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**CORPORATE SOCIAL RESPONSIBILITY**

**POLICY**

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## I. PREAMBLE

TVS Electronics Limited (TVSE or the Company), part of the TVS group has been an early adopter of Corporate Social Responsibility (CSR) initiatives. As part of TVS group initiatives, “Cheema Foundation” - a not for profit nodal body has been established, which aimed at providing, educational assistance to the underprivileged children, supporting Primary education, improving health care and sanitary facilities to schools, preserving heritage and Indian art and culture. The Company always focusses on development of the Society and contribute its bit towards the betterment of the Society.

This CSR policy (Policy) encompasses the 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 and also through its holding, associate Companies and also through various other charitable trusts and organisations.

This 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 PROJECTS OR PROGRAMS

The Company shall implement the CSR Policy in accordance with the requirements under Section 135 of the Companies Act, 2013 (act) and the Rules framed thereunder, as modified from time to time, broadly covering the following as and when required, and approved by the CSR Committee, as the case may be:

- A. **ECONOMIC DEVELOPMENT:** Empowering women through self help groups; promoting improved agriculture practices through adoption of scientific methods of agriculture; improve employability by providing enhancing vocational skills and providing career counselling. Survival, protection and education of girl children will be given primary focus.
- B. **EDUCATION:** Promoting education, including special education, especially among children, women and the differently abled, including by way of setting up of educational camps in rural areas; establishing village level adult education centres, contributing towards improving the infrastructure of schools by building additional classrooms and other infrastructure, providing study and play materials, building of toilets and ensuring adequate water supply. 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.

- 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. 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.
- 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.

**The following activities shall not form part of CSR activities:**

- a. Activities undertaken in the normal course of business;
- b. Activities undertaken outside India, except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- c. Activities undertaken for the benefit of the employees as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- d. Contribution directly or indirectly to any political party under Section 182 of the Act;
- e. Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services;
- f. Activity not covered within Schedule VII of the Act; and
- g. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

**III CSR COMMITTEE**

- A. CSR Committee shall consist of three or more directors of which, at least 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 and annual action plan.
- identifying CSR activities to be undertaken in terms of the provisions of the Companies Act, 2013 (“Act”) and Rules thereunder, provided such activities are indicated in the CSR Policy;
- List out the projects, mode of utilization and matters related therewith in annual action plan and made recommendations to the Board on the same.
- recommending the annual budgeted expenditure to be incurred onCSR activities by the Company, to the Board for its approval;
- Subject to the provisions of the Act, recommend the locations forcarrying out CSR activities;
- recommending to Board, modifications to the CSR policy, and annual action plan as andwhen required; and
- regularly monitoring the implementation of the CSR policy.

#### **IV ANNUAL ACTION PLAN:**

The annual action plan of the Company shall include the followings:

- The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified under schedule VII of act,
- The manner of execution of such projects or programmes,
- Modalities of utilisation of funds and implementation schedules for the projects or programmes,
- Monitoring and Reporting mechanism for the projects or programmes and
- Details of need and impact assessment, if any, for the projects undertaken by the Company.

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

#### **V BOARD**

The Board of Directors of the Company will be responsible for:

- Reviewing and approving the CSR policy as formulated by the CSR Committee, with or without modifications;
- Reviewing and approving the Annual action plan year by year, recommended by CSR Committee.
- considering the recommendations of the CSR Committee and providing appropriate instructions / directions to the CSR Committee as and 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% of the average net profits of the Company, made during the 3 (three) preceding financial years, or such other amount as prescribed under the Act and Rules framed thereunder, in pursuance of its CSR Policy.
- disclosing in the Report of the Board, the names of CSR Committee members and ensure annual reporting of its CSR activities in the format as prescribed under the Act and the Rules framed thereunder.
- Complying with the requirements of the Act and the Rules regarding corporate social responsibility.
- Discharging the functions of CSR Committee provided under Section 135 of the Act, where the amount to be spent by a Company in a financial year does not exceed Rs. 50 lakhs or such other limit as may be prescribed under the act and consequently the requirement for constitution of the CSR Committee is not applicable.

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

- A. Cheema Foundation or any of TVS-E's holding, subsidiary, affiliates or any such other entity will receive requests for funding of projects, from time to time. The experts available in the respective entities 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, considering the Company's CSR 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 the Foundation or such other entity/organization as permitted under the Act and the Rules framed thereunder. In the event the CSR activities are identified by way of the external agencies (including the Foundation) the CSR Committee shall ensure that the requirements of the Act and the Rules shall be fulfilled.

#### **VII. EXPENDITURES AND SURPLUS**

- A. The total expenditure incurred towards administrative activities including salary paid to the employees engaged in CSR activities will be limited to 5% of the total CSR expenditure attributable for the relevant financial year.
- B. The surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the Company. The surplus raised will be used for the same CSR activity or shall be transferred to Unspent CSR Account or the Company may transfer such surplus to a fund specified under Schedule VII of the act within a period of six months after the end of the financial year.
- C. If there is any amount related to ongoing project which is unspent by the Company, it will be transferred to Unspent CSR Account of the Company within 30 days from the end of the financial year and it will



be utilized for the activities within a period of 3 years from the date of such transfer. Unless the Company is utilizing the funds, the fund which was transferred to such unspent account will be transferred to the fund specified under Schedule VII of the act within a period of 30 days from the date completion of 3 years.

- D. If the Company spends excess amount for the projects, then such excess amount without including any surplus, can be set-off against spending requirement for 3 succeeding financial year. The Company will be able to set-off only if it has been duly approved by the Board by passing the resolution.
- E. CSR amount may be spent for creation or acquisition of capital asset which shall be held by the beneficiaries of CSR project or by Section 8 company, trust with CSR registration number with charitable objects or by a Public authority.

#### **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.
- 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 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.
- E. The Board of Directors of the Company shall satisfy itself that the CSR funds have been utilized for the purposes and in manner as approved by it and Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- F. In case of ongoing project, the Board 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

#### **IX. GENERAL**

- A. The CSR Policy recommended by the CSR Committee and approved by the Board, Composition of CSR Committee, Projects 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.

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This policy is updated by the Board of Directors, with effect from 13<sup>th</sup> November 2021