Corporate Social Responsibility Policy

Pursuant to Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy)

AND

The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2025 and any amendments thereof

Covestro (India) Private Limited

Name of the Document	Corporate Social Responsibility Policy
Area of applicability	India
Owner of the document	Head Corporate Services – India
Approved by	Board of Directors of CIPL on August 19, 2025
Valid from:	August 19, 2025

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CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Guiding Principle

Covestro (India) Private Limited (CIPL) is a fully owned subsidiary of Covestro AG. The purpose of Covestro to make the world a brighter place is deeply embedded in our C3 values of being Curious, Courageous and Colorful.

At Covestro, sustainability is an integral part of the business framework and is a guiding factor for all our products and technologies. Globally, we are committed to the Sustainable Development Goals (SDGs) laid out by United Nations and we have our sustainable goals laid out clearly as one among our non-financial goals.

This policy encompasses our mission to promote innovation and growth with products and technologies that benefit society and reduce the impact on the environment. This policy lays down the guidelines and mechanism for undertaking socially relevant programs for sustainable development of the community at large in accordance with Companies Act, 2013, CSR Rules and any other local regulations in that regard.

2. CSR Vision

We want to make an impact at the grassroots level and bring about conscience and sustainable changes at a community level to make the world a brighter place.

3. Objectives

The objective of the CSR policy is to lay down guidelines for CIPL to:

a. Function as a self-regulating mechanism for the CSR activities of CIPL
b. Enable adherence to laws, ethical standards and international practices in this regard
c. Crystallize our social commitment as a catalyst for rapidly achieving the UN Sustainable Development Goals

4. CSR Focus Areas

CIPL will focus primarily on the following areas which are increasingly becoming the need to be actioned upon across the world as well as aligned to United Nations Sustainable Development Goals:

- **Access to Technology for societal benefit and upliftment through R&D support** – We will employ technology and/or technical know-how to provide opportunity & address social challenges and technology injustices.
- **Education and Equality** – We will work closely with the education system to improve enrolment in schools, improve the educational delivery process, provide financial & material support to underprivileged children as well as young adults to enhance their capacity to access and continue education, support with the improvement of education infrastructure and promote STEM education. While

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doing so we will also focus on bridging the gender gap and promote education among girl children.

- **Health and wellness** - The areas of intervention under health & wellness will include preventive healthcare, awareness and support for maintaining personal hygiene, promoting an understanding and required preparation for achieving balanced nutritional diet and support for curative healthcare. We will also work on aspects of water and sanitation at personal and community level.
- **Livelihood Generation and capacity building** – We will work on enhancing vocation skills especially among youths and women, work on livelihood enhancement projects, support in identifying and adoption of new income generation/livelihood opportunities, support with the adoption of new technologies to improve agricultural and non-agricultural income, create value-addition opportunities for local commodities and products.
- **Environment** – We will promote practices that would help conserve natural resources, and energy by undertaking Tree Plantation, Species conservation, Soil & Water Conservation etc. Our Environment and Nature conservation activities will lead to environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.
- **Promoting circularity and better waste management practices** - We will invest in institutional grants for fostering new knowledge which promote sustainable development. We will also undertake projects which address the issue of linear economy, promote circularity, reducing the waste generated and manages the waste.
- **Disaster relief** - We will respond to national need, which also include relief or rebuild which can arise from natural calamities.

CIPL may also undertake need-based programs aligned to the activities listed in Schedule VII (annexed as an 'Annexure A') of the Companies Act, 2013 and the rules framed therein or as modified from time to time.

All CSR projects will be in line with Schedule VII of the Companies Act, 2013.

The following shall not be included in CSR activities:

i. Activities undertaken in pursuance of normal course of business of the company.
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 Act.

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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.
vi. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

5. Governance Structure

The company has put in place the following governance structure to ensure that CSR policy is implemented and monitored effectively. The roles and responsibilities are defined at each governance level.

The Board of Directors will be responsible for:

- Constituting the CSR committee through a Board resolution with the defined composition.
- Approving the CSR policy as formulated by the CSR Committee through a Board resolution.
- Disclosing the contents of the CSR Policy in Board Report and placing it on the Company Website.
- Ensuring that every financial year funds committed by the Company for CSR activities are utilized effectively and monitoring implementation regularly.
- Altering the Annual Action Plan at any time during the financial year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect.
- Satisfying itself that the funds disbursed have been utilized for the purposes and in the manner as approved by it.
- Ensuring that activities included by the company in CSR Policy are in pursuance of Schedule VII of the Act.
- Considering the recommendations of the CSR Committee.
- Ensuring implementation of CSR activities approved by the Board.
- Specifying the reasons in the Board's report if the Company fails to spend the required amount on CSR.

CSR Committee will be responsible for:

- Recommending the CSR Policy to the Board for approval which shall indicate the activities to be undertaken by the Company as specified in Schedule VII.
- Recommending the amount of expenditure to be incurred on the CSR activities referred above to the Board for approval.

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- Ensuring that the CSR Policy of the Company is monitored on a regular basis and is updated from time to time for any change or enhancement in scope and the same is recommended to the Board for approval.
- Defining the modalities and monitoring the progress of the activities being undertaken under the policy.
- Forming a CSR Steering Committee.
- Approving the design of the CSR activities and the budgets proposed by the CSR Steering Committee and recommending to the Board for approval.
- Ensuring monitoring of the CSR programs by CSR Steering Committee.

Annual Action Plan:

An annual action plan shall be formulated by the Committee and recommended to the Board for its approval, which shall include:

a. The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
b. The manner of execution of such projects or programmes.
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.

The CSR Committee is constituted consisting of:

- Mr. Anand Srinivasan – Chairman, Board member
- Mr. Avinash Bagdi – Member, Board member

CSR Steering Committee

The composition of CSR Steering committee:

- Head Corporate Services – Convener
- Head of Finance department
- Head of Procurement department

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Responsibility of CSR Responsible Function:

- Central coordinating point for the delivery of CSR activities.
- Interface with various organisation units to ensure effective implementation of CSR programs.
- Identify and manage partners to implement programmes as required.
- Training and capacity building of the implementation teams.

Responsibilities of the CSR Steering Committee:

- Check the feasibility of the CSR project proposals.
- Advise if alternate implementation partner evaluation required.
- Recommend programs, modality of operation and monitoring mechanism.
- Propose CSR programs to the CSR Committee for approval.
- Allocate resources for implementation of programs.
- Review ongoing CSR projects and seek update on project implementation from the relevant corporate function/BE/Site.
- Ensure that the CSR goals are achieved within the proposed timeframe and budget allocated.
- Periodically report the progress of each project to the CSR Committee.
- Support the CSR committee to ensure full compliance of the existing regulations as advised by LIPC.

6. CSR Budget

CSR BUDGET / CSR SPEND

For achieving its CSR objectives, the Company will allocate at least 2% of the average net profits of the Company during the three immediately preceding financial years, calculated in accordance with the provisions of section 198 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

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.

Any unspent amount, other than unspent amount relating to an ongoing project, will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Further, unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the financial year to a special account opened

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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 Company may incur up to 5% of the total CSR expenditure for the financial year on administrative overheads. Administrative overheads shall mean the expenses incurred by the Company for 'general management and administration' of Corporate Social Responsibility functions in the Company.

Administrative overheads shall not include expenses directly incurred for the designing, implementation, monitoring and evaluation of a particular Corporate Social Responsibility project or program."

Impact Assessment Expenditure

Where the Company meets the criteria for mandatory impact assessment as per Rule 8(3) of the Companies (CSR Policy) Rules, 2014, or where the Company voluntarily undertakes impact assessment for its CSR projects, the expenditure for such impact assessment may be booked towards Corporate Social Responsibility for that financial year.

Such expenditure shall not exceed 2% of the total CSR obligation for that financial year or fifty lakh rupees, whichever is higher.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR."

Excess CSR Spending and Set-off

Where the Company spends an amount more than the requirements provided under Section 135(5) of the Companies Act, such excess amount may, at the discretion of the Board and upon recommendation of the CSR Committee, be set off against the Company's CSR spending requirement for up to three immediately succeeding financial years.

The utilization of this set-off provision shall be subject to the following conditions:

1. The Board shall pass a resolution specifying the financial year in which the excess amount was spent and the financial year(s) for which the set-off is being allowed.
2. The excess amount available for set-off shall be exclusive of any surplus arising from CSR projects or programs or activities.
3. The CSR Committee shall maintain proper documentation of the excess amount spent and its proposed utilization in subsequent years.

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4. The set-off shall be disclosed in the Board's Report for the relevant financial years in accordance with the prescribed format.
5. Any excess CSR amount that remains unused after three financial years following the year in which it was generated shall lapse and cannot be carried forward further.

The CFO or the person responsible for financial management shall certify the amount of excess CSR spending available for set-off in accordance with the provisions of the Companies Act and Rules thereunder."

7. Implementation

CIPL CSR programs will be identified, implemented and if need be, modified as per the Board approved CSR policy. CIPL will enhance its monitoring and evaluation mechanism that will ensure every program has:

- Clearly defined objectives (developed out of existing societal needs determined through baselines/studies/research), targets and timelines
- A robust progress monitoring system
- Impact assessments as per the evaluation plan developed by CIPL
- A reporting framework and system aligned with the requirements of the Act

Implementation Approach

i. The activities approved by the Board to be undertaken 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.

ii. The company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

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iii. The company may also collaborate with other companies for undertaking projects or programmes 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 programmes in accordance with these rules.

iv. Every entity covered above shall have a unique CSR registration number (Form CSR-1) generated by Ministry of Corporate Affairs.

CIPL will seek to identify suitable programs for implementation in line with CSR vision and focused areas.

8. Monitoring and Reporting Framework

In compliance with the Act and to ensure whether funds spent on CSR programs are creating the desired impact on the ground, a comprehensive Monitoring and Reporting framework is being put in place. The monitoring and reporting mechanism are divided into three distinct areas:

Program Monitoring:

Program monitoring mechanism will ensure:

- The CSR policy is implemented as per the Act and the Rules
- The CSR policy is implemented ensuring that all projects/programs as budgeted are duly carried out
- A separate budget will be earmarked for set up and implementation of the monitoring system
- The cost incurred (will be/can be) billed to the CSR spend of the Company
- Reporting and review by CSR Committee on the quarterly basis

Evaluation and Impact Assessment:

- For companies with average CSR obligation of ten crore rupees or more in the three immediately preceding financial years, impact assessment through an independent agency is mandatory for CSR projects with outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
- The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- Expenditure on impact assessment may be booked towards Corporate Social Responsibility for that financial year, which shall not exceed 2% of the total CSR obligation for that financial year or fifty lakh rupees, whichever is higher.

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Documentation and reporting:

- CSR projects and programs will be properly documented.
- Appropriate implementing partners and documentation of annual CSR activities and expenditure will be undertaken on a regular basis.
- The CSR activities will be reported as part of Directors Report of CIPL and as per any other statutory and regulatory reporting requirements.
- Form CSR-2 shall be filed separately after filing Form No. AOC-4 or Form No. AOC-4 XBRL as applicable.
- The Chief Financial Officer or the person responsible for financial management shall certify that CSR funds have been utilized for the purposes and in the manner as approved by the Board.

9. General

- In case of any doubt about any provision of the policy and in respect of matters not covered herein, a reference to be made to CSR Responsible Function.
- The CSR Committee is the process owner of this policy.
- Any or all provisions of the CSR Policy would be subject to revision/amendment as may be issued from Government or internally, from time to time.
- In case of change in regulations/guiding principles governing the CSR policy, the CSR Committee can carry out changes in the policy to align the same with existing regulations. Such changes will be presented to the Board for their approval.

The Board of Directors of the Company has approved this revised CSR Policy on August 19, 2025.

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Annexure A

Activities which may be included by companies in their Corporate Social Responsibility Policies (as per Schedule VII of the Companies Act, 2013):

i. 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.
ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
iii. 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.
iv. 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.
v. 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.
vi. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Paramilitary Forces (CPMF) veterans, and their dependents including widows.
vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
viii. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM
ix. CARES Fund) or any other fund set up by the central govt. for socio-economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
x. Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development

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Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

xi. Rural development projects.

xii. 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.

Disaster management, including relief, rehabilitation and reconstruction activities.

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