KRBL Limited

CORPORATE SOCIAL RESPONSIBILITY POLICY

Version	2.0
Prepared By	Corporate Secretarial Department
Policy Owner	CSR & ESG Committee
Approved By	CSR & ESG Committee and Board of Directors
Approved On	11.04.2025
Email	cs@krblindia.com
Effective Date	11.04.2025

1. PREFACE

KRBL Limited strongly believes that sustained growth of business lies on triple bottom line that is growth of people around our operation, protection of environment where we operate and profit from our business.

We are deeply committed to creating a positive and sustainable impact on the communities we serve. Our Corporate Social Responsibility **("CSR")** policy reflects our dedication to not only enhancing shareholder value but also contributing meaningfully to society at large. In alignment with India's socio-economic priorities and global sustainability goals, we strive to implement initiatives that promote education, nutrition and health, environmental conservation, health, and community development, etc.

We endeavour to transform lives and empower communities, by serving the Society. Our mission is to promote the socio-economic development and wellbeing of communities through participatory initiatives, aimed at empowering society at large. Our CSR Policy has been formulated in accordance with the requirements of provisions of Section 135 of the Companies Act, 2013 **("Act"**) and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (**"Rules"**), as amended and modified from time to time.

2. SCOPE AND OBJECTIVE

KRBL will ensure carrying out CSR projects/ programs in line with activities prescribed under Schedule VII of the Companies Act 2013:

a. 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 and making available safe drinking water;

b. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

c. 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;

d. 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;

e. 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;

f. 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;

g. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;

h. 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 government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

i. 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

j. 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 Defence 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).Rural development projects;

k. Slum area development;

l. Disaster management, including relief, rehabilitation and reconstruction activities and

m. Any activities or subjects specified in Schedule VII of the Act.

3. DEFINITIONS;

a. "**Act**" means the Companies Act, 2013.

b. "**Board of Directors**" or "**Board**" shall mean the collective body of the directors of the company.

c. "**Company**" shall mean KRBL Limited.

d. "**CSR Policy**" shall mean the CSR Policy of KRBL Limited.

e. "**CSR Committee**" Shall means the CSR & ESG Committee constituted by the Board of Directors of the company.

f. "**Implementing Agency**" means any entity registered with Ministry of Corporate Affairs for undertaking CSR projects, which is engaged by the company to implement various projects in pursuance of CSR Policy

4. IDENTIFICATION OF PRIORITY/ FOCUS AREAS

KRBL, on the basis of the scope of activities as defined above shall outline its focus area and prepare action plan on annual basis to be approved and recommended by the CSR and ESG Committee for further approval by the Board of Directors.

The primary identified focus areas are:

a. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation;

b. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects and

c. 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.

d. Rural and Slum Area Development.

e. Research and Development

However, the Company may, subject to the approval of the CSR and ESG Committee and Board of Directors, undertake any CSR project for any objective as specified in Schedule VII of the Companies Act, 2013, from time to time.

5. <u>ORGANSATIONAL SET UP</u>

a. Corporate Secretarial Team

Corporate Secretarial Team shall be responsible for preliminary screening of proposals. The department in its preliminary stage of screening will ensure the proposal is in line with the focus areas and within the scope of activities to be undertaken by KRBL as part of its CSR obligations.

If the Project/ proposal is to be carried out through Implementation Agency, the will carry out the requisite due diligence and need assessement to ensure the proposed project / Implementation Agency is fit and proper person for the Proposed Activity/project. Due diligence to be carried out by the Internal Team shall include the criteria defined under applicable law, guidance and CSR and ESG Committee of the Company. The team can take services the third party agency for carrying out the necessary due diligence.

On being satisfied, that the proposed project and the Implementation agency for the project satisfies the pre-requisite criteria, the same shall be proposed to CSR Committee for further approval.

b. CSR & ESG Committee

KRBL Limited shall have a duly constituted CSR Committee in line with the applicable provisions of Companies Act, 2013 and rules made thereunder. The Board of Directors of the Company shall constitute/ re-constitute the CSR Committee from time to time in compliance with statutory requirements. The CSR Committee shall comprise of a minimum of three directors, at least one of whom, shall be an independent director. The composition and terms of reference of the Committee is available on Company’s website.

The CSR Committee may invite members of senior management and other persons as it deems necessary to the committee meetings.

The CSR Committee shall formulate and recommend to the Board of Directors, an annual action plan in pursuance of its CSR policy which includes

a) list of CSR projects to be undertaken
b) the manner of execution of such projects
c) utilization of funds and implementation schedule
d) monitoring and reporting mechanism for the projects or programs
e) impact assessment, if any for the projects undertaken by the Company and

f) Monitor and recommend the alterations in the CSR Policy and Annual Action Plan of the company, based on reasonable justifications to that effect.

c. Board of Directors

The final decision in the selection, evaluation of projects, budget allocations and implementation strategy of the CSR Initiatives and activities is taken by the Board of Directors.

The Board shall approve the projects and programmes recommended by CSR Committee, monitor the progress, and shall satisfy itself that the funds disbursed have been utilized for the purposed and in the manner approved by it.

The Board of Directors may authorize the Managing Director or CSR and ESG Committee to approve, in principle, the proposals for funding under this CSR Policy, formulate new schemes wherever required; take decision on the broad budget categories, and to take any action required in order to implement the Company's CSR initiatives.

6. CSR PLANNING AND IMPLEMENTATION

a. PROJECT-PLANNING AND IDENTIFICATION

- CSR initiatives of KRBL Limited shall be undertaken by the Company either directly or through KRBL Foundation as formed by KRBL Limited or through any other Implementation Agency appointed in accordance with Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.
  Identification of CSR projects/activities will be done by any one or combination of the in-house planned projects or proposals/requests from an implementing agency duly authorised and equipped for carrying out specific CSR initiative.
- As far as possible, CSR initiatives shall be implemented in project mode with clearly defined objectives and allocation of resources and timeline along with the impact assessment. A CSR activity through third party implementing agency shall be planned to be carried out in project mode. The proposals shall be evaluated by conducting a proper due diligence including site visits, assessement of the past track record, financial and regulatory process review etc.
- Upto to certain value of expenditure as may be deemed fit by the Board, an assessement of similar projects/ other projects have been/are being carried out by the implementing agency at other location(s), shall be conducted.
- On the basis of identified CSR activities/projects, the Annual Action Plan will be prepared and approved by the CSR and ESG Committee which shall recommended the same to the Board for its approval. Once approved by the Board, the Annual Action Plan for respective year would be disseminated at the website of the Company. All efforts should be made to finalize the Annual Action Plan before commencement of the financial year.
- The Annual Action Plan shall encapsulates strategic approach, delineating the manner of execution, fund utilization, monitoring, and reporting mechanisms, aligning with the requirements of applicable rules and regulations.
- The annual budget allocation for CSR shall be earmarked every year for implementation of CSR activities. The Annual Action Plan as approved by the Board shall then be communicated to Company Secretary, Chief Financial Officer and Executive Directors who may further authorise the officers of the Company to undertake and monitor the activities as per the Annual Action Plan.
- The Annual Action Plan may, however, be amended/modified by the Board at any time during the financial year as per the recommendation of the CSR Committee based on reasonable justifications to that effect.

7. MODALITIES FOR IMPLEMENTATION AND EXECUTION OF CSR ACTIVITIES/ PROJECT/ PROGRAMMES.

a. Utilisation of Funds

- CSR Budget shall be allocated during each financial year by the Board of Directors/CSR Committee. Company shall spend at least 2% of the Average Net Profit made during immediately preceding three financial years on its CSR activities as per the provisions of Companies Act, 2013. Every endeavour shall be made to spend the entire yearly budget on CSR activities in that year itself.
- The amount earmarked for CSR expenditure shall be spent in accordance with the Annual Action Plan.
- The Company may spend up to 5% of the total CSR expenditure in one financial year on administrative expenses relating to general management and administration of CSR functions in the Company.
- CSR funds may be spent for creation or acquisition of a capital asset, which shall be held as per Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules 2014.
- The surplus arising out of the CSR activities will not be considered as a part of the business profits of the Company and shall be ploughed back into the same project, or shall be transferred to the unspent CSR account and it should be spent in pursuance of this CSR policy and annual action plan of the Company, or the Company may transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.
- The unspent amount, if any other than unspent amount relating to an ongoing projects, will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the respective financial year.
- The unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the respective financial year to a special account opened by the Company in any scheduled bank called the "Unspent Corporate Social Responsibility Account". Such amount shall be spent by the Company towards CSR within a period of 3 financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year.
- The excess amount incurred if any, by the Company on CSR projects, programs or activities may be set off against the requirement to spend in succeeding financial year's in consonance with the applicable provisions.

b. Mode of Implementation of CSR Projects, Activities and Programmes.

Board shall ensure that the CSR activities are undertaken by KRBL

- Directly, or through
- Implementing Agencies

Implementing Agency shall fulfil the following criteria:

a. company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company provided it satisfies the criteria for being appointed as the Implementing Agency as per the Act and the rules.

b. a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or

c. any entity established under an Act of Parliament or a State legislature; or

d. a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

KRBL by the very nature of its business has its activities spread pan India across all the States and Union Territories. Hence, CSR activities may be taken up at any location within the country. However, while doing CSR Activities, the KRBL shall make conscious efforts to give preference to the local areas wherein the Company operates or has its offices i.e. areas in the vicinity of its Corporate Office, Registered Office, Plants and Units.

The agency implementing the CSR Projects shall satisfy the criteria of appointment as designed by the CSR Committee, and updated from time to time such as requirement of valid Registration as Implemented Agency in accordance with Companies Act, 2013, requisite track record, experience and expertise in Financial Management for execution of CSR Projects to be undertaken by the Implementing Agency.

The CSR and ESG committee may prescribe or require certain additional criteria to be fulfilled by an Implementation Agency before appointment such as but not limited to NGO VO Grading of Entity by reputed/accredited/ recognized grading agency, which may be CRISIL, CARE or any other Rating / Grading agency as approved by the Committee. The Grading, if required should not be more than 1 years old at the time of submission of proposal.

For CSR projects/schemes approved to be implemented through external implementing agency, a MOU shall be entered to specify and record material terms and conditions.

In case where the Company undertake the CSR Projects via Implementation Agency and not directly, such Implementation Agency shall be responsible for the following:

a. To devise a robust monitoring mechanism in order to ensure that the CSR Activities are undertaken effectively in accordance with approved Annual Action Plans in compliance with the Applicable Laws and the provisions of this Policy.

b. To update the CSR Committee and the Board on the progress of CSR Activities and status of implementation of the Annual Action Plan from time to time.

c. To maintain records of all CSR Activities undertaken on behalf of the Company.

d. To do all such acts, deeds and things as may be directed by the CSR Committee in pursuance of the CSR Policy and for the effective implementation of the Annual Action Plan.

e. To comply with all other terms and conditions of the CSR Policy of the Company to the extent applicable.

f. To submit the project progress, photographs at various stages of implementation, utilisation certificates etc.

8. <u>MONITORING AND IMPACT ASSESSEMENT</u>

a. The CSR Committee shall endeavour to devise a robust monitoring mechanism to ensure that the CSR projects/ programs are undertaken effectively in accordance with its CSR Policy, annual action plan and applicable laws.

b. For all the projects/ contributions above a certain value as determined by the Board, the base line/pre-implementation phase data/status in terms of measurable parameters must be documented along with relevant photographs (if possible) before commencement of the project and a Need and Requirement Assessement Analysis or study may be undertaken through in house resources/by engaging a third party.

c. The CSR projects may include well defined milestones in terms of measurable parameters if possible. The payments to the external agencies, as the case may be applicable, shall be made in instalments which shall necessarily be inter-twined in appropriate proportion with the achievement of the milestones. Regular site visits and feedbacks from the targeted beneficiaries should be taken

d. Monitoring of CSR activities could be done through establishing a mechanism, key elements of which may include;

i. Allocation of responsibility
ii. Establishing KPIs/ indicators
iii. Tracking of progress and impact
iv. Providing reasons for deviations.
v. Site visits to understand on ground achievements.
vi. Communicating progress internally and externally.
vii. Regular reporting to CSR and ESG Committee.
viii. Seeking Feedback from beneficiaries.

Impact Assessment

a. The Company shall undertake the impact assessment wherever applicable as per the below requirement under Companies Act, 2013:

Every Company having average CSR obligation of ₹ 10 Crore or more in pursuance of Section 135(5) of Companies Act, 2013, in three immediately preceding financial years, shall undertake impact assessment, through an Independent Agency, of their CSR projects having outlays of ₹ 1 Crore or more, and which have been completed not less than 1 year before undertaking the impact study.

b. Additionally, the Company may undertake periodic impact assessment of other projects once every 3 years, subject to recommendation of the CSR Committee.

c. To maintain transparency, details of every project i.e. targeted beneficiaries, intermediate milestones, targeted outcomes, completion schedule, payment plan, fund utilisation certificates, project completion certificates, Impact assessment etc. should be maintained as prescribed under the Company's rules so that they are available for any cross checks and future scrutiny.

9. REPORTING AND DISCLOSURE

A consolidated progress report of CSR activities including the reports submitted by the Implementing agencies, if any on a quarterly basis shall be obtained which shall then be put up for consideration of the CSR Committee by the Company Secretary on a half yearly basis. On the basis of progress report, the CSR Committee may recommend appropriate action with respect to any project/activity of the Policy. Any addition /deletion/modification (with proper justification) of project/activity may be considered by the CSR Committee for further recommendation and approval of the Board.

The progress report to the CSR Committee shall include,

- Year-to-date in terms of coverage compared to the target, plans to overcome shortfalls if any and support required from the CSR Committee/Board to overcome the shortfalls.

- Actual year-to-date spends compared to the budget and reasons for variance.

- In respect of activities undertaken through third party implementing agencies, regular reporting of progress on each of the activities and the amount incurred thereon shall be done.

An Annual CSR Report and plan will be included in the Directors Report within the Annual Financial Statement of the Company and will be placed before the CSR Committee and the Board for approval at the end of every financial year. The report will adhere to the requirements of Section 135 of the Companies Act, 2013 and the rules thereunder.

Approved CSR Policy of the Company and activities undertaken by KRBL or through any Implementing Agency shall be disseminated on website of the Company.

10. CONTACT PERSONNEL

For queries related to CSR projects/ programme or activities, please write to us at: cs@krblindia.com.

11. AMENDMENTS AND REVIEW OF POLICY

This Policy can be modified or repealed at any time by the Board of Directors taking into consideration the recommendation of CSR Committee of the Company.

The CSR Committee shall be fully responsible for the monitoring and review of the implementation of this policy in accordance with applicable laws from time to time.

The Company Secretary & Compliance Officer is being authorized to amend this Policy to appropriately incorporate statutory amendments and the same shall be forthwith intimated the CSR and ESG Committee for noting in the subsequent meeting.

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