

Corporate Social Responsibility ('CSR') Policy of TATA AutoComp Systems Limited

1) TATA AutoComp Systems ('TACO') Core Values:-

To improve the quality of life of the communities we serve through long term stakeholder value creation.

2) Philosophy of CSR :-

TATA AutoComp Systems will make a positive impact on the Society & Community through CSR activities which develops/improves their economic status and conserves the environment.

3) Purpose of CSR Activities :-

1) To serve and be seen to serve the society to fulfill local and national goals in all the countries where we operate.

2) Provide opportunities for TACO employees to contribute to these efforts through volunteering.

Surplus, if any, arising out of CSR activities shall be ploughed back into CSR and shall not be a part of business profits.

4) Resources for CSR :-

We propose to deploy the following resources for our CSR activities:-

- i) Funds: At the minimum, what is required by law (i.e. 2% of average net profits of the past 3 financial years as per Indian Companies Act, 2013 for companies operating in India)
- ii) Expertise: Of our Plant CSR committee through structured volunteering program
Products and Services of our Company: Expertise of Internal skill development Centers.
- iii) Facilities: Our factories to build skills in areas relevant to our business.
Resources from our business partners: Synergize our efforts with that of JV partners, customers and suppliers.
- iv) Resources from other companies within and outside the TACO group: Look for opportunities of Synergies with like-minded organizations outside TACO group of companies.

N.B.

- A. The 2% mentioned above is to be applied to TACO's Standalone PBT but will exclude the inter-company dividends in India, which are covered under and complying with the provisions of Section 135 of the Act.
- B. The spend on CSR will need resourcing directly by the Company by setting up an exclusive CSR department or a Trust of its own or by collaborating with other NGOs. It is clarified that CSR Regulations allow donations to other tax exempted NGOs provided the funds are earmarked as a part of the corpus of that NGO and are used for the specified purposes stated by us. This route will also be taken wherever required.
- C. The CSR spend will include both revenue and capital expenditure and the expenditure incurred on capacity creation is counted towards CSR.
- D. Expenses incurred by TACO on general management & administration expenses shall not exceed five per cent of the annual CSR expenditure. Project or programme related expenses directly incurred for designing, implementation, monitoring & evaluation will not be included under administration expenditure.
- E. Company will carry out its CSR activities: a) Directly as a Company with the help of its employees; b) A Section 8 company, a registered public trust or a registered society, registered under Section 12A and 80G of the Income Tax Act, 1961 established by the company undertaking CSR activities, either singly or along with any other company; or c) A Section 8 company, a registered public trust or a registered society, registered under Section 12A and 80G of the Income Tax Act, 1961 and that does not fall within any of the other categories, but such entity will have an established track record of at least three years in undertaking similar programs or projects; or d) A Section 8 company, a registered trust or a registered society established by the Central or State Government; or e) Any entity established under an Act of Parliament or a State legislature.
- F. NGO / implementing agencies will have their registrations under BOTH, Section 12A and Section 80G of the Income Tax Act and will obtain the unique CSR registration number from MCA from 1st April 2021 by filing Form CSR 1.

5) Sectors and issues :-

A) Skills:

The Company will through its skill development centers set up in the business units and the ITI's adopted by the Company to build skill in youth's. This would be through vocational training and guidance which will ultimately lead to their livelihood.

In addition, community development initiatives will also be run by employees' families who can teach women in rural places about dress designing, cooking etc.

B) Early childhood Education/orphanages/physically challenged:

The Company encourages volunteering by employees to support early education and health of children living in orphanages. The support would be provided for their education, ration, medical treatment, books etc.

C) Environment Conservation:

The Company will focus on various activities which conserves the environment eg. Tree plantation, focus on 3R (Reduce, Reuse, Recycle) etc.

D) Other Initiative:

In addition, the Company would support during natural disasters, calamities and other TATA group initiative. However, for disaster & calamity spend, the spend should be on account of medical aid (promoting & preventive health care), food supply (eradicating hunger, poverty and malnutrition) & supply of clean water (sanitation and making available safe drinking water).

N.B. The Company will identify specific projects and programs under the above sectors chosen for the CSR spend. It is important to note that one of the activities such as marathon; awards etc. are not recognized as CSR. Also, the programs should not be a part of Company's normal business activities. All the projects shall be subject to Schedule VII of the Companies Act, 2013 including any amendments thereto, from time to time.

TACO shall NOT undertake CSR activities that are i) in pursuance of normal course of business of the Company, ii) benefiting employees of the Company as defined in clause (k) of Section 2 of the Code on Wages, 2019, iii) supported on sponsorship basis for deriving marketing benefits for the company's products or services, iv) Political contributions; (Direct or Indirect). v) Activities in fulfilment of statutory obligations under any law in force in India; vi) Activities undertaken outside India (except for training Indian sports personnel representing any State or Union territory at State/National level or India at international level).

6) Geographies and target communities :-

The geographical focus of the Company's CSR activities will be where we have a significant presence. Currently, these are the states of Maharashtra, Jharkhand, Gujarat, UP, Uttarakhand, Tamil Nadu and Karnataka in India and Nanjing in China. In these geographies, we would concentrate our efforts on villages and habitations within 100 km radius of our plants and offices.

While we will ensure that all communities benefit from our CSR activities, we would focus on those groups that are socially and economically marginalized. This would include physically challenged, girl children, scheduled casts and tribes.

7) Implementation Mechanism :-

We will implement our CSR through in-house teams and by involving families including Ladies Club of employees or NGO/implementing agencies as mentioned above.

We will also take help of TATA Trusts as per TATA Group directions.

Company may also collaborate with other companies for undertaking projects or programme or CSR activities in such a manner that the CSR committee of respective companies are in a position

to report separately on such projects or programme in accordance with Companies Act, 2013 and rules made thereunder.

The Board of a Company shall satisfy itself that the funds so disbursed have been utilised 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.

8) Monitoring Mechanism :-

Each of our CSR projects and programs would have clearly defined output, outcome and process indicators which will have to be reported at specified frequencies. All projects and programs will be monitored by the Board appointed CSR Committee and the BU CSR committees. The monitoring process will cover any modifications to the policy, including the CSR structure, program and financial reviews. The CSR Committee will report out to the Board.

All projects and programs above a value of Rs. 10 Lac will also be subjected to an annual financial audit by a third-party auditor as part of a regular financial audit.

Company shall ensure that with the approval from CSR Committee and Board, any unspent amount for an "ongoing project" of a particular Financial Year will be transferred within thirty days of the end of the financial year to a designated "Unspent Corporate Social Responsibility Account" opened by the company. The funds in the "Unspent CSR Account" needs to be spent within three financial years from date of transfer. If unspent, then the funds will be transferred to any fund mentioned in Schedule VII of the Companies Act, 2013 (such as the Prime Minister's National Relief Fund, PMCARES, etc.).

Company will ensure that with approval of CSR Committee and Board, unspent funds NOT related to an ongoing project (unallocated) at the end of the financial year will be transferred within six months of the end of the financial year to a fund mentioned in Schedule VII of the Companies Act, 2013 (such as the Prime Minister's National Relief Fund, PMCARES, etc.).

If the Company spends more than the mandated two per cent on CSR expenditure, the amount can be set-off over the next three financial years after the Board passes a resolution to that effect.

In case of ongoing project, the Board of the Company 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.

9) Composition of CSR Committee :-

As per the Act a Board Committee is constituted. The Board Committee will provide guiding directions to the Company on matters of CSR and will regularly monitor progress.

The Committee shall comprise of such number of members as prescribed in the Companies Act, 2013, as amended from time to time.

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;
- (b) the manner of execution of such projects or programmes;
- (c) the modalities of utilization of funds and implementation schedules for the projects or programmes (As per Annexure A given in this policy);
- (d) monitoring and reporting mechanism for the projects or programmes;
- (e) details of need and impact assessment, if any, for the projects undertaken by the company;
Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

The Committee will also prepare the draft CSR report at the end of the year for approval by the Board for reporting to the Shareholders.

For implementation of the overall directions set by the Board Committee the Company will form a BU CSR committee which will have employees from all sections. The BU CSR committee will do the implementation and report back to the Board Committee on:

- a) The Company's CSR performance.
- b) Updates on new projects from time to time.

10) Listing of CSR Program :-

Sr. No	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs 1) Local area or other 2) specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1.							
2.							
3.							
4.							
5.							
6.							