



CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

CIN: U7999HR1992FLC036104

Registered Office: Narsingpur, Kherki Daula Post, Gurgaon-122 004 (Haryana)

Tel: 91-0124-4825500

Website: www.carrierindia.com Email: secretarial@carrier.com

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. INTRODUCTION:

Carrier is the world's leader in high technology heating, air conditioning and refrigeration solutions. Carrier experts provide sustainable solutions, integrating energy efficient products, building controls and energy services for residential, commercial, retail, transport, and food service customers. Founded by the inventor of modern air conditioning, Carrier improves the world around us through engineered innovation and environmental stewardship.

Carrier distributes to and provides service to its customers via a worldwide network of owned and independent distributors and dealers. Carrier Airconditioning & Refrigeration Limited is a subsidiary of Carrier Corporation.

Carrier serves three markets:

1. Residential and light commercial: homes and small facilities. We supply furnaces, central air conditioners, heat pumps, air filters, window units, split system and other home comfort solutions.
2. Commercial building: industrial and multi-level facilities. We supply chillers, large unitary, airside systems and controls that provide comfort and enhance efficiency in buildings around the world.
3. Refrigeration systems for food retail and transportation: We provide applications to ensure food supplies are transported and stored for safe consumption”

Everywhere we do business; we apply the highest standards of corporate ethics and business conduct which is the foundation of our performance culture. Governance at Carrier begins with our Code of Ethics that does not merely require compliance with laws, it embodies a commitment to positive behaviors that build trust, promote, respect, and demonstrate integrity. We honor our commitments, communicate openly, and hold ourselves accountable. Operating within the framework of the Code, Carrier creates and sustains value for its stakeholders.

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We are committed to minimizing the environmental impact of our products, our operations, and our supply chain. Carrier strives to maintain the highest environmental standards everywhere we do business. Environmental sustainability is an important part of both our operations and our products as they perform in service. We have a history of setting aggressive environmental goals and pursuing them by continuously improving our processes at every level of the Company.

2. CSR PHILOSOPHY:

Responsibility and operational excellence are fully integrated at Carrier. How our people perform is as important as how our products operate. We recruit the best talent, and our employees set big goals and use the best processes to solve some of the world's greatest challenges-safely, ethically, and profitably. Corporate citizenship at Carrier includes minimizing the environmental impact of our products and operations, providing a safe work environment for employees, developing energy-efficient products, and supporting charitable and social causes in the communities where we do business. To effectively respond to the needs of our communities we have a robust employee volunteer program, which provides employees the opportunity to share their time with nonprofit organizations. Our charitable giving focuses on issues that allow us to support and leverage our employee volunteer efforts. These policies and procedures are framed to streamline the CSR activities of Carrier Airconditioning & Refrigeration Limited ("the Company") to be in line with the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules framed thereunder.

3. TITLE:

This Corporate Social Responsibility Policy shall be called as the Carrier Air-conditioning & Refrigeration Limited- Corporate Social Responsibility Policy (hereinafter referred as the "CSR Policy")

4. APPLICABILITY:

The Policy shall apply to all CSR projects, programs, activities undertaken by the Company in accordance with the CSR Policy.

5. DEFINITIONS & REFERENCES:

i. DEFINITIONS

The terms defined in this CSR Policy shall have the meanings herein specified and terms not defined shall have the meanings as defined in the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules framed thereunder including any statutory modifications or reenactments thereof. In this instrument the following expressions including their grammatical variations and cognate expressions shall unless

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repugnant to the context or meaning thereof have the meaning assigned to them respectively hereunder:

“Act” means the Companies Act, 2013 including any statutory modifications and/or reenactment thereof.

“Administrative overheads” means the expenses incurred by the Company for ‘general management and administration’ of Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

“Board” means the Board of Directors of the Company. “Board’s Report” shall mean report of the Board of Directors prepared in accordance with section 134(3) of the Companies Act, 2013.

“Company” means Carrier Airconditioning & Refrigeration Limited, a Company registered under the Companies Act having Corporate Identification Number U7999HR1992FLC036104 and having its Registered Office at Narsingpur, Kherki Daula Post, Gurgaon 122 004, Haryana, India.

“Corporate Social Responsibility (CSR)” means the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act in accordance with the provisions contained in Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

“CSR Committee” means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act

“CSR Policy” means a statement containing the approach and direction given by the board of a Company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of the annual action plan.

“CSR Rules” means Companies (Corporate Social Responsibility) Rules framed under the Act and as amended or modified from time to time.

“Independent Director” means a non-executive director of the Company within the meaning of section 2(47) of the Act.

“International Organization” means an organization notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.

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"Net profit" means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

- (i) any profit arising from any overseas branch or branches of the Company, whether operated as a separate Company or otherwise; and
- (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act: Provided that in case of a foreign Company covered under these rules, net profit means the net profit of such Company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

"Ongoing Project" means a multi-year project undertaken by the Company in fulfilment 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;

ii. REFERENCES: Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution, or re-enactment thereof.

6. CSR COMMITTEE:

- i. The CSR committee shall comprise of three or more directors as the Board may deem fit from time to time, to be appointed from amongst the Directors. Provided however that at least one of the directors of the CSR Committee shall be an Independent Director. Provided that where the company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more Directors. The Board shall at its sole discretion have the power to appoint any Director, remove any such Director so appointed and appoint another in his place. Any such appointment and/or removal shall be made by a resolution of the Board.
- ii. The Chairperson of the Committee shall be designated by the Board from among the Committee members.
- iii. The Company Secretary of the Company shall act as Secretary to the Committee.
- iv. The Board will have the power to reconstitute CSR Committee as and when required from time to time.
- v. The Board of Directors of the Company have constituted CSR Committee as per the provisions of the Companies Act 2013, consisting of the following Board Members at present: 1. Mr. Narendra Singh Sisodia 2. Mr. Chirag Baijal 3. Mr. Pritesh Agrawal.

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- vi. The CSR committee may meet as and when required. The CSR Committee shall be entitled to invite any person to attend its meetings and participate in the discussion and deliberations if it so thinks fit.
- vii. The quorum necessary for the transaction of business of CSR Committee shall be 2 members or 1/3rd of the total committee members, whichever is higher. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee as provided herein and delegated by the Board from time to time.
- viii. Where the amount to be spent by a company under sub-section 135 (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

7. DUTIES OF CSR COMMITTEE SHALL:

The CSR Policy shall be implemented by the CSR Committee under the broad policy and/or framework laid down by the Board in this regard from time to time. The CSR committee shall:

- a. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII.
- b. Identify the CSR activities along with the geographical area, to be undertaken by the Company and estimate the total amount of expenditure to be incurred and time required by the Company for undertaking such CSR activities. The time period/duration over which a particular project will be spread, will depend on its nature, extent of coverage and the intended impact of the project. 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:
 - i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act
 - ii. the manner of execution of such projects or programmes;
 - iii. the modalities of utilization of funds and implementation schedules for the projects or programmes;
 - iv. monitoring and reporting mechanism for the projects or programmes and
 - v. details of need and impact assessment, if any, for the projects undertaken by the company:

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Provided that 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.

- c. Monitor or appoint a senior official of the Company to monitor and report to the CSR Committee regarding functioning of the CSR Policy of the Company, its implementation and expenditure incurred periodically.
- d. Report to the Board the reasons for not spending the amount budgeted for CSR.
- e. Provide to the Board a responsibility statement that the implementation and monitoring of CSR Policy is in compliance with the CSR Objectives and Policy of the Company.
- f. Frame any other byelaws, rules, or procedures as it may deem fit for administering the CSR Policy.
- g. The CSR Committee, in the exercise of its powers, may require any information from the Company and / or seek the assistance of any employee of the Company as it may deem fit to effectively discharge its duties.
- h. Perform all functions as may be delegated by the Board from time to time. The CSR Committee may authorize any of its members to approve the release of funds against the verified work plans in accordance with the approved budget for undertaking the CSR activities as approved by the Board. The authorized member shall periodically update the members of the Committee about the allocation / utilization of funds towards the CSR activities.

8. IMPLEMENTATION PROCESS:

(1) The Board shall ensure that the CSR activities are undertaken by the Company itself or through-

- a) 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, or
- 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.

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- (2) Every entity, covered under clause (1) (a) to (d) above who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar with effect from the 01st day of April 2021. On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically. Provided that this shall not affect the CSR projects or programs approved prior to the 01st day of April 2021.
- (3) The Company may engage international organisation for designing, monitoring and evaluation of the CSR projects or programs as per its CSR policy as well as for capacity building of their own personnel for CSR.
- (4) The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.
- (5) The Board of the Company shall satisfy itself that the funds so disbursed have been utilized 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
- (6) 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.

9. CSR ACTIVITIES:

- i. The Company shall undertake such CSR activities as stated by this CSR Policy in compliance with applicable Rules of the Companies (Corporate Social Responsibility) Rules 2014 (Annexure-I), These activities shall be undertaken by the Company as projects or programs (either new or ongoing). The activities undertaken will be in line with the activities specified in Schedule VII of the Companies Act, 2013.
- ii. Thrust Areas: While the Company is eligible to undertake any suitable/rightful activity as specified in Schedule VII of the Act, however, at present, it proposes to undertake the relevant activities on priority basis in the following thrust areas:
 - Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects

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- 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
- Environment Sustainability, ecological balance
- Promoting Health Care including preventive health care and sanitation - Technology Development
- Poverty Alleviation - The Company may also contribute suitable amounts to PM Relief Fund or Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

Following shall not be considered as CSR activities:

- activities undertaken in pursuance of normal course of business of the Company.
- any activity undertaken by the Company outside India
- contribution of any amount directly or indirectly to any political party under section 182 of the Act
- activities benefitting employees of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019).
- activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
- activities carried out for fulfilment of any other statutory obligations under any law in force in India.

10.CSR EXPENDITURE:

- i. The Company shall spend at least 2% of average Net Profit of preceding three financial years, net profit being calculated in accordance with section 198 of the Companies Act, 2013.
- ii. CSR expenditure includes all expenditure including contribution to corpus, the projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on any item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.
- iii. The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.
- iv. Where the Company fails to spend the stipulated amount in CSR activities, it shall provide for the reasons for not spending the amount, in Board's report.
- v. The Company may build CSR capacities of its own personnel as well as those of their implementing agencies through institutions with established track records of at least

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three financial years' but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.

- vi. The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- vii. Any surplus arising out of the CSR activities shall not form part of the business profit of the 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, within a period of six months of the expiry of the financial year.
- viii. Where the Company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that – (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any (ii) the Board of the Company shall pass a resolution to that effect.
- ix. The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by-
 - a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under or
 - b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - c) a public authority:

Provided that any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification. ”.

11.MONITORING:

- i. The CSR committee shall discuss the progress of each project undertaken and make any decision with respect to the project which it thinks fit.
- ii. The CSR Committee shall monitor the CSR expenditure on periodical basis and shall provide periodical report to the Board on the implementation of CSR activities.

12.REPORTING:

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The Board's Report of the company pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable of the applicable rules.

13.DISPLAY OF CSR ACTIVITIES ON ITS WEBSITE:

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

14.TRANSFER OF UNSPENT CSR AMOUNT:

If it is not related to ongoing Project: If the Company fails to spend amount under required to be spent under section 135(5) the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount and transfer such unspent amount to a Fund specified in Schedule VII **within a period of six months** of the expiry of the financial year.

If it is related to Ongoing Project: Any amount remaining unspent under sub-section 135 (5), pursuant to any ongoing project, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, 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 that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three 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 thirty days from the date of completion of the third financial year.

15.GENERAL:

Any or all provisions of the CSR Policy would be subject to revision/amendment by the CSR Committee in accordance with the guidelines on the subject as may be issued by the Central Government from time to time.

ANNEXURE-I

List of activities that may be taken up by the Company:

- a) 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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

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- 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 centers 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
- 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 arts 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 Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- i) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- j) rural development projects.
- k) 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.

- l) disaster management, including relief, rehabilitation, and reconstruction activities.