

Shriram Transport Finance Company Limited

Corporate Social Responsibility Policy

1. Preamble:

1.1 Shriram Group to which Shriram Transport Finance Company Limited (“Company”) belongs has, over the years, as part of its CSR commitment, initiated/ contributed towards several social welfare projects aimed at benefitting the ‘Aam Aadmi’. Such efforts have been focussed on providing education, skilling, health care facilities and Livelihoods to the economically weaker/underprivileged sections of the society.

1.2 Shriram Group strongly believes that it can contribute to the common cause of the society by bringing in the same level of competence and efficiency in the management and administration of its CSR activities with which it handles its corporate business.

2. CSR Purpose Statement:

2.1 The CSR policy is designed to prescribe the necessary guidelines and procedures for the Company along with Shriram Capital Limited, its subsidiaries / associates (Shriram Group) when making contributions / donations under the Companies Act, 2013 (2013 Act). This Policy shall apply to all CSR projects/programmes undertaken by Company as per Schedule VII of the 2013 Act.

2.2 CSR activities of the Company will henceforth cover one or more of the focus areas as notified under Section 135 of the 2013 Act and Companies (Corporate Social Responsibility Policy) Rules 2014 as amended from time to time, including the following:

- 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 arts and handicrafts
- vi) measures for the benefit of armed forces veterans, war widows and their dependents; Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows];

- vii) training to promote rural sports, nationally recognised 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 CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix) 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 department of Atomic energy (DAE) Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defence Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- x) rural development projects;
- xi) slum area development ('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)
- xii) disaster management, including relief, rehabilitation and reconstruction activities and;
- xiii) Such other activity as may be prescribed by Central Government of India.

3. Thrust areas

3.1 Thrust areas identified currently include activities relating to:

- i) Promotion of education, vocational training (including livelihood enhancing) for the economically weaker/underprivileged sections of the society
- ii) Promotion of health care (including preventive health care) and other activities including vaccination for preventing spread of the pandemic, eradication of hunger, poverty and malnutrition, etc.
- iii) Welfare of Commercial Vehicle drivers by undertaking any or all of the above activities
- iv) Providing training to underprivileged youth aspiring to be gainfully employed as drivers of commercial and passenger vehicles. Driver training school/Skill development for drivers
- v) Socio economic development and relief and welfare activities of SC/ST, other backward classes, women and minorities

- vi) Promotion and development of traditional arts and culture
- vii) Livelihood for under privilege & rural unemployed youths.

3.2 CSR activities shall be undertaken as projects or programs or activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

3.3 There could be suitable modification to this list from to time as the CSR activities evolve.

4 Modalities of implementation

4.1 The Company will undertake its CSR activities either directly as projects or programs or activities (either new or ongoing) or through a Registered Trust or Registered Society or through a Company established by the Company or its holding or subsidiary or associate Company under Section 8 of the 2013 Act.

4.2 The Company may also collaborate with other entities (NGOs/Trusts/Sec. 8 Companies) for undertaking CSR activities.

4.3 The Company will formulate criteria/policy for selection of eligible projects/partners for its CSR activities.

4.4 If the Company decides to set up a Trust or Section 8 Company or Society or Foundation or any other form of entity operating within India to facilitate implementation of its CSR activities in accordance with its stated CSR Policy, the following shall apply:

- i) The Company would need to specify the projects/programmes to be undertaken by such an organization, for utilizing funds provided by it;
- ii) The Company shall set up a monitoring mechanism to ensure that the allocated fund is spent for the specified purposes only;

4.5 Criterion for external CSR Partner(s) (other than entities stated in clause 4.1 of this Policy):

The CSR partners need to meet the following minimum criteria:

- i) The CSR Partner(s) should have a permanent office/address in India; and have obtained registration certificate from the Ministry of Corporate Affairs by filing prescribed Form CSR-1
- ii) The CSR Partner(s) is a Trust, Society, or Section 8 Company having an established track record of three years in undertaking similar CSR programs or projects in pursuance with the relevant regulations. This requirement shall not necessary for Section 8 Company established by Shriram Transport Finance Company Limited jointly with other group companies.
- iii) The track record/antecedents of the CSR Partner are verifiable and meet certain pre-determined criteria
- iv) The CSR Partner(s) has the requisite system in place to assess and report progress/status of the projects on a quarterly basis on pre-determined

parameters/milestones

- v) Possesses a valid Income-Tax Exemption Certificate
- vi) Maintain the required level of auditable records on the CSR initiatives and submit to Shriram Transport Finance Company Limited within prescribed time the [impact assessment] report of the CSR project for which the contribution exceeds Rs. 1 crore in a financial year.

Once the project/program is approved, Company and the CSR Partner will be required to enter into suitable agreement/documentation, if relevant and required.

5 Administration:

5.1 The approval of the CSR policy will be the responsibility of the Company's Board of Directors.

5.2 CSR Committee:

- i) The Company will constitute a CSR Committee comprising of minimum number of directors as provided in Companies (Corporate Social Responsibility) Rules, 2014.
- ii) The CSR Committee shall operate under the supervision/guidance/superintendence of the Board of Directors.
- iii) The CSR committee will include at least one Independent Director, where applicable and will be assisted by an Advisory Board which will guide on CSR strategy and implementation.

5.3 The CSR Committee will be responsible for formulation of the CSR policy and its review from time to time and also for monitoring that the CSR activities of the Company are implemented in line with the CSR regulations.

5.4 The Committee will meet as and when required to measure the CSR progress and to review and evaluate the sustainability agenda, suggest modifications and discuss and recommend annual action plan to take the CSR activities forward. The same will also be discussed in Board Meeting.

5.5 CSR Committee will monitor the spend on CSR activities by the Company as well as ensure that the Company spends at least the minimum sum as may be prescribed from time to time pursuant to 2013 Act and Companies (Corporate Social Responsibility) Rules, 2014 as amended from time to time (CSR Policy Rules) or such higher sum as may be decided by the Board of Directors of the Company. In case the Company spends an amount on CSR projects in a financial year in excess of the prescribed amount under Section 135 of the 2013 Act, the said amount will be set of as per the CSR Policy Rules.

5.6 Ancillary Activities of the CSR Committee:

- i) To publicise the CSR Policy and initiatives across the organisation, especially through mailers, screensavers and policy documentation and upload(s) on website.
- ii) To organise training programs/ workshops to increase employee awareness on CSR regulations and CSR initiatives/activities of the Company.

- iii) Such other activities as directed by the Board of Directors of the Company and/or as deemed appropriate and expedient by the Committee for the furtherance of CSR objectives of the Company, in pursuance with the Regulations.

5.7 Transparent Monitoring Mechanism :

- i) The CSR Committee will design a transparent monitoring mechanism for ensuring implementation of the projects/programs/activities proposed to be undertaken by the Company.
- ii) The CSR Committee will have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishment of overall CSR objectives laid down under the 2013 Act.

5.8 Monitoring :

- i) Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution by CSR Partner(s) and CSR expenditure will be undertaken on a regular basis and the same will be made available to the Board of Directors of the Company.
- ii) Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.
- iii) The CSR Committee and persons/entities authorised by it, will conduct due diligence checks on the current projects/partners on a quarterly basis and report deviation(s), if any, immediately.
- iv) Based on analysis of current projects, carry out planning exercise for allocation/re-allocation of budget and selection of projects. The same will be done at least once in a financial year.

6 CSR Spend:

6.1 The Company shall endeavour to spend in every financial year not less than the minimum amount specified in the 2013 Act read with Companies (Corporate Social Responsibility) Rules, 2014, towards fulfilling its CSR obligation which will also be monitored by the CSR Committee.

6.2 The CSR Committee will recommend the amount of expenditure to be incurred on CSR activities.

6.3 CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the 2013 Act.

6.4 All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilised in the respective year. However, if the Company fails to spend such amount, the

Board of Directors shall, in their report under clause (o) of sub-section (3) of section 134 of the 2013 Act, state the reasons for not spending the amount.

6.5 Tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961.

6.6 The Company may build CSR capabilities of its own employees or that of its implementing agencies, the expenditure on which shall not exceed 5% of total CSR expenditure of the Company in one financial year or suitable amount as may be permitted under the 2013 Act and Rules made thereunder.

6.7 In case any surplus arises out of Company's CSR projects, such surplus shall not form 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 spent in pursuance of this CSR policy and annual action plan of the company or transferred to a Fund specified in Schedule VII, within the prescribed timeline as specified in the CSR Rules.

6.8 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 CSR rules.

6.9 The Company may spend its CSR amount for creation or acquisition of the capital asset subject to the fulfilment of conditions as specified under the provisions of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as may be amended from time to time.

7 GUIDING PRINCIPLES FOR PROJECT SELECTION AND IMPLEMENTATION :

I Relevance

The Advisory Board will recommend CSR project to the CSR Committee in accordance with the thrust areas laid down in this Policy or other need based criteria, local issues etc.

II Outcomes-orientation

Projects will be designed with clear objectives, planned outcomes and a suitable monitoring and reporting framework. All projects will be periodically reviewed for course correction, wherever necessary.

8 GOVERNANCE :

Advisory Board :

Role: A cross-functional team led by Vice Chairman & Managing Director, Company will work as an internal structure for CSR management and reporting to the CSR Committee.

Responsibilities: The Advisory Board will be responsible for monitoring and evaluation of the ongoing projects on a quarterly basis and ensuring proper utilization of funds.

CSR Execution Cell headed by CSR Head designated by the Vice Chairman & Managing Director will be responsible for identifying NGOs, project identification, design, implementation, ensuring timely payments, monitoring, securing fund utilization certification, outcome management and reporting to CSR Committee and Advisory Board.

9. MONITORING, REPORTING & COMMUNICATIONS :

The planned outcomes will be regularly monitored by the in-house team, supported by experts, through a combination of on-site visits, local stakeholder discussions for feedback and suitable reporting documentation. The progress monitoring will be undertaken as below:

Monitoring group	Frequency of review
CSR Committee	Quarterly
Advisory Board	60 days
CSR Execution Cell	Monthly or as and when required

10. IMPACT ASSESSMENT OF CSR PROJECTS :

- 10.1** The Company shall undertake impact assessment of its CSR projects as per the provisions of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as may be amended from time to time.
- 10.2** The impact assessment reports shall be placed before the Board and shall be annexed to the Annual Report on CSR.

11. Reporting to Shareholders:

CSR Committee shall review the reporting requirements under 2013 Act read with Companies (Corporate Social Responsibility) Rules, 2014 which are to be included in the Board's report. Such report will be disseminated to the shareholders as well as put up on the website of the Company in such format and manner as may be prescribed from time to time under the 2013 Act.

12. Statutory Amendments:

Any amendments to the provisions of the 2013 Act relating to CSR and/or Companies (CSR Policy) amendment Rules ,2014 shall be deemed to be incorporated in this policy and the CSR Committee will be authorized to do all necessary acts to give effect to such changes. All provisions contained in CSR Rules including the terms defined in the CSR Rules shall be applicable and have same meaning for the purpose of interpreting this Policy and in case of any inconsistency between this Policy and CSR Rules, the later shall prevail.