

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. BACKGROUND

A. O. Smith India Water Products Private Limited, a Company incorporated under the Companies Act, 1956, having its Registered Office at Plot No. 300, KIADB Industrial Area, Phase II, Harohalli, Kanakapura Taluk, Ramanagara District, Karnataka 562112, (hereinafter referred to as “AOS”) lays down the framework of Corporate Social Responsibility Policy (hereinafter referred to as 'Policy') as required in terms of Section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as 'the CSR Rules'), as amended from time to time.

2. PHILOSOPHY

The philosophy of giving back to the community and to take part in philanthropic causes and provide positive social value has been well enshrined as business goals of AOS. With our innovative ideas we provide healthy life through our products and more particularly through water purifiers. Apart from business strategies embodied with social goals, AOS also believes in spending its profits towards wellbeing of the society which would create a significant multiplier impact on sustainable livelihood creation and environmental replenishment. These initiatives are independent of the normal conduct of AOS's businesses and are aligned to the activities listed in Schedule VII read with Section 135 of the Act and the CSR Rules.

The CSR activities of AOS are directed towards achieving one or more of the following - poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people, especially those from disadvantaged sections of society; protection of national heritage, art and culture; preserving and promoting music and sports; and providing relief and assistance to victims of disasters and calamities.

3. CSR AND SUSTAINABILITY COMMITTEE (“Committee”)

AOS will constitute the CSR committee comprising of directors as and when required in terms of the provisions of the Companies Act, 2013 and Rules made thereunder, and the Board of Directors (‘Board’) of the Company shall discharge all the functions of CSR committee in terms of these provisions until the Committee is constituted.

Board may constitute an internal committee of CSR called as **CSR Management Committee (‘CMC’)** constituting the officers of the Company as it may deem necessary, who shall carry all the functions of the CSR as directed by the Board from time to time. The CMC shall place its report before the Board periodically as may be decided by the board.

4. THE CSR POLICY

This Policy has been formulated and recommended pursuant to the provisions of the Act and the CSR Rules, and the same has been approved by the Board.

5. CSR ACTIVITIES

AOS shall engage in following CSR activities as mentioned in Schedule VII of the Companies Act, 2013:

- (i) Create **sustainable livelihoods and alleviate poverty** through promotion of, inter alia, afforestation, water stewardship, sustainable agriculture and climate smart practices, livestock development and women empowerment;
- (ii) Build **capabilities for tomorrow** through interventions in, inter alia, education, vocational training, sanitation, school WASH (Water, Sanitation & Hygiene), safe drinking water and solid waste management;
- (iii) **Promote healthcare, including preventive healthcare**, and improve critical nutritional & health status of at-risk population through interventions to strengthen mother & child health, nutritional content, delivery, outreach and outcomes;
- (iv) Protect **national heritage, art & culture**, and preserving & promoting music and sports; and
- (v) Provide relief and assistance to victims of **disasters and calamities**.

6. AOS AIMS TO

- (i) develop the required capability and self-reliance of beneficiaries at the grass roots, especially of women, in the belief that these are pre-requisites for social and economic development;
- (ii) engage in affirmative action interventions such as skill building and vocational training;
- (iii) pursue CSR Programmes primarily in areas that fall within the economic vicinity of the AOS's operations to enable close supervision and ensure maximum developmental impact;
- (iv) enter into public-private-people partnerships to multiply the impact of the CSR Programmes;
- (v) carry out CSR Programmes in relevant local areas to fulfil commitments arising from requests by government / regulatory authorities;
- (vi) provide equal opportunities to beneficiaries of the CSR Programmes;
- (vii) promote sustainability in partnership with industry associations, like the Confederation of Indian Industry (CII)

7. IMPLEMENTATION

AOS's CSR Programmes will be implemented through

- (i) its personnel, or
- (ii) external implementing agencies, or
- (iii) such other Trusts, Societies, Foundations and Section 8 companies that may be identified or established by AOS from time to time.

In case CSR Programmes are implemented through external agencies or Trusts, the programmes to be undertaken by those agencies or Trusts will be specified, and it will be ensured that such programmes are covered in the Objects laid down in the respective Trust Deeds / Memoranda and Articles of Association of the external agencies / Trusts.

8. GOVERNANCE

- (i) The Committee will review, monitor and provide strategic direction to AOS towards fulfilling its Triple Bottom Line elements (Profit, People, and the Planet). The

Committee will also guide AOS in crafting unique models to support creation of sustainable livelihoods together with environmental re-generation.

- (ii) Every year, Committee will place for the approval of the Board, an annual CSR Action Plan (hereinafter referred to as 'CSR Plan') delineating the CSR Programmes to be carried out during the financial year, including the budgets thereof, their manner of execution, implementation schedules, modalities of utilisation of funds, and monitoring & reporting mechanism for the CSR Programmes. The Board will consider and approve the CSR Plan with such modification that may be deemed necessary; the CSR Plan may also be modified by the Board during the financial year, on the recommendation Committee.
- (iii) The CMC formed by the Board has been entrusted with the task of implementing and monitoring the approved CSR Programmes within the specified budgets and timeframes.
- (iv) The CMC will ensure that the AOS's CSR Programmes address major development challenges of the country and are aligned with the priorities of the Government.
- (v) The CMC will also assign the task of implementation of the CSR Plan within specified budgets and timeframes to such persons or bodies as it may deem fit, and ensure implementation thereof.
- (vi) CMC will provide a report ('Report') on the progress of implementation of the approved CSR Programmes at quarterly intervals, or at such other frequency as the Committee may direct, covering details of achievement against planned deliverables for each intervention.

The aforesaid Report will also include the following:

- summary of impact assessment report(s) for the CSR Programmes highlighting their impact and outcome against the goals and objectives; and
- in case of ongoing CSR Programmes (having time schedule of three years or more), progress of their implementation with reference to approved timelines and year-wise allocation.

- (vii) The Committee will review the Report stated under (vi) above and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy.

- (viii) The Committee will review the Report stated under (viii) above and keep the Board apprised, once every six months, on the status of implementation of the CSR Programmes.

- (ix) At the end of every financial year, the Committee will consider an Annual Report on CSR activities and recommend the same for the approval of the Board. The said Annual Report will be disclosed as part of the Report of the Board (hereinafter referred to as the 'Board's Report').

9. CSR EXPENDITURE

- (i) It will be AOS's endeavour to spend in every financial year, two percent of its average net profits during the three immediately preceding financial years (or such other limit as may be prescribed under the Act), on CSR Programmes in pursuance of this Policy.

- (ii) The CSR expenditure will include all expenditure, direct and indirect, incurred by AOS on CSR Programmes undertaken in accordance with the CSR Plan.

- (iii) Any surplus arising from the CSR Programmes will be used for CSR activities within six months from the end of the relevant financial year. Accordingly, any income arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

- (iv) If CSR expenditure in a financial year exceeds the statutory limit, such excess may be set-off against CSR expenditure for the next three financial years with the approval of the Board, on the recommendation of the Committee.



10. REVIEW

The policy shall be reviewed from time to time to ensure that it complies fully within the legislation.

11. AMENDMENTS

The Board shall have the power to amend or substitute any of the provisions of this Policy or replace this Policy in its entirety with a new Policy on recommendation of the Committee.

12. APPLICABILITY

This Policy shall come into force with effect from September 26, 2023.