

HARMAN INTERNATIONAL (INDIA) PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

[Section 135 of the Companies Act, 2013, read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014] as amended from time to time

Dated: 5, March 2021

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HARMAN INTERNATIONAL (INDIA) PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. OVERVIEW

- 1.1 Harman International (India) Private Limited (“Company”) has long been actively involved in social and community development. We are committed towards social causes and their development.
- 1.2 The Company takes a comprehensive approach to corporate responsibility that aligns with its enduring values and maximizes the positive change that the employees can influence around the world.
- 1.3 The Company’s focus on specific societal issues, explore ways to improve and protect the environment, and improve healthcare. The Company will strive to operate the business with the highest standards of corporate responsibility.
- 1.4 Our Corporate Citizenship commitments are anchored in our core values, our code of Business Ethics and ultimately reflected in the actions of our people. We work to make a sustainable, measurable difference to the communities in which we work and live.
- 1.5 Further, we strive to achieve commercial success in ways that honour ethical values and respect people, communities, and the natural environment.
- 1.6 As required under the provisions of the Companies Act, 2013 (“Companies Act”), the Company is pleased to announce its Corporate Social Responsibility Policy (“CSR Policy” or “Policy”).
- 1.7 Our goal shall be to focus on CSR activities strictly in compliance with applicable laws from time to time in force, including the Companies Act and the rules thereunder. Towards this purpose, the Policy has been designed to achieve the Company’s social goals, while satisfying the required statutory obligations.

2. CSR FOCUS AREAS

- 2.1 In accordance with the primary CSR philosophy of the Company and the specified activities under the Companies Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, including amendment(s) thereof, the CSR activities sought to be undertaken by the Company under this Policy have been identified.
- 2.2 The following activities shall be regarded as CSR activities for the purpose of this policy:
- 2.2.1 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.
- 2.2.2 Promoting education, including special education and employment enhancing vocational skills, especially among children, women, elderly and the differently abled, and livelihood enhancement projects.
- 2.2.3 Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- 2.2.4 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 setup by the Central Government for rejuvenation of river Ganga.
- 2.2.5 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 arts and handicrafts.
- 2.2.6 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).
- 2.2.7 Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.

- 2.2.8 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 Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- 2.2.9 (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).
- 2.2.10 Rural development projects.
- 2.2.11 Slum area¹ development.
- 2.2.12 Disaster management, including relief, rehabilitation and reconstruction activities.
- 2.3 The provisions indicated in para 2.2 above are broad-based and are intended to cover a wide range of activities as illustratively mentioned. While deciding the program or project to be undertaken based on the focus areas indicated, the Company shall ensure that the provisions are interpreted liberally and the essence thereof is strictly adhered to.
- 2.4 Every activity to be undertaken by the Company under para 2.2 above shall be approved by the CSR Committee (as defined herein)/Board of Directors, as applicable (as detailed in clause 6). For the purpose of carrying out the CSR activities, preference shall be given to the local area and the areas around which the Company operates.

¹ '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."

3. IMPLEMENTATION OF CSR ACTIVITIES

- 3.1 The Company may carry out the CSR activities in accordance with the terms of this Policy, either on its own, or through the following (“CSR Partners”):
- (a) a company established under Section 8 of the Companies Act, or a registered public trust or a registered society, registered under Section 12A and 80G of the Income-tax Act, 1961, established by the company, either singly or along with any other company, or
 - (b) a company established under Section 8 of the Companies Act or a registered trust or a registered society, established by the Central Government or State Government;
 - (c) or any entity established under an Act of Parliament or a State legislature; or
 - (d) a company established under Section 8 of the Companies 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.
- 3.2 The Company may also collaborate with other companies to undertake projects, programs or CSR activities in such a manner that the CSR Committees of the respective companies are in a position to report separately on such projects or programs in accordance with the CSR Policy and the applicable CSR regulations from time to time in force.
- 3.3 The Company shall obtain the unique CSR Registration Number from each of the entities (detailed in clause 3.1 above) through which it is undertaking the CSR activities with effect from April 1, 2021.
- 3.4 The Board of the Company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- 3.5 In case of ongoing project, the Board of the Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

4. GUIDELINES FOR CHOOSING A CSR PARTNER

- 4.1 The CSR Partner shall be a company established under Section 8 of the Companies 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.
- 4.2 The board of directors or the trustees or the management committee members or governing body members of the CSR Partner, as the case may be, or the members of the CSR Partner or the CSR Partner itself, shall not in any way be, directly or indirectly, connected with any political parties and the CSR Partner should not be, directly or indirectly, promoted by political parties.
- 4.3 The CSR Partner shall not engage in religious or political activities, for the private benefit of the CSR Partner, discriminate on the basis of race, colour, religion, sex, age, national origin, citizenship status, disability, sexual orientation or veteran status.
- 4.4 The board of directors or the trustees or the management committee members or governing body members of the CSR Partner, as the case may be, or the members of the CSR Partner should not be adjudicated as an insolvent or convicted by a Court of any offence involving moral turpitude.
- 4.5 The CSR Partner should not be or should not have been a party at any time to bankruptcy or insolvency or winding up proceedings or to proceedings involving a composition of creditors, or should not make or should not have at any time made an assignment for the benefit of creditors. A custodian, receiver or any other person with like power should not have been appointed to take charge of or liquidate all or a part of the its business, property or assets or no order should have been made or a resolution should have been passed for the winding-up or liquidation or any corporate proceedings for its liquidation, winding-up or dissolution shall have been commenced.
- 4.6 The CSR Partner should have complied with the applicable laws and no notice for non-compliance under any applicable laws should have been received from any authorities.
- 4.7 CSR Partner should have audited its accounts for each of the financial years from the date of its existence and the financial statements should reflect true and fair view of its affairs.

- 4.8 The Company shall conduct a legal, financial and regulatory due diligence on the CSR Partner and satisfy itself of its credibility, compliance status and ability to carry out CSR activities on behalf of the Company.
- 4.9 The CSR Committee shall discuss the CSR Policy and the objectives of the Company in this regard with the proposed CSR Partners.
- 4.10 The Company shall procure a detailed project report from the shortlisted CSR Partners regarding the course of action that they intend to undertake, if chosen to implement a particular CSR activity on behalf of the Company.
- 4.11 The Company shall, before executing the projects with CSR Partners, ensure that the specifications for the project or programs to be undertaken through the CSR Partners, the utilization of funds on such projects and programs and the monitoring and reporting mechanism are made clear.

5. CSR FUND

- 5.1 The Company may open a separate bank account and deposit such amount as may be determined by the Committee, every financial year. It is clarified that opening of a separate bank account will facilitate easy tracking of the CSR spend by the Company.
- 5.2 Any payments towards CSR activities shall be made directly to the CSR Partners and/ or the beneficiaries, as the case may be, from the aforementioned bank account (if opened).
- 5.3 The CSR Committee shall decide the signatories to the bank account opened by the Company for this purpose and make recommendations to the Board of Directors thereon. The decision of the Board of Directors of the Company on the signatories to the bank account shall be final.
- 5.4 In the event Company is unable to spend the amount earmarked for the CSR activities in a financial year on account of the same being towards an ongoing project, such amount shall be transferred by the Company, within a period of thirty days from the end of the financial year, to a special account to be opened by the Company in any scheduled bank under the name 'Unspent Corporate Social Responsibility Account [Year].
- 5.5 Any amount transferred to the above referred unspent account shall be spent by the Company within a period of three financial years from the date of such transfer.

- 5.6 In the event such amounts are not spent by the Company, within a period of thirty days from the date of completion of the third financial year, the Company shall transfer the same to a Fund specified in Schedule VII.
- 5.7 Further, in an event the Company is unable to spend the amount earmarked for the CSR activities in a financial year (in relation to CSR activities other than ongoing projects), the Company shall transfer the unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- 5.8 A capital contribution in a CSR Partner will be made only if:
- (i) The CSR Partner is created exclusively for undertaking CSR activities; or
 - (ii) The corpus is created exclusively for a purpose directly related to the activities listed in Section 2 above.
- 5.9 The Board of Directors shall ensure that the administrative overheads incurred by the Company shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- 5.10 In case if there is any surplus arising out of the CSR activities undertaken by the Company in any financial year, the same shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII of the Companies Act, within a period of six months of the expiry of the financial year.
- 5.11 Where in any financial year, the Company spends an amount in excess of requirement in terms of Section 135(5) of Companies Act, such excess amount shall be set off against the requirement to spend for immediate succeeding three financial years subject to the conditions that –
- (a) the excess amount available for set off shall not include the surplus arising out of the CSR activities; and
 - (b) the Board of the company shall pass a resolution to that effect.
- 5.12 The Company could also spend the CSR amount towards creation or acquisition of a capital asset, which shall be held only by the following entities:

- (a) a company established under Section 8 of the Companies Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number; or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) a public authority:

6. CSR COMMITTEE

6.1 The Company shall constitute a CSR Committee for formulation of an annual action plan in pursuance of its CSR policy and for making recommendation to the Board of Directors.

6.2 However, if in any year, the amount to be spent by the Company for CSR activities does not exceed fifty lakh rupees, the requirement for constitution of the CSR Committee shall not be applicable and the functions of such Committee shall, in such cases, shall be discharged by the Board of Directors of the Company. The roles, responsibilities and functioning of the CSR Committee shall be as provided below:

6.3 ***Constitution:***

CSR Committee shall consist of such members of the Board of Directors of the Company at any given point of time as per the requirements of the Companies Act 2013 and any amendment thereof. If the Board of Directors of the Company consists of only two Directors, then two Directors will form CSR Committee.

6.4 ***Quorum:***

Any two members of the CSR Committee personally present or via video conferencing, shall form a quorum for the meeting of the CSR Committee.

6.5 ***Meetings:***

The meetings of the CSR Committee shall be held at such intervals on need basis. However, one meeting shall be convened every year. The meetings can be convened at such time, at such place and on such day, as the members of the CSR Committee may deem fit. The minutes recording the proceedings of the CSR Committee meetings shall be placed before the next board

meeting of the Company for approval. Provisions relating to conducting board meetings via video conferencing shall apply similarly to the CSR Committee meetings.

6.6 Notices:

Any one of the CSR Committee members or the Company Secretary of the Company shall be authorised to issue notice to convene the meetings of the CSR Committee. Every notice convening the meeting of CSR Committee shall be accompanied by an agenda.

6.7 Membership:

Membership of the CSR Committee is restricted to the Board of Directors of the Company. The CSR Committee may invite experts from various fields to attend its meetings from time to time. The CSR Committee may invite experts from various fields or officers or employees of the Company to attend its meetings and provide such expert views, comments, updates, information or clarification or for such other purpose as the CSR Committee deems necessary to conduct the business.

6.8 Decisions:

Matters transacted at the meetings of the CSR Committee or by way of resolutions by circulation shall be decided by majority vote of the CSR Committee members.

6.9 Matters to be transacted:

CSR Committee may as appropriate discuss the following matters at its meetings:

- (i) Preparation of budget outlay for each of the CSR activities;
- (ii) Implementation schedule for each of the CSR activities;
- (iii) Formation of CSR internal working group and allocation of responsibilities to carryout CSR activities;
- (iv) Report on the CSR activities carried out from the date of last meeting till date with supporting documents;
- (v) Discussion on the new proposals, if any;
- (vi) Road map for the CSR activities to be carried out for the following year; and

(vii) Any other matter as the CSR Committee may deem fit.

6.10 ***Jurisdiction:***

The Board of Directors or the CSR Committee, as the case may be, shall exercise its jurisdiction over the CSR activities carried or proposed to be carried within India.

6.11 ***Records:***

The minutes of meeting of the CSR Committee and other documents, information, data of the CSR Committee, shall be prepared, initialled and maintained in the same manner and at the same place where books of accounts the Company are required to be maintained under the Companies Act.

7. ROLE AND RESPONSIBILITIES OF THE CSR COMMITTEE

7.1 The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;
- (b) the manner of execution of such projects or programmes as specified in clause 3 above;
- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the Company:

7.2 The Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

7.3 The CSR Committee shall also recommend the amount of expenditure to be incurred by the Company in each financial year, in relation to the CSR activities to the Board of the Directors

of the Company. Such expenditure shall be calculated in accordance with the provisions of the Companies Act after consultation with the finance department of the Company.

- 7.4 The CSR Committee shall identify and recommend CSR activities to the Board of Directors of the Company which are covered under this Policy by providing a project report. The project report shall elaborate on the sectors in which the CSR activities shall be carried out, need, statistics, modalities of execution of the CSR activities, budget outlay, implementation schedule, location where the CSR activities are proposed to be implemented and impact of such CSR activities on the target audience.
- 7.5 The CSR Committee shall recommend CSR Partners, to the board of directors and procure their approval before engaging the CSR Partner(s) to carry out the CSR activities on behalf of the Company. The CSR Partners recommended to the Board shall be selected in accordance with the guidelines described in this Policy.
- 7.6 The CSR Committee shall allocate budget to each of the CSR activities and the CSR Partners.
- 7.7 The CSR Committee shall undertake all necessary steps to implement the CSR activities in accordance with the implementation schedule, as approved by the Board.
- 7.8 The CSR Committee shall monitor the CSR activities in such manner as prescribed in this Policy.
- 7.9 The CSR Committee shall update the Board of Directors from time to time on the progress of the CSR activities along with a report on the amount allocated for such activity, amount utilised, amount unspent, if any, additional funds required, if any and expenditure incurred.
- 7.10 The CSR Committee shall ensure that the CSR activities do not benefit the Company or its employees and their families.

8. MONITORING MECHANISM

- 8.1 The administration of the CSR Policy and the execution of identified CSR projects, programs and activities shall be carried out under the overall superintendence of a CSR internal working group. The members of CSR internal working group shall be decided by the CSR Committee.
- 8.2 The CSR Committee/ CSR internal working group shall monitor the CSR activities in the following manner:
- (i) Atleast one member of the CSR Committee or his/ her representative shall accompany the representatives of the CSR Partner(s) to each of the venues where the CSR activities are implemented at such intervals on need basis.
 - (ii) CSR Committee shall procure by each of the CSR Partners, separately for each of the CSR activity, an annual status report detailing the utilization of the funds, CSR activities carried out, reasons for deviation from the implementation schedule, if any, corrective measures taken in this regard, requirement of additional funds, if any, along with the reasons for such escalations.
 - (iii) Procure pictures, videos and stories from the CSR Partners on the completed and ongoing CSR activities, on need basis.

9. REPORTING

- 9.1 The Board of Directors of the Company shall provide an annual report on CSR containing particulars as specified in Annexure I upto financial year 2019-20 and in Annexure II from financial year 2020-21 and onwards, which shall be the following:
- (i) Brief outline of the CSR Policy;
 - (ii) Composition of CSR Committee;
 - (iii) Website link (if any), where composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company, if any.
 - (iv) Details of Impact Assessment of CSR Projects, if applicable;
 - (v) Details of amount available for set off and amount required for set off for the financial year;

- (vi) Average net profits of the Company for last three financial years;
- (vii) The following details in relation to required CSR spend:
 - (a) 2% of the average net profit of the Company in terms of Section 135(5) of Companies Act;
 - (b) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years
 - (c) Amount required to be set off for the financial years, if any
 - (d) Total CSR obligation for the financial year.
- (viii) The following details in relation to CSR spend for the financial year:
 - (a) CSR amount spent or unspent for the financial year
 - (b) Details of CSR amount spent against ongoing projects for the financial year
 - (c) CSR amount spent against other than ongoing projects;
 - (d) CSR amount spent in administrative overheads;
 - (e) CSR amount spent on Impact Assessment , if applicable
 - (f) Total amount spent for the year
 - (g) Excess amount for set off, if any.
- (ix) The following details in relation to preceding financial year:
 - (a) Details of Unspent Amount for the preceding three financial year;
 - (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial years;

9.2 In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s).

- (b) Amount of CSR spent for creation or acquisition of capital asset

10. POLICY ON NON-DISCRIMINATION AND CONTROVERSIAL ORGANIZATIONS

- 10.1 The Company seeks to support organizations that are in alignment with the core values of the Company. The Company is committed to equal opportunity and fair treatment, and will not support charitable organizations that discriminate on the basis of race, colour, religion, sex, age, national origin, citizenship status, disability, sexual orientation, veteran status, or any other protected status. The Company defines discrimination in connection with its charitable giving program to include (but not necessarily be limited to) denial of services, employment, or volunteer opportunities to any class of individuals in a manner that negatively restricts opportunities available to that class of individuals.
- 10.2 In addition, to ensure that all recipient organizations are aligned with the Company's values, the Company shall not make charitable grants to any organization or program that in any way is controversial or, implicitly or explicitly, promotes, advocates, or instigates an ideology or environment that is divisive or not otherwise aligned with the Company's values.
- 10.3 As part of an ongoing effort to support only those organizations that fully align with the Company's values and policies, the Company reserves the right to evaluate the eligibility of a recipient organization at any time regardless of whether prior grants have been made. The Company, in its sole discretion, may suspend or terminate current or future grants to any organization that is not aligned with the Company's values and policies.

11. SELF GOVERNANCE

The Company, its Board of Directors, employees, officers, CSR Committee members, its invitees, shall not:

- (i) Directly or indirectly engage in lobbying of CSR activities; or
- (ii) Accept any kind of favours and gifts, in any form, from any prospective or potential CSR Partners or beneficiaries as a result of consideration of the proposal to grant funds to such CSR Partners or beneficiaries under this Policy.

12. EXCLUSIONS TO CSR ACTIVITIES

The following activities shall not qualify as CSR activities:

- (i) Projects, programs or activities undertaken during the normal course of Company's business;

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that:

- (a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Companies Act;
 - (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
- (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 Companies 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; and
- (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India.

13. POLICY REVIEW AND FUTURE AMENDMENT

The CSR Committee shall review the CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board of Directors of the Company.