

Corporate Social Responsibility Policy

1. Preamble

The Murugappa Group is known for its tradition of philanthropy and community service. The Group's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare as the core focus areas.

Cholamandalam Financial Holdings Limited (hereinafter referred to as CFHL) has been upholding the Group's tradition by earmarking a part of its income for carrying out its social responsibilities. We believe that social responsibility is not just a corporate obligation that has to be carried out but it is one's *dharma*. Therefore, our philanthropic endeavours are a reflection of our spiritual conscience and this provides us a way to discharge our responsibilities to the various sections of the society.

CFHL has been carrying out Corporate Social Responsibility (CSR) activities for a long time through AMM Foundation, an autonomous charitable trust, in the field of Education and Healthcare, while also pursuing CSR activities for the benefit of communities around our areas of operation spread across the Country.

2. Corporate Social Responsibility Purpose Statement

The Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their wellbeing. We are dedicated to the cause of empowering people, educating them and in improving their quality of life. While we will undertake programme based on the identified needs of the community, education and healthcare shall remain our priority. Across the different programme areas identified by the company, it would be our endeavour to reach the disadvantaged and the marginalised sections of the society to make a meaningful impact on their lives.

CFHL is committed to identifying and supporting programmes aimed at:

- Empowerment of the disadvantaged sections of the society through education, access to and awareness about financial services and the like;
- Provision of access to basic necessities like healthcare, drinking water & sanitation and the like to underprivileged;
- Work towards eradicating hunger and poverty, through livelihood generation and skill development;
- Supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar programme;
- Promotion of sports through training of sports persons;
- Undertake rural development projects;

Any other programme that falls under CSR Policy or Schedule VII of the Companies Act, 2013 and which are aimed at the empowerment of disadvantaged sections of the society. Scope

This policy will apply to all projects/programmes undertaken as part of *the Company's* Corporate Social Responsibility and will be developed, reviewed and updated periodically with reference to relevant changes in corporate governance, international standards and sustainable and innovative practices. The policy will maintain, at all times, compliance and alignment with the activities listed in Schedule VII and Section 135 of the Companies Act 2013 and the Rules framed thereunder.

3. Governance

The approval of the CSR policy and oversight is the responsibility of the Company's Board of Directors. The responsibility of the CSR committee is to formulate the policy and to administer the policy through implementing partner(s) or via self-implementation. The CSR Committee shall provide guidelines for projects/partner selection to the respective HR or CSR teams, wherever applicable. The CSR committee is to ensure that projects/programmes are compliant with regulations and are monitored and reported effectively.

As the Company's CSR activities evolve, the policy may be revised by the CSR committee and approved by the Board of Directors.

Pursuant to section 135(9) of the Companies Act, 2013, if the requirement for constitution of the CSR Committee is not applicable to the Company, the functions of the CSR Committee as envisaged in this Policy would be discharged by the Board of Directors.

4. CSR Spend

The CSR Committee shall recommend to the Board the amount of expenditure to be incurred on the CSR activities to be undertaken by the company in areas or subject specified in Schedule VII of the Companies Act 2013, as amended from time to time.

a) Unspent CSR amount

Any amount remaining unspent pursuant to any ongoing project shall be transferred within a period of 30 days from the end of the financial year to a special account called the 'Unspent Corporate Social Responsibility Account', and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of 3 financial years from the date of such transfer, failing which the amount remaining unspent at the end of the 3 financial years in 'Unspent Corporate Social Responsibility Account' shall be transferred to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year.

Unspent CSR amount other than the amounts related to ongoing projects, shall be transferred to a Fund specified in Schedule VII within a period of 6 months of the expiry of the financial year.

Explanation:

'On-going project' means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding 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 one year by the board based on reasonable justification.

b) Surplus arising out of CSR Spend

Any surplus arising out of CSR activities shall not form part of business profits of the Company. The Surplus amount shall be ploughed back into the same project or shall be transferred to the Unspent Corporate Social Responsibility Account and spent pursuant to this policy and annual action plan (or) transfer such surplus amount to the Fund specified in Schedule VII of the Companies Act 2013 within six months of the expiry of the financial year.

c) Excess CSR Spend

In case the Company spends an amount in excess of the requirement under Section 135 of the Companies Act, 2013, such excess amount may be set off against the future CSR Spend up to immediate succeeding three financial years subject to the conditions prescribed under the Rules.

5. Implementation

- i. The Company shall undertake CSR project/programmes identified by the CSR Committee and approved by the Board of Directors in line with the CSR Policy.
- ii. The Company shall implement its CSR programmes/projects by itself or through an implementing partner as specified under Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and registered with the Central Government.
- iii. External organisations including international organisations may be engaged for designing, monitoring and evaluation of the CSR projects or programmes as per the CSR policy as well as for capacity building of the Company's own personnel for CSR.
- iv. The Company may also implement programme in collaboration with other company(ies), if feasible and the Companies are in a position to report separately on such projects or programmes.
- v. The Company shall formulate criteria and procedure for selection, screening and due diligence of its implementing partners. In case of ongoing projects, the CSR Committee shall also monitor the implementation with reference to the approved timelines and year-wise allocation. The CSR Committee is empowered to make modifications for implementation of on-going projects.

6. CSR Programmes / Projects

The Company would be adopting a focused and a structured approach towards implementing its CSR initiatives. It has identified broad programme areas with focus on quality service delivery and empowerment.

The programme areas are:

- Providing basic health care facilities to economically backward societies across geographical areas,
- Improving access to education,
- Provision of Skill Development/Vocational Training,
- Rural Development,
- Environmental sustainability,
- Promoting Sports, arts & culture,
- Sustainable livelihood

An annual action plan shall be formulated in alignment with the aforesaid broad programmes which shall include (a) the list of CSR projects or programmes that are approved to be undertaken subjects in areas or specified in Schedule VII of the Act (b) the manner of execution of such programmes; (c) the projects or modalities of utilisation of funds and implementation schedules for the projects or programmes; (d) monitoring and reporting mechanism for the projects or programmes; and (e) details of need and impact assessment, if any, for the projects undertaken by the company.

7. Monitoring of CSR Activities

The CSR Committee will oversee the implementation and monitoring of all CSR projects/programmes and periodic reports shall be provided for review to the Board.

The Company will institute a well-defined, transparent monitoring and review mechanism to ensure that

each CSR project/programme has:

1. Clear objectives developed out of the societal needs that may be determined through need assessment studies and research (secondary or primary);
2. Clear targets, timelines and measureable indicators, wherever possible;
3. A progress monitoring and reporting framework that is aligned with the requirements of Section 135 of the Companies Act 2013 and the CSR Rules.

The Chief Financial Officer or the person responsible for financial management shall certify that the CSR funds disbursed have been utilised for the purposes and in the manner as approved by the Board/CSR Committee.

8. Reporting and Disclosures

- The Board's Report of the Company shall include the annual report on CSR containing particulars as specified under the Act and Rules.
- If the average CSR obligation is ten crore rupees or more in the three immediately preceding financial years, the Company shall undertake an impact assessment through an independent agency, of the projects having outlay of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment report shall be placed before the Board and annexed to the Annual report on CSR.
- The composition of the CSR Committee, CSR Policy of the Company and Projects approved by the Board shall be displayed on the Company's website.
