoring of the CSR activities in accordance with clause 7.2 and clause 7.5 above.
- CSRC will evaluate the project progress and outcome quarterly.
- The outcomes will be monitored and a quarterly report will be submitted to the Board as per the proposed format, Annexure 2.

7.7. Activities not considered as CSR

The following activities of the company shall not be considered as CSR activity:

- CSR Projects or programs or activities undertaken outside India
- CSR Projects or programs or activities that only benefit the employees of the company and their families
- Contribution by the company of any amount directly or indirectly to any political party
- Activities undertaken in the normal course of business

7.8. CSR Expenditure

CSR expenditure of the company shall only include:

- Expenditure towards projects or programs relating to CSR activities specified in clause 7.1 above.

- Contribution to corpus for projects or programs relating to CSR activities specified in clause 7.1 above.
- Expenditure towards training the company's personnel as well as the personnel of implementing agencies through institutions with established track records of at least three financial years provided that any such expenditure which shall include expenditure on administrative overheads does not exceed 5% of the total CSR expenditure of the company in any one financial year.

7.9. New Projects as part of CSR Activities:

All new projects shall be approved as per the proposal format specified from time to time.

8. FUNCTIONS OF THE BOARD

- 8.1. The Board shall take into account the recommendations of the CSRC.
- 8.2. The Board shall approve the CSR policy formulated by the CSRC.
- 8.3. The Board shall ensure that activities included by a company in CSR Policy are in pursuance of Schedule VII of the Act.
- 8.4. The Board shall be responsible for the effective implementation of the CSR activities in accordance with clause 7.2 and clause 7.5 above.
- 8.5. The Board shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years in pursuance of the CSR Policy.

9. DISCLOSURES

- 9.1. The Board shall disclose the composition of the CSRC in the Board's report prepared by it.
- 9.2. The Board shall disclose the contents of the CSR policy on the website of the company.
- 9.3. The Board shall include an annual report on CSR pertaining to the financial year containing such particulars as are specified in Annexure to Schedule VII of the Act.
- 9.4. In case of a failure to spend the required amount on CSR, the Board shall specify the reasons for the same in the Board's report.

10. MISCELLANEOUS

- 10.1. Any surplus which may arise in pursuance of the CSR activities undertaken in accordance of clause 7.1 above shall not form part of the business profit of the company.

10.2. The CSRC of the company shall submit such reports to the Board as may be required by it with respect to the implementation of the CSR activities.

10.3. The CSRC may amend the CSR Policy of the company at any time as it considers to be appropriate for the effective implementation of the CSR activities mentioned in clause 7.1 above.

10.4. Policy Performance Review

- The CSRC shall review the policy annually and make recommendations for revisions to the same if required with the approval of the Board.
- All employees and stakeholders shall be made aware of the obligations to ensure that this policy is supported and maintained.