



# Sundram Fasteners Limited

CIN: L35999TN1962PLC004943

Registered Office: 98-A, VII Floor, Dr. Radhakrishnan Salai

Mylapore, Chennai - 600 004

Phone: +91 - 44 - 28478500 | Fax: +91 - 44 - 28478510

E-mail: [investorshelpdesk@sfl.co.in](mailto:investorshelpdesk@sfl.co.in) | [www.sundram.com](http://www.sundram.com)

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

*The following policy statement articulates the broad contours of the company's corporate social responsibility policy, its development, focus areas present and future, the procedures and processes to implement such policy.*

### **Introduction**

Sundram Fasteners Limited (the company) is a part of the US\$ 8.5 billion TVS Group, headquartered in Chennai, India. The Company has established a track record of leadership over 50 years. With a diversified product line, world-class facilities in 4 countries and motivated team of talented people, the company has become a supplier of choice to leading customers in the automotive and industrial segments worldwide. Over the years, the company has acquired cutting-edge technological competencies in forging, metal forming, close-tolerance machining, heat treatment, surface finishing and assembly. Manufacturing locations are supported by engineering and design personnel working on new product design and development. Understanding the global nature of business and the need to provide quality products on "just in time" basis to customers, the company has established supply chain logistics networks spanning several continents. For the company, growth is a natural outcome of total adherence to three core operating principles: customer orientation, total quality and ethical business practices.

### **Corporate Social Responsibility Culture in SFL**

T V Sundram Iyengar & Sons Limited, one of our Promoters, had recognized the responsibility to serve the community in which it operates and has been engaged in Corporate Social Responsibility (CSR) activities much before its due recognition. The origin of Corporate Social Responsibility Policy (CSR Policy) of Sundram Fasteners Limited (SFL) and its continuous development has been inspired by the TVS group's DNA and culture of sharing its prosperity with the society.

The company believes that all stakeholders must benefit, whether it is employee welfare or involvement of the employees in fulfilling the needs of the society. The company firmly believes in sharing its prosperity with the society in which it operates. The company, being a responsible corporate citizen, has always meant going beyond mere compliance with the laws of the land. Thus, the objective of CSR Policy of the company is not just to meet the legal requirements, but to have a profound positive social impact. The CSR policy of the company not only strives to focus on the interest of various stakeholders, but also the community and the environment as a whole.

### Our current CSR activities

The following present activities stand as testimony to SFL's commitment to following societal oriented practices and contributing to economic development of the society in which it operates:

<b>Education</b>	Running a Higher Secondary School in rural area at Krishnapuram, Virudhunagar District near Madurai, India.
<b>Healthcare</b>	Operating Free Medical Centres and provides medical assistance to people from surrounding communities at Krishnapuram, Madurai.
<b>Environment</b>	Adhering to green business practices – major manufacturing facilities are all certified as conforming to ISO 14001 standards and thus adhere to most stringent environment management standards. The products and processes of SFL are engineered to promote green technologies, and are compliant with the latest international norms for environment friendly operations.
<b>Volunteering Support</b>	Empowering employees for one day of his / her official time in volunteer activities in associations with NGOs.

### SFL's Corporate Social Responsibility Policy

- Our vision is to actively engage and extend support to the communities in which we operate and thus build a better, sustainable way of life by supporting the weaker sections of the society and thus contribute to the human development.
- Our objective to impel measures to provide solutions that will balance economic, social and environmental issues.
- To continue to intensify and dutifully fulfill our current CSR commitments and to augment our efforts in the evolving opportunities.
- To work together with our employees with a commitment for adhering to responsible business practices in terms of quality management, environmental sustainability and support to the community.
- To ensure the alignment of our CSR Policy in all facets of our business and across all our business units.
- The CSR Policy of SFL envisages the following focus areas for incurring the CSR expenditure:-

<b>Education</b>	To support promotion of education, support technical and vocational institutions, provide financial assistance, commuting facilities to the needy students who are located in remote and distant areas from the school, conducting educational awareness programs and counselling programs for parents.
------------------	---

<b>Healthcare / Hygiene</b>	Providing medical care, assistance, establishing medical centres, measures to eradicate hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation and making available safe drinking water, support hygiene development activities including distribution of personal hygiene products etc.
<b>Environment</b>	Plantation of saplings, pollution control, environment management, 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
<b>Gender Equality, Women Development</b>	Promoting gender equality, training of women to make them employable, organising vocational courses and such other courses for their skill development
<b>Heritage, Arts &amp; Culture and Sports</b>	Preservation and protection of national heritage, temple preservation and religious endowments, promotion of arts and culture, promotion and development of traditional arts and crafts including handicrafts, extension of benefits to artisans, setting up public libraries;, promotion of sports, sporting events, donations to and sponsorship for deserving sports persons
<b>Support to Academic Institutions</b>	Contribution of funds provided to technology incubators located with academic institutions, recognized universities which are approved by the Central Government
<b>Contribution to Government Funds</b>	Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government.
<b>Rural Development</b>	Rural development projects including support for building basic infrastructure facilities. Wherever possible the primary beneficiaries will be communities situated in and around the factories / units of the Company.
<b>Welfare measures / Others</b>	Welfare measures for the community including employees and their families, including scholarships, reimbursement of tuition fees and hostel fees. Such other areas which the corporate social responsibility committee (CSRC) recommends or decides to focus / support from time to time.

*The above list is illustrative and not exhaustive.*

The Company is of the view that the above mentioned focus areas are related to the activities included in Schedule VII of the Companies Act, 2013. Further, the company may consider such other activities not falling in the above list, which may be notified by the Government of India from time to time.

#### **Constitution of CSR Working Group**

Pursuant to the advice of the CSRC, the company has constituted a CSR Working Group (CWG). CWG will comprise of executives of the company at senior management level and / or

external experts / consultants. CSRC will elect a member of CWG to be the head of CWG. A brief description of the terms of reference of CWG is as follows:-

### **Terms of Reference of CWG**

1. Initial Screening of the CSR Project Proposal
2. Due Diligence of project partners, projects and funding requirements
3. Evaluation Report on the Projects
4. Recommendation for the project proposal to Corporate Social Responsibility Committee
5. Disbursements for the projects approved by the Corporate Social Responsibility Committee
6. CSR Monitoring & Reporting on the progress of the projects and its implementation to the Board / Corporate Social Responsibility Committee
7. Certification of compliance of the CSR Policy

### **Identification of CSR Project**

CWG acts as the nodal agency for considering the projects requests and submitting a proposal and recommendations to the CSRC.

### **CSR Project approval**

- CSRC will formally examine and approve the CSR project to ensure that the project is in line with the CSR Policy of the company. Such approval will be based on the project proposal submitted by the CWG.
- The Board of Directors, from time to time, will determine the delegation of powers required for project approval and disbursements towards CSR activities / projects.
- The Board of Directors may *severally* authorize the Chairman and Managing Director, Joint Managing Director and Deputy Managing Director to consider and approve the appointment of personnel, external consultants for discharging the functions relating to the CSR activities.
- The Board of Directors may also *severally* authorize the Chairman and Managing Director, Joint Managing Director and Deputy Managing Director to consider disbursement of funds for CSR activities including for special circumstances such as natural calamities like flood, earthquake or similar events, war, etc., towards any relief funds of Central Government and / or support to NGOs involved in such relief work. Such disbursement of funds shall not exceed an amount of Rs. 10,000,000 (Rupees One crore only) or within the ceiling of 50% of the CSR budget, *whichever is higher*.

### **Board Functions with respect to CSR**

- To take into account the recommendations of the CSRC.
- To approve the CSR Policy and changes, if any in the same from time to time and ensure dissemination of the same in the company's website and Board's report to the shareholders.
- To undertake such CSR activities, which are included in the CSR Policy.
- To endeavor to spend 2% of the average net profits made during the three immediately preceding financial years.
- To endeavor that the company gives preference to local area and areas around the company where it has operations for spending the amount earmarked for CSR

activities.

- To endeavor that the activities included by the company in its CSR Policy are related to the activities included in Schedule VII of the Act.

#### **CSR Funding**

- The company will spend in each financial year at least 2% of its average net profits (as stipulated under the Companies Act, 2013) made during the preceding three financial years on CSR activities.
- When the company is unable to spend or does not spend such sum for any reasons, the company will provide the reasons for not spending the amount in its Board's report.
- Any surplus arising out of the CSR projects or programs or activities shall not form part of business profit of the company.

#### **Modalities of execution of CSR**

- CSR activities will be implemented by the company directly, through its subsidiary or associate company or a trust as may be formed by the company.
- The company may also implement the CSR activities through any Trust, Society or NGO, which has an established track record of at least 3 years in undertaking social welfare programs.
- The company may also collaborate with its group companies to undertake projects including such projects, which may require a huge financial support.
- The company may also undertake CSR activities along with or through specialized agencies such as elected local bodies such as panchayats, NGOs, Institutes / Academic Institutions, Self- help groups, Government, Semi-Government organizations, autonomous organizations etc.
- The maintenance of assets created through CSR expenditure would be the responsibility of the concerned recipient or representative of such recipient. While approving such expenditure or while disbursing the funds, the company will obtain an undertaking from the recipient or the representative of the recipient that they would be responsible for maintenance of the assets.

#### **Implementation**

- The project proposal submitted by the CWG will be examined by the Corporate Social Responsibility Committee (CSRC).
- CSRC will approve the projects to be undertaken and the amount of expenditure to be incurred by SFL on CSR activities.
- The expenditure on CSR will be based on the project having identified timelines. Depending upon the nature of the project and the size of the project, involvement in such project may entail long-term commitments and hence such projects will be reviewed from time to time by CSRC.
- The implementation schedule will vary from project to project, which will be decided at the time of finalising each project. Project activities will be executed as per these timelines.

#### **Monitoring**

The CSRC will monitor the projects at such intervals as may be required. The terms of reference of CWG provides for monitoring and reporting the progress to CSRC.

### **\*Annual Action Plan**

As per section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014, the CSR Committee shall send the list of CSR projects / activities carried out / proposed to be carried out by the Company to the Board of Directors of the Company for their noting on a quarterly basis comprising the details as given hereunder:-

- 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 as specified in sub-rule (1) of rule 4 of the Companies (Corporate Social Responsibility) Rules, 2014 (activities undertaken by the Company itself or through a NGO / Section 8 Company / registered Trust / Society);
- iii. The modalities of utilisation 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.

The CSR Committee will also identify four to five focus areas as enunciated in the Corporate Social Responsibility Policy as the theme for the ensuing year. The projects will be selected based on the guiding principles for selection, implementation and monitoring as per the CSR policy of the Company."

***\*New clause 'Annual Action Plan' was inserted in the CSR Policy pursuant to the resolution passed by the Board of Directors at their meeting held on March 24, 2021.***

### **Conclusion**

This policy will form the framework around which the CSR activities would be undertaken by the company. Our CSR policy conforms to the mandate specified under the Companies Act, 2013 and the rules made thereunder. The company believes that by acting upon these CSR initiatives, the company will fulfill its responsibilities as a good corporate citizen and thus contribute to the society. The company will also evolve and refine its CSR Policy in response to the changing business and regulatory environments.

\*\*\*\*\*