

Honeywell Automation India Limited

Corporate Social Responsibility (CSR) Policy



As formulated by the Corporate Social Responsibility Committee of the Board of Directors of Honeywell Automation India Limited, ("THE COMPANY/HAIL") and approved by its Board of Directors on February 9, 2015, thereafter amended by the Board of Directors effective April 1, 2021 and further amended by the Board of Directors on November 13, 2021 and August 13, 2022.

ABOUT HONEYWELL AND ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Honeywell is committed to improving the world we live in by creating, supporting, and nurturing programs and initiatives that serve local communities. Together with leading public and non-profit institutions, Honeywell has developed powerful programs to address needs in the communities it serves. The cities, towns, and villages where Honeywell has operations and where our employees live and raise their families are not just addresses to us – they're our hometowns. By applying the same rigor and business tools we use in the workplace, Honeywell builds programs that deliver results we can quantify.

Honeywell Hometown Solutions ("HHS"), the Company's corporate citizenship initiative across the world, provides it a deep and wide experience and understanding of corporate social responsibility work that has real, measurable, and sustainable positive impact on the communities Honeywell serves.

VISION

Honeywell is committed to **CREATE SUSTAINABLE ECOSYSTEMS & EMPOWER COMMUNITIES.**

MISSION

The above vision is achieved through driving impact in the following areas;

- Promote STEM education, Promote Research and upskilling youth and women.
- Enable holistic community development through sustainability practices, livelihood generation, WaSH and Women empowerment
- Step up relief efforts in times of disaster like the pandemic

The Company shall adopt the following principles to identify and/or design holistic programs

- Integrating CSR with business and governance
- Follow sustainable development impact
- Program design to be self-sustainable and scalable
- Initiatives aligned to local, national, and international context
- Ensure disadvantaged communities are central to impact
- Implemented by partners with strong on ground presence

Honeywell has joined hands with leading public and non-profit institutions to develop powerful programs to address the needs of the communities it serves. This Corporate Social Responsibility Policy (the "Policy") encompasses Honeywell India's philosophy setting out the Company's role as a responsible corporate citizen and lays down guidelines for undertaking programs for public good.

This Policy has been formulated in accordance with Section 135 of the Companies Act, 2013 ("Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Rules") framed thereunder.

OUR THEMATIC AREAS

The company will focus its efforts within the broad constituencies of **Education, skill and research, Holistic and sustainable community development, and Humanitarian relief**. In addition, Honeywell's CSR Programs are envisioned with the two priority principles in all aspects from planning to implementation and impact measurement which are, 'Natural resource and environment' and 'Inclusion and diversity'.

Education, Skill & Research:

Honeywell aims to bridge the learning gap and reduce digital divide by promoting STEM education with a special emphasis on educating girls and women in STEM. Aiming demographic dividend women and youth are also upskilled to create a sustainable future to them. To strengthen and reinforce the research and development ecosystem in STEM areas in India, Honeywell is also supporting the start-up eco system in the deep science programs and encourages the R&D solutions which has direct impact on society, health and environment.

Holistic and Sustainable Community Development

Honeywell's Sustainable & Holistic Community Development program aims to create healthy, self-reliant communities, which are economically prosperous, environmentally sustainable, and resilient. Through this program Honeywell is striving to support the efforts of the Indian Government to empower rural and underprivileged communities to ensure inclusive growth of the country.

Humanitarian Relief

From devastating natural disasters to the global pandemic, Honeywell is committed to offering solutions in the face of any humanitarian crisis. The power to connect at the grassroots level and understand the intricacies of humanitarian issues have helped Honeywell focus on the needs of communities in face of any humanitarian crisis.

PROGRAMMATIC PRIORITIES

In addition to the above explained thematic areas, Honeywell's CSR Programs are envisioned with the below two priority principles in all aspects from planning to implementation and impact measurement.

- **Natural Resource & Environment:** Honeywell ensures that all activities, whether to be implemented internally or through a partner organization, take into consideration the environmental impact as well as looks at opportunities where the activities can positively contribute to the vision of creating sustainable ecosystems. HHSIF commitment to being environmentally responsible is reflected in the extensive work we do to reduce greenhouse gas (GHG) emissions, increase energy efficiency, conserve water, minimize waste, and drive efficiency throughout our operations. Some of the key initiatives under this programmatic priority include shifting to efficient technologies in environment conservation, innovation in clean and renewable sources of energy, promoting water and soil conservation, supporting startups working towards environmentally sustainable solutions, natural resource conservation, carbon sequestration and water conservation, and promoting water saving techniques in farm and non-farm activities etc.
- **Diversity & Inclusion:** Honeywell believes that diversity and inclusion is the first step towards achieving the vision of empowering communities and drives its CSR programs having this

programmatic priority at the core of all its interventions. Key concern under this programmatic priority is to make the programs more inclusive by making women, girls and other most disadvantages socio-cultural groups to be the larger beneficiaries of all the programs.

The company may also choose to support causes other than those mentioned above; based on an approval from its Board, keeping in line with the items mentioned in Schedule VII.

IMPLEMENTATION

Honeywell has set up a not-for-profit company in India: **Honeywell Hometown Solutions India Foundation** (hereafter referred to as "Foundation/HHSIF") to be the vehicle for deployment of its corporate social responsibility efforts in the country.

The Company will contribute funds to the Foundation, which will then be responsible for the implementation of CSR activities and implement these projects either itself or in association with credible third-party organizations.

With effect from 1st April, 2021 or such other date as may be notified by Ministry of Corporate Affairs, Government of India ("MCA"), the Company can carry or continue its CSR activities through any NGOs and/or Foundation only if they have a valid registration with MCA pursuant to the Companies Act, 2013 ("Act") read with Companies (Corporate Social Responsibility) Rules, 2014 including amendments from time to time (CSR Rules)

Role of the Foundation

- Act as enabler and assist the company in meeting its CSR commitments and obligations, in pursuance of the new Act and Rules.
- Function as catalyst of change that facilitates the company perform professionally in the social space.
- Conceptualize and design the CSR programmes.
- Assist in the execution of CSR programmes through its employees or in collaboration with other partners such as NGOs, government and community-based organizations, sector experts and any other partner(s) as deemed necessary.
- Provide capacity building support to the programme team and implementation partner(s).
- Provide periodic reports to the CSR team and Committee.
- The thrust area for addresses those strategic issues or causes which are of local and/or national importance and relevance.

Constitution of the CSR Committee:

- (i) The CSR Committee shall consist of 3 (three) or more directors of the Company (out of which at least one director shall be an independent director).
- (ii) The CSR Committee may delegate its responsibility to an internal team as and when deemed fit for implementation of CSR programs. The internal team shall work under the supervision of the Board, the CSR Committee and report the activities and expenditures in accordance with this Policy and the Act.

- (iii) The Board shall reconstitute the CSR Committee as and when required to comply with the provisions of the Act and applicable statutory requirements or on movement of Directors from the Board.
- (iv) The quorum for the CSR Committee Meeting(s) shall be 2 members and CSR Committee shall hold at least two meetings, either in person or through video conferencing, during each Financial Year. The CSR Committee may transact its business through passing of circular resolutions.

Role of the CSR Committee

The CSR Committee shall carry out the following activities and functions:

- (i) Formulate, recommend, and present to the Board, this Policy and the activities to be undertaken by the Company towards CSR initiatives as per the Act and this Policy, and monitor this Policy and advise on any changes, if required, from time to time. Once approved and adopted by the Board, the CSR Committee shall implement such approved CSR activities.
- (ii) Review and recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the Company.
- (iii) Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following –
 - (a) the list of CSR projects or programs 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 programs as specified in CSR Rules;
 - (c) the modalities of utilization of funds and implementation schedules for the projects or programs;
 - (d) monitoring and reporting mechanism for the projects or programs; and
 - (e) details of need and impact assessment, if any, for the projects undertaken by the company.
- (iv) Monitor the execution and implementation of the annual action plan formulated in accordance with this Policy and approved by the Board.
- (v) Any other matter as may be entrusted to the CSR Committee by the Board from time to time.

Role of the Board

The roles and responsibilities of the Board shall include:

- (i) Approve and adopt this Policy and the annual action plan, upon review of the recommendations made by the CSR Committee.
- (ii) Review the recommendations made by the CSR Committee in respect of annual budget for CSR.
- (iii) Disclose the composition of the CSR Committee in its report under section 134 of the Act, and the composition of the CSR Committee, this Policy and the projects approved by the Board on the Company's website, if any, for public access.
- (iv) Ensure that the Company spends in every financial year, at least two (2%) percent of the average Net Profits made during the 3 (three) immediately preceding financial years on CSR activities, in accordance with this Policy.
- (v) Ensure that the CSR activities are undertaken and executed by the Company as per the Policy, the Act and other applicable laws, including ensuring compliance with Rule 4 of the Rules.
- (vi) 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

MONITORING

It will be the responsibility of the CSR Committee to monitor periodically the implementation of the projects / programs / activities under this Policy and to ensure compliance of the provisions related to CSR mentioned in the Act and the Rules from time to time. The progress of CSR initiatives and activities will be reported by the CSR Committee to the Board on a regular basis.

BUDGET

The Board shall ensure that the Company spends the following amounts for CSR activities in pursuance of this Policy, and complies with the following conditions as set out under the Act and the Rules:

- (i) In every financial year, at least 2 (two) per cent of the “average Net Profits” of the Company made during the 3 (three) immediately preceding financial years. The “average Net Profits” shall be calculated in accordance with the provisions of Section 198 of the Act and the rules framed there under from time to time.
- (ii) The Administrative Overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- (iii) Any surplus arising out of the CSR activity will not be part of the business profits of the Company and 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 in accordance with section 135 of the Act, and spent in pursuance of this Policy and annual action plan of the Company; or the Company shall transfer such surplus amount to a fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year.
- (iv) 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 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.

CSR REPORTING

- (i) The Board's report pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure II of the Rules. .
- (ii) In the event the Company's average CSR obligation becomes ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years:
 - (a) the Company shall undertake an impact assessment, through an independent agency, of its CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study; and
 - (b) the impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

ANNUAL ACTION PLAN

The Corporate Social Responsibility Committee shall formulate and recommend to the Board, an Annual Action Plan in pursuance of this CSR Policy, which shall include the following, namely: -

- (a) the list of CSR projects or programs 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 programs as specified in CSR Rules;
- (c) the modalities of utilization of funds and implementation schedules for the projects or program;
- (d) monitoring and reporting mechanism for the projects or programs; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the Company.

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.”

GOVERNANCE

The Board of Directors of the Company shall satisfy itself that the funds 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. The Board of Directors of the Company shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year. The Board's Report of the Company shall include an annual report on CSR containing particulars, as applicable and as mentioned in the CSR Rules. In the event the Company is having an average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of Section 135 of the Act, in the three immediately preceding financial years, it shall undertake an impact assessment, through an independent agency, of its CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

Any amount remaining unspent, if any, under sub-section (5) of Section 135 of the Act, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the 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.

This Policy is in conformity with the requirements laid down under the Companies Act, 2013 and amendments from time to time.

AMENDMENTS/REVIEW

Any modification/amendment in the Policy may be carried out by the Board on the recommendation of the CSR Committee of the Company. The Corporate Social Responsibility Committee of the Company and the Board of Directors of the Company will review the Policy at regular intervals as deemed appropriate.

Honeywell

Any amendments to the Companies Act, 2013, Rules thereunder, Listing Regulations, other applicable laws, rules, regulations, and government guidelines shall *mutatis mutandis* be deemed to have been incorporated in this Policy.

All words and expressions used in this Policy and defined under the Companies Act, 2013, Rules thereunder, Listing Regulations, other applicable laws, rules, regulations shall have the same meaning as respectively assigned by them in such Act/Rules/Regulations as the case may be.

For enquiries related to this Policy or Honeywell's CSR initiatives, please contact:

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