

# Corporate Social Responsibility Policy

## **ABSTRACT:**

This document outlines the Vision and Policy of Kohler India Corporation Private Limited- A Kohler Company in India, towards Corporate Social Responsibility in accordance with Section 135 of the Companies Act 2013 and the Rules thereunder.

**Date : January  
2020**

Ver. 2/2021-22 (March 2021 and Dec-2021)

## INTRODUCTION & BACKGROUND

Kohler Co. first entered India directly in 1990s through establishment of Liaison office as a means to create brand awareness and establish its business. Kohler has been investing significantly in India ever since the 1990s. Accordingly, Kohler India Corporation Private Limited ("KICPL" / "Company") was incorporated in year 1999.

Today, Kohler has a robust and growing presence in India.

## KICPL BRAND PROMISE

### Our Mission

The corporation and each associate have the mission of contributing to a higher level of gracious living for those who are touched by our products and services.

Gracious living is marked by qualities of charm, good taste and generosity of spirit. It is further characterized by self-fulfillment and the enhancement of nature.

We reflect this mission in our work, in our team approach to meeting objectives and in each of the products and services we provide our customers

## KICPL'S CORPORATE SOCIAL RESPONSIBILITY (CSR) PHILOSOPHY

WE BELIEVE that the path to a better place is a constant endeavor. Every day KICPL's associates are moving forward with a focus on sustainability and stewardship. Some strides are larger than others. But what's most important is that steps are being taken in a positive direction. And that's a really big deal.

WE BELIEVE that you should join us on our journey. And whatever you believe in doing, no matter how big or small, if it makes our world a better place, it's a belief that KICPL can get behind.

KICPL in India has been conducting various activities under Stewardship area also referred as Corporate Social Responsibility (CSR) in India. KICPL's Associates support their local communities and one another through volunteering donating and being actively engaged.

## KICPL's CSR OBJECTIVE:

The objective of Kohler India Corporation Private Limited's CSR philosophy in India is centered in 'Making a Difference' through the philanthropic initiatives the company undertakes. The Company, firmly believes that CSR is primarily, the responsibility of the Company in relation to the impact of its decisions and activities on the society and also the environment, through a transparent and ethical behavior which is:

- (a) consistent with sustainable development and welfare of society,
- (b) takes into account the expectations of stakeholders,
- (c) is in compliance with applicable law, and
- (d) is uniformly integrated and practiced throughout the Company.

### A. CONSTITUTION OF CSR COMMITTEE

Keeping in line with section 135 of the Companies Act, 2013, the Board of Directors should form a CSR Committee, to carry out the following functions among other things:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating activities to be undertaken specified in the prescribed schedule.
- To recommend the amount of expenditure to be incurred on the activities referred to in clause (1).
- To monitor the activities undertaken towards Corporate Social Responsibility from time to time.

KICPL's CSR Committee comprises of following members from Board of Directors of the Company.

Mr. Salil Sadanandan  
Mr. Pankaj Kumar Rai  
Ms. Vandita Batta

## **B. SCOPE**

In furtherance of its CSR objects, the following are covered under this Policy:

- i. CSR activities implemented by the Company on its own,
- ii. CSR activities of the Company through an external trust/society.

## **C. DEFINITIONS**

In this Policy, unless the context otherwise requires:

1. "Act" shall mean the Companies Act 2013, including any modifications, amendments or re-enactment thereof.
2. "Agency" (or Agencies) means any Section 8 Company or a registered trust/society/NGO/ institution, performing social services for the benefit of the society and including a registered trust / society / NGO / institution / Section 8 Company which is formed by the Company or its holding or subsidiary company/companies.
3. "Approved Budget" shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.
4. "Board" shall mean the Board of Directors of the Company.
5. "Company" shall mean Kohler India Corporation Private Limited- A Kohler Company and wherever the context requires, shall signify the Company acting through its Board.
6. "CSR Annual Plan" shall mean the annual plan detailing the CSR expenditure for the year.
7. "CSR Committee" shall mean the Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with the Act, consisting of three directors.
8. "CSR expenditure" means all CSR expenditure of the Company as approved by the Board upon recommendation of the CSR committee, including the following:
  - i. contribution to CSR Projects which shall be implemented and/or executed by the Company;
  - ii. contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by an Agency.
  - iii. Any other contributions covered under Schedule VII. Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR expenditure.
9. "CSR Officer" shall mean the person/associate that may be appointed/designated as such for carrying out the work of assisting CSR Committee for monitoring and implementing CSR activities envisaged in the CSR Policy.

10. "CSR Policy" shall mean the Corporate Social Responsibility Policy of the Company in force, which includes the activities to be undertaken by the Company pursuant to the list specified in Schedule VII to the Act and the extent of CSR Expenditure thereon.
11. "CSR Projects" or "Projects" means Corporate Social Responsibility projects/activities/ programs/ initiatives, instituted or undertaken in India, either new or ongoing, and includes those undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR Policy of the Company and related to any of the areas as mentioned in Point D. Projects/activities/ programs/ initiatives undertaken in pursuance of normal course of business of the Company and projects which benefit only the employees of the Company and their families shall not be considered as CSR Projects.
12. "Financial Year" shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.
13. "Group Companies" means entities owned or controlled, either directly or indirectly, by Kohler Co. , whether in India or outside.
14. "Net profit" shall mean the net profit calculated as per the Act and Rules for the purposes of CSR based on which the specific percentage for CSR expenditure shall be calculated.
15. "Ongoing Project" means a multi-year project undertaken by the Company in fulfillment 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.

*Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or the Rules made thereunder, as may be amended from time to time, shall have the meaning respectively assigned to them therein.*

16. "Rules" shall mean the Companies (Corporate Social Responsibility) Rules 2014, including any re-enactment, modifications or amendments thereof.
17. "Unit" shall mean each of the following:  
 Factory located at Plot No.828, Jhagadia Valia- Gujarat  
 Head Office  
 Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and/or Rules.

#### **D. CSR ACTIVITY AREAS:**

The Company shall focus on following CSR activities prescribed under Schedule VII of Companies Act, 2013

1. eradicating hunger, poverty and malnutrition, promoting health care including 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;
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 recognized sports, Paralympic sports and Olympic sports;
8. contribution to the Prime Minister's National Relief Fund, Minister's Citizen Assistance, 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 scheduled castes, the scheduled 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.
13. any other activity as may be included in Schedule VII of the Companies Act 2013 and the Rules made thereunder, from time to time.

#### **E. IDENTIFICATION OF CSR PROJECTS:**

1. CSR Projects need to be identified and planned for approval of the CSR Committee, in particular in Thrust Areas, with estimated expenditure and phase wise implementation schedules
2. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR objects in other areas.
3. As a cardinal principle, the CSR Projects in Thrust Areas, shall be identified on the basis of a detailed assessment survey.
4. The Company may engage external professionals/firms/agencies if required, for the purpose of identification of CSR Projects.

#### **F. IMPLEMENTATION OF CSR PROJECTS**

The Company shall implement the identified CSR Projects by the following means:

##### **I. DIRECT METHOD**

1. The Company may itself implement the identified CSR Projects presently within the scope and ambit of the Thrust Areas as defined in the Policy;
2. The Company may engage external professionals/firms/agencies if required, for the purpose of implementation of its CSR Projects.
3. The Company, may collaborate with other companies, including its Group Companies if required, for fulfilling its CSR objects through the Direct method, provided that the CSR Committees of respective companies are in a position to monitor separately such CSR Projects.

## II. INDIRECT METHOD

1. The Company may implement the identified CSR Projects through Agencies, subject to the condition that:

- The activities pursued by the Agency are covered within the scope and ambit of Schedule VII of the Act provided
- The Agency has an established track record of at least three years in undertaking similar programs or projects, and
- The Company has specified the Project to be undertaken through the Agency which shall preferably be in Thrust Areas, the modalities of utilization of funds on such Projects and the monitoring and reporting mechanism which may occur up to every six months.

2. The Company, may collaborate with other companies, including its holding and subsidiary Companies and Group Companies if required, for fulfilling its CSR objects through the Indirect method provided that the CSR Committees of respective companies are in a position to monitor separately such Projects.

## G. MONITORING

Monitoring process for CSR Projects shall include the following:

- Evaluation of Planned progress V/s Actual Progress
- Actual expenditure V/s expenditure as per Approved Budget

## I. FUND ALLOCATION AND OTHERS

### A. FUND ALLOCATION

1. The Company, in every Financial Year, shall endeavor to spend the feasible amount, which is not restricted by the statutory limit of a specified percentage of its average net profits of the immediately preceding three Financial Years. However, the aforementioned expenditure in any Financial Year shall be at least 2% of Company's average Net profits for the three immediately preceding Financial Years, or as otherwise required by the law.
2. The CSR Committee shall prepare a CSR Annual Plan after taking into consideration the recommendation made by Human Resources Department and Stewardship Committee of Company for the above which shall include:
  - a. Identified CSR Projects
  - b. CSR expenditure
  - c. Implementation Schedules
3. Total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee

4. In case the Company fails to spend the statutory minimum limit of Company's average net profits of the immediately preceding three years, or the net profit calculations as otherwise prescribed by law, in any given financial year, the Board shall specify the reasons for the same in its report in terms of clause (o) of sub-section (3) of section 134.
5. The Company shall strive to spend the budgeted amount allocated for CSR activities/ projects planned for each financial year, within that year. If for any reason, the budget of a year remains unutilised, the same would not lapse and will be treated in the following manner:
  - a) In case of Ongoing Project, the unspent amount shall be transferred to an account i.e. 'Unspent CSR Account' within 30 days of end of the financial year, or within such other time period as may be specified in the Act or CSR Rules from time to time, and such sum shall be spent during the next three financial years from the date of transfer, in the manner prescribed under the Act read with CSR Rules, failing which, the Company shall treat the unspent amount in the manner prescribed under the Act read with CSR Rules.
  - b) In case of activities/ projects other than Ongoing Project, the same shall be transferred to funds specified in Schedule VII of the Act, or any such other fund(s) as may be specified under the Act or CSR Rules, within 6 months of close of the financial year or within such other time period as may be specified from time to time.

## B. OTHERS

1. The CSR Committee shall ensure that CSR expenditure in the Annual Plan shall be for the Projects in the CSR activities as specified in this policy.
2. The Board of Directors of the Company are authorized severally to decide on Projects to be implemented through the Indirect Method within the allocation as per the Annual Plan.
3. Any surplus arising out of the CSR Projects shall not form a part of the business profit of the Company and shall be treated in the following manner:
  - a) ploughed back into the same project; or
  - b) shall be transferred to the Unspent CSR Account (if any) opened by the Company, from which the said amount shall be spent in pursuance of CSR policy and annual action plan of the Company; or
  - c) such surplus will be transferred to a Fund specified in Schedule VII to the Act, or any such other fund(s) as may be specified under the Act or the Rules, within a period of six months of the expiry of the financial year.

## H. DUTIES AND RESPONSIBILITIES

### I. BOARD OF DIRECTORS

The Board shall include in its Report the annual report on CSR Projects as per the format provided in the Annexure to the Rules.

### II. CSR COMMITTEE

- i. The CSR Committee shall monitor the implementation of the CSR Policy and CSR Plan. For this purpose, the CSR Committee shall meet up to twice in a year. The quorum for the meeting shall be minimum two committee members. Committee Members may attend the meeting via feasible electronic modes.
- ii. In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.

- iii. The CSR Committee shall place before the Board the draft annual report as per the format in annexure to the Rules in Board meeting in first quarter of the following year for Board review and finalization.
- iv. The CSR Committee shall place before the Board responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company for inclusion in the Board's Report.
- v. The CSR Committee shall ensure that the CSR Policy and finalized Annual Plan is displayed on the Company's website.

### III. CSR OFFICER (if appointed)

- i. The CSR Officer appointed as such shall assist the Committee for the proper implementation and execution of CSR Projects of the Company.
- ii. The CSR Officer shall assist the Committee for monitoring the Projects vis-à-vis the Annual Plan.
- iii. The CSR Officer shall send the half yearly CSR report for the CSR Committee meeting and CSR Annual Plan and the draft annual report as per the format in Rules for the CSR Committee meeting.
- iv. The CSR Officer shall communicate the relevant feedbacks received by him/her to the CSR Committee.
- v. The CSR Officer shall assist the CSR Committee for any act that may be required to be done by the CSR Committee in accordance with the Policy.
- vi. The CSR Officer may be assisted by a select group of individuals who shall be available on priority basis to the CSR Officer, including in Units, as and when required in discharge of all or any of his functions as required under the CSR Policy.

#### I. DISCLOSURE:

The Company's engagement in this domain shall be disseminated on its website if any, annual reports and/ or its in-house journals as and when deem fit.

The Company shall disclose the composition of the CSR Committee, CSR Policy and the Projects approved by the Board on its website if any. The CSR Annual Report, web link of Policy along with salient features of the Policy and details of change (if any) during the financial year, shall be disclosed in the Board's report.

#### J. REVIEW PERIODICITY AND AMENDMENT:

CSR Plan and policy may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit.

*In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.*