



CORPORATE SOCIAL RESPONSIBILITY POLICY

***SAMVARDHANA MOTHERSON INTERNATIONAL LIMITED
(formerly Mother'son Sumi Systems Limited)***

Adopted by the Board of Directors on May 26, 2022

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CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Preamble

- 1.1. Samvardhana MotherSON International Limited (formerly MotherSON Sumi Systems Limited) ("**Company**") is a focused, dynamic and progressive Company providing customers with innovative and value-added products, services and solutions while also being a positive influence on communities, by operating through responsible business practices. The focus on creating value for all stakeholders has led to the trust and the request from customers to do more. This approach strengthens the position of the Company and helps it move closer to the vision of being a globally preferred solutions provider.
- 1.2. The Company has been making a conscious effort to make a difference through its corporate social responsibility initiatives ("**CSR**") by continually identifying projects or programmes which align to its CSR philosophy. Therefore, the CSR projects or programmes shall be structured to create maximum impact on the society.

2. Purpose

- 2.1. The purpose of this CSR policy ("**Policy**") is to laydown approach and direction given by the board of directors of the Company ("**Board**") on recommendation of its CSR committee including guiding principles and mechanisms for selection, implementation and monitoring of CSR projects or programmes and formulation of annual action plan in alignment with the Companies Act, 2013 ("**Act**"). The Policy outlines intentions to contribute to social development of local and national priorities.
- 2.2. This Policy shall function as CSR Policy of the Company for the purpose of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("**CSR Rules**").

3. Definitions

- 3.1. "**Administrative Overheads**" means the expenses incurred by the Company for 'general management and administration' of CSF functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.
- 3.2. "**Implementing Partner**" means non-government organisation(s) (NGOs) / Company(s) / Institution(s) engaged in alliance with the Company for undertaking and execution of the selected CSR projects or programmes.
- 3.3. "**International Organisation**" means an organisation notified by the Central Government as an 'International Organisation' under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.

3.4. **“Ongoing Project”** means a multi-year project undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding 3 (three) years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond 1 (one) year by the Board based on reasonable justification.

3.5. **“Other Projects”** means projects other than Ongoing Project.

Any other terms not defined herein shall have the same meaning as defined in the Act or any other applicable laws or regulations.

4. Stakeholder Engagement

4.1. The Policy applies to all relevant internal and external stakeholders of the Company. The Company shall engage with the following set of stakeholders to involve them in all stages for meeting its CSR commitments and discharging responsibilities.

Stakeholders	Role / function of the stakeholder
Internal stakeholders	
Employees	Volunteers, champions for certain causes.
Management, CSR Committee and the Board	Ensure compliance and adherence; encourage innovation and expansion.
External stakeholders	
Local Community	Beneficiaries at the initial stage, owners and champions in later stage of the life cycle of projects or programmes.
NGOs	Partner with NGOs for implementation of CSR projects or programmes.
Government	Cooperate with the local government agencies, provide support to various government schemes.

5. CSR at the Company

5.1. The Company is committed to create long-term socio-economic values for communities in the geographies where it operates. Under CSR commitments, those social issues and causes will be addressed which are of local relevance and national importance by portraying deep symbiotic relationship with Schedule VII of the Act.

5.2. CSR at the Company will include specific projects or programmes for wellbeing of the vulnerable and underprivileged communities. The CSR response therefore shall entail the following principles while addressing the large-scale societal problems:

- High performance standards

- Delivering on promises
- Openness and flexibility
- Learning from others
- Mutual interdependence
- Sharing success

6. Thrust Areas

6.1. The Company, in alignment with Schedule VII of the Act, shall identify and undertake all its CSR projects or programmes under the following broader thrust areas of CSR:

- Promotion of education including vocation based education and skill development
- Livelihood enhancement
- Waste management and sanitation
- Environmental sustainability
- Women and youth empowerment
- Disaster relief
- Promoting healthcare including preventive healthcare
- National missions

6.2. In addition to the above, the Board upon recommendation of its CSR Committee may approve CSR expenditure for any project(s) or programme(s) as may be permissible under Schedule VII to the Act (as amended from time to time).

6.3. Further, CSR expenditure shall not include the following, namely:

- (a) Any project or programme undertaken by the Company in pursuance of normal course of its business.
- (b) Any project or programme undertaken by the Company outside India except for training of Indian sports personnel representing any state or union territory at national level or India at international level;
- (c) The CSR projects or programmes that benefit only the employees of Company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- (d) Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
- (e) Projects or programmes supported by the Company on sponsorship basis for deriving marketing benefits for its products or services;
- (f) Projects or programmes carried out for fulfilment of any other statutory obligations under any law in force in India.
- (g) Charitable contributions or donations.

6.4. The Company shall undertake projects or programmes which shall inevitably comply with the Act. The approach shall be structured in a way which will make CSR deliverables sustainable, measurable, replicable and scalable.

7. Geographies

7.1. The Company's intent is to make a positive contribution to the society in which the Company

lives and operates. Therefore, for implementation of CSR projects or programmes, the Company shall focus primarily in and around its plant locations in India. However, it does not limit the Company to undertake CSR projects or programmes anywhere in the Country.

8. Governance

8.1. The Board shall set up a CSR committee to ensure the effective implementation of this Policy. Towards ensuring the effective execution of the CSR commitments, the Board and the CSR Committee shall respectively assume specific roles and responsibilities as mentioned under the Act and the CSR Rules, *inter alia* including the following:

(a) Board of Directors

- Constitute a CSR Committee of the Board;
- Approve the Policy and bring amendments in the Policy as and when required;
- Approve thrust areas under CSR that the Company proposes to support, annual action plan and any amendment therein on the basis of reasonable justification, modalities of operations;
- Ensure that activities included by the Company in the Policy are in accordance with the activities listed in Schedule VII of the Act;
- Make certain that the projects or programmes as recommended in the Committee and approved by the Board are undertaken by the Company;
- Endeavor that the Company spends, in every financial year, at least 2% (two per cent) of the average net profits of the Company made during the 3 (three) preceding financial years and approval of the budget in pursuance of this Policy;
- To ensure that the Administrative Overheads shall not exceed 5% (five percent) of total CSR expenditure of the Company for the financial year;
- To ensure transfer of unspent eligible amount on CSR projects or programmes to Unspent Corporate Social Responsibility Account or a fund specified in Schedule VII of the Act as per the requirement under the Act;
- The Board's report issued under clause (o) of sub-section (3) of Section 134 of the Act, shall include an annual report on CSR containing particulars as may be specified from time to time under the Act and/or the CSR Rules;
- The Board as per the recommendations of the CSR Committee can amend this Policy, as and when required and as deemed fit.

(b) Corporate Social Responsibility Committee:

- Develop CSR Policy for the Company and recommend the same to the Board for approval;
- Recommend thrust areas under CSR that the Company proposes to support or any amendment thereto;
- Develop and recommend annual action plan or any amendment thereto on the basis of reasonable justification, for the year, in pursuance of its CSR policy, which shall include the following:
 - the list of CSR projects or programmes that are recommended to be undertaken;

- the manner of execution of such projects or programmes;
- the 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 or programmes undertaken by the Company.

- Recommend the budget to the Board for approval, in pursuance of the Act;
- Be accountable for the spend of the allocated CSR budget;
- Recommend for undertaking CSR activities in partnership / collaboration with Implementing Partner (if any);
- Create transparent monitoring mechanisms for implementation of CSR initiatives;
- Submit reports to the Board in respect of CSR initiatives undertaken by the Company;
- Monitor the Policy from time to time and recommend for the amendments in the Policy, as and when required;
- Monitor charter or memorandum of understanding for the partnerships and implementation of projects or programmes under partnerships.

9. CSR planning and processes

9.1. Annual CSR Action Plan

As per section 135 of the Act, the Company shall develop a list of CSR projects or programmes to be undertaken during the year. The CSR Committee shall send the list of CSR projects or programmes with its recommendations to the Board of the Company for approval.

10. Budget

10.1. CSR activities will be funded during the financial year with an aim to contribute to CSR commitments. The total amount ("**CSR Fund**") which may be allocated for the expenditure on CSR projects or programmes for each financial year shall be up to 2% (two percent) of the average net profits of 3 (three) immediately preceding financial years.

10.2. Where the Company spends an amount in excess of requirement provided under the Act , such excess amount may be set off against the requirement to spend under the Act, up to immediate succeeding 3 (three) financial years subject to the conditions that –

- (a) The excess amount available for set off shall not include the surplus arising out of the CSR Projects or Programmes, if any, in pursuance of CSR Rules;
- (b) The Board shall pass a resolution to that effect.

10.3. The CSR Fund may be spent by the Company for creation or acquisition of a capital asset, which shall be held by –

- (a) A company established under section 8 of the Act, or a registered public trust or registered society, having charitable objects and CSR registration number under the CSR Rules; or
- (b) Beneficiaries of the said CSR projects or programmes, in the form of self-help groups, collectives, entities; or
- (c) A public authority:

10.4. The Board shall satisfy itself that the funds so 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.

11. Selection, Implementation and Monitoring

11.1. The Committee will evaluate projects or programmes in pursuance of the CSR Policy and then selection will be done by assessing their impact. The Company may engage International Organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this Policy as well as for capacity building of their own personnel for CSR projects or programmes.

11.2. Where the CSR projects or programmes are being undertaken by the Company, the Company will undertake execution of the selected projects or programmes either directly or in alliance with Implementing Partner as recommended by the CSR Committee and subsequently approved by the Board. The following may be considered in finalizing the modalities of the execution of projects or programmes:

- (a) The CSR Committee may recommend to the Board to engage Implementing Partner for implementation of identified CSR projects or programmes.
- (b) The CSR Committee shall conduct due diligence on the Implementing Partner and thereafter make appropriate recommendations to the Board for consideration of the concerned Implementing Partner for undertaking CSR projects or programmes. The due diligence can also be undertaken by consultants, social enterprises and academic institutions.
- (c) The Company shall enter into a memorandum of understanding (MoU) with the identified Implementing partner(s), the MoU shall *inter alia* include the terms of the funding and disbursement.
- (a) For the CSR projects and programmes undertaken by the Company through implementing agency, the Company shall ensure that such implementing agency has an established three years track record in undertaking CSR projects.

11.3. The CSR Committee shall establish a transparent monitoring mechanism for implementation of the CSR projects or programmes undertaken by the Company. Routine reviews shall be undertaken by the CSR Committee by using the MIS as an integral tool for monitoring. The CSR Committee shall also review the progress periodically and place a progress report before the Board. The report should cover the following:

- Progress of each project or program vis-à-vis the timeline and budget
- Beneficiaries covered
- Performance of the external partners
- Problems encountered and solutions, if implemented
- Estimated amount that will be spent till the end of the year.

11.4. 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, within the overall permissible time period.

11.5. The CSR committee will review the progress with regard to implementation and results of CSR initiatives. The Board shall take a final review and accordingly pass advisories.

12. Impact Assessment

12.1. Where the Company is having average CSR obligation of 10 (ten) crore rupees or more in pursuance of the Act, in the 3 (three) immediately preceding financial years, the Company shall undertake impact assessment, through an independent agency, of their CSR projects or programmes having outlays of 1 (one) crore rupees or more, and which have been completed not less than 1 (one) year before undertaking the impact study.

12.2. The impact assessment reports and/or its executive summary shall be placed before the Board and shall be annexed to the annual report on CSR and/or the web-link to access such reports in the annual report on CSR to be provided, as mentioned in the CSR Rules.

12.3. The expenditure incurred towards impact assessment may be booked against CSR for that financial year, which shall not exceed 5% (five percent) of the total CSR expenditure for that financial year or INR 50,00,000 (Indian Rupees Fifty Lakh), whichever is less.

13. Treatment for unspent amount

13.1. If the Company fails to spend the eligible amount on CSR projects or programmes, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 of the Act, specify the reasons for not spending the amount.

13.2. In case of the unspent amount relates to Other Projects, the Company shall transfer such unspent amount to a fund specified in Schedule VII, within a period of 6 (six) months of the expiry of the financial year and

13.3. In case of the unspent amount relates to Ongoing Project, transfer such unspent amount within a period of 30 (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 Policy within a period of 3 (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.

13.4. Any surplus arising out of the CSR projects or programmes shall not form part of the business profit of the Company and shall be ploughed back into the same projects or programmes or shall be transferred in case of the Ongoing Project to the Unspent CSR Account within a period of 30 (thirty) days from the end of the financial year and spent in pursuance of CSR policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII in case of Other Projects, within a period of 6 (six) months of the expiry of the financial year.

14. Annual CSR Report

14.1. The Company shall develop and publish an annual report on CSR containing required particulars specified in the prescribed format for the annual report in the Act. Reporting will constitute an integral part of our CSR initiative as we remain committed to be transparent and accountable to our stakeholders. CSR projects or programmes details will be communicated and displayed on the Company's website.

15. Review and Amendments to the Policy

15.1. The CSR Policy may / shall be amended by the CSR Committee, as and when required, only with the approval of the Board.

16. Limitation

16.1. In the event of any conflict between the Act, CSR Rules or other rules or regulations or other statutory enactments ("**Regulations**") and the provisions of this Policy, the Regulations shall prevail over this Policy. Any subsequent amendment / modification in the Regulations, in this regard, shall automatically apply to this Policy.