

***TVS Holdings Limited***  
***[Formerly known as Sundaram-Clayton Limited]***

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**CORPORATE SOCIAL  
RESPONSIBILITY POLICY**

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***[As approved by the Board of Directors on 4<sup>th</sup> February 2015 (Effective Date – 4<sup>th</sup> February 2015 and modified on 5<sup>th</sup> February 2020)]***

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### **I. PREAMBLE**

TVS Holdings Limited ('TVSH or 'the Company'), a part of the 100 year old, TVS group, is the manufacturer of automotive components. The Company has been an early adopter of Corporate Social Responsibility ('CSR') initiatives, alongwith its subsidiary company, namely TVS Motor Company Limited, its subsidiaries and associates (TVSH Group of companies).

TVSH Group of companies recognized that integrating social, environmental and ethical responsibilities into the governance of businesses would ensure their long term success, competitiveness and sustainability.

TVSH Group of companies believe that in alignment with its vision, it will continue to enhance value through its CSR initiatives and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.

Accordingly, TVSH Group of companies established Srinivasan Services Trust ("SST") in 1996, as its social arm aimed at providing a dedicated approach to community development and also to fulfill their CSR commitments.

Over the past two decades, SST has made efforts to bring a change in the lives of the people in rural India by creating self-reliant models of sustainable development and environment, and to make our planet a better place for future generations.

In addition, the TVSH Group of companies have been rendering various charitable activities / services through its specific organizations that cater to the well being of the society by providing education, medical assistance, and other benefits to the needy.

The Company in accordance with the requirements under the Companies Act, 2013 ("Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Rules"), constituted a committee ("CSR Committee"), which formulated the policy on Corporate Social Responsibility ("CSR Policy" or "**Policy**") and recommended the same to the board of directors of the Company ("Board") for its approval. The Board vide its resolution dated 4<sup>th</sup> February 2015, approved and adopted this Policy with immediate effect.

The Policy encompasses the TVSH Group's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare and sustainable development of the community at large through its social arm, namely SST.

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The Policy shall apply to all CSR initiatives and activities taken up not only at the various work-centres and locations of the Company but also in any other parts of the country, for benefit of the society.

### **II. CSR VISION**

For the Company, corporate social responsibility *inter alia* means to be a catalyst in creating self-reliant villages and transforming communities by deploying skills and resources in key areas such as economic development, quality education, health care, conservation of environment, maintenance of infrastructure, art, culture, sports and protection of places of public and historical importance.

### **III. OBJECTIVES**

The objectives of the Policy are:

- a) Strive for (i) economic development, (ii) healthcare (iii) quality education (iv) conservation of environment and (v) infrastructure development that positively impact the society at large, especially the weaker sections of society and rural parts;
- b) Embrace responsibility for the Company's actions and encourage a positive impact through its activities on eradicating poverty, promoting education, enhancing employment skills, promoting environment sustainability, amongst others;
- c) Empower the people to ensure sustainable and permanent improvement in the lives of the people living in the villages;
- d) Protecting the national heritage, art and culture including restoration of places of public and historical importance;
- e) Setting up public libraries and promotion and development of traditional art and handicrafts;
- f) Measures for the benefit of armed forces veterans, war widows and their dependents and training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- g) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources including safe drinking water and maintaining quality of soil, air and water;

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- h) Contribution to Clean Ganga fund, Swatch Bharath Kosh such other funds notified by the Central Government under CSR provisions, from time to time;
- i) Rural development projects, disaster management, including relief, rehabilitation and reconstruction activities; and
- j) Slum area development.

### **IV. CSR PROJECTS OR PROGRAMS**

The Company shall implement the CSR Policy in accordance with the requirements under Section 135 of the Companies Act, 2013 and the rules framed thereunder, and currently, the Company's CSR activities will focus on:

- A. ECONOMIC DEVELOPMENT:** Empowering women through self help groups; promoting improved agriculture practices through adoption of scientific methods of agriculture; improve livestock management through organizing of regular veterinary camps in rural areas; improve employability by providing enhancing vocational skills (especially among children, women, elderly and the differently abled) and providing livelihood enhancement projects and career counselling; survival, protection and education of girl children will be given primary focus to improve child sex ratio.
- B. EDUCATION:** Promoting education, including special education, especially among children, women and the differently abled, including by way of setting up of balwadis in rural areas; establishing village level adult education centres, contributing towards improving the infrastructure of schools by building additional classrooms and other infrastructure (such as public libraries), providing study and play materials, and providing special care to introduce digital technology in primary and secondary education for improving quality of education.
- C. ENVIRONMENT:** 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 by way of : (i) educating the public on effective solid waste management; (ii) construction and periodic cleaning of drains for free flow of liquid waste; (iii) undertaking afforestation measures and supporting conservation measures to protect forest areas and prevent forest fires; and (iv) construction of various water and soil conservation structures, including rain water harvesting systems to increase the groundwater level, reduce soil erosion and increase crop cultivation area.

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- D. HEALTH:** Reduction of infant mortality and maternal mortality rate; reduction of malnutrition among children; reduction of anaemia among women by conducting nutrition demonstration programmes and supply of iron and calcium supplements to women and especially people belonging to the weaker section of society; 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; reduction of open defecation by individuals by construction of toilets and promoting awareness of the disadvantages of open defecation; and promoting access to safe drinking water.
- E. HUNGER, POVERTY, MALNUTRITION AND HEALTH:** Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation, and making available safe drinking water.
- F. NATIONAL HERITAGE, ART AND CULTURE:** Protecting national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries and promoting and developing traditional arts and handicrafts.

The CSR activities shall be undertaken within the territory of the Republic of India, and the Company shall give preference to the local area/ areas around where it operates, for spending the amount earmarked for CSR activities.

CSR projects, programmes or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities. Also, activities undertaken in pursuance of the normal course of business of the Company and any direct / indirect contributions to any political party shall not constitute CSR activities.

### **V. CSR COMMITTEE**

- A. CSR Committee shall consist of 3 (three) or more directors of which, at least 1 (one) will be an independent director, unless otherwise required under applicable law.
- B. The CSR Committee of the Company will be responsible for:
- formulating and recommending to the Board , the CSR Policy in compliance with Section 135 of the Companies Act, 2013;
  - identifying activities to be undertaken as per Schedule VII of the Companies Act, 2013;

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- recommending to the Board, the annual budgeted expenditure to be incurred on CSR activities by the Company;
- subject to the provisions under the Companies Act, 2013 and rules framed thereunder, recommend the locations for carrying out CSR activities;
- recommending to Board, modifications to the CSR policy, as and when required; and
- regularly monitoring the implementation of the CSR policy

### **VI. BOARD**

The Board of the Company will be responsible for:

- approving the CSR Policy as formulated by the CSR Committee, with or without modifications and disclosing the CSR Policy in its report and also place it on the Company's website;
- considering the recommendations of the CSR Committee and providing appropriate instructions / directions to the CSR Committee when required;
- preparing a budget of expenditure to be applied for CSR projects contemplated in the annual policy of the Company ;
- ensuring that in each financial year the Company spends at least 2% (two percent) of the average net profits of the Company, made during the 3 (three) preceding financial years, or such other amount as prescribed under the Companies Act, 2013 and the rules framed thereunder, in pursuance of the Policy;
- ensuring that every financial year funds committed by the Company for CSR activities are utilized effectively, and regularly monitoring implementation;
- disclosing in its annual report the names of CSR Committee members, the content of the CSR Policy and ensure annual reporting of its CSR activities on the Company website;

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- ensuring annual reporting of CSR policy to the Ministry of Corporate Affairs, Government of India, as per the prescribed format; and
- Complying with the requirements under the Companies Act, 2013 and the rules framed thereunder regarding CSR.

As per Section 135 of the Companies Act, 2013, the reasons for under spending of the allocated CSR budget shall be specified in the Board's Report.

### **VII. EVALUATION AND IMPLEMENTATION OF CSR ACTIVITIES**

- A. SST or such other entity through which the Company is permitted to undertake its CSR activities under the Companies Act, 2013 and the rules framed thereunder, will receive requests for funding of projects, from time to time. The board of trustees of SST will evaluate the proposals so received, either internally or with the help of third parties.
- B. Projects will be prioritized by assessing their impact and the permissibility of such funding, in view of the Policy, and shall be forwarded with recommendations to the CSR Committee for approval and implementation. The CSR Committee will deliberate on the proposals and recommend the proposals for implementation to the Board.
- C. The Company will undertake the CSR activities identified and recommended by the CSR Committee, through SST or such other entity/organization as permitted under the Companies Act, 2013 and the rules framed thereunder. In the event the CSR activities are identified by way of the external agencies (including the SST) the CSR Committee shall ensure that the requirements of the Companies Act, 2013 and the rules framed thereunder shall be fulfilled.
- D. The surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the Company.
- E. The total expenditure incurred towards administrative activities including salary paid to the employees engaged in CSR activities should not exceed 5% of the total CSR expenditure attributable for the relevant financial year.

### **VIII. MONITORING PROCESS**

- A. The Company recognizes that monitoring is critical for assessment of the progress as regards timelines, budgetary expenditure and achievement of objects of the CSR Policy. Monitoring may be done periodically with the help of identified key performance indicators.

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- B. Monitoring may be done in project mode by way of a continuous feedback mechanism or in such intervals as determined by the CSR Committee, and recourse shall always be available for mid-course correction in implementation, whenever required.
- C. Implementation and monitoring of the CSR activities will be overseen by the CSR Committee. The monitoring and evaluation may be assigned by the CSR Committee to an external agency including SST for the sake of objectivity and transparency.
- D. If the projects are being implemented by external agencies, the Company may in consultation with CSR Committee designate special executives for this purpose.

**IX. GENERAL**

- A. The CSR Policy recommended by the CSR Committee and approved by the Board shall be displayed in the Company's website for public viewing.
- B. In case of any doubt with regard to any provision of this CSR Policy and also in respect of matters not covered herein, a reference should be made to the CSR Committee. In all such matters, the interpretation and decision of the CSR Committee shall be final.
- C. All provisions of the CSR Policy would be subject to revision/amendment in accordance with the applicable laws.
- D. The Company reserves the right to modify, cancel, add, or amend this CSR Policy.

**X. AMENDMENTS TO THE CSR POLICY**

The Board of the Company shall have the powers to revise/modify/amend this CSR Policy from time to time, as the Board may think fit, based on the recommendations to be made by the CSR Committee to confirm to the revision/ amendment, if any, to be made to the Act or the rules made thereunder.

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