SHRIRAM FINANCIAL VENTURES (CHENNAI) PRIVATE LIMITED
Corporate Social Responsibility (CSR) Policy

1. Preamble

1.1 Shriram Group to which Shriram Financial Ventures (Chennai) Private Ltd (SFVCPL) and Shriram Capital Ltd (SCL) belongs, 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 and health care facilities 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 describe 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).

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 Swach 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.

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 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) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.

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); and

xii) 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), eradication of hunger, poverty and malnutrition, etc.

iii) Welfare of Commercial Vehicle drivers by undertaking any or all of the above activities.

iv) 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.

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.

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.

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.

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 guide on CSR strategy and implementation. First CSR Committee of the Company shall comprise of following directors:

a) Mr D V Ravi
b) Mr S Natarajan
c) Mr Steven Mostert

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 every quarter to measure the CSR progress and to review and evaluate the sustainability agenda, suggest modifications and discuss and recommend 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 atleast the minimum sum as may be prescribed from time to time pursuant to 2013 Act and Companies (Corporate Social Responsibility) Rules, 2014 or such higher sum as may be decided by the Board of Directors of the Company.

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 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 anomalies, if any, immediately.

iv) Based on analysis of current projects, carry out planning exercise for allocation of

budget and selection of projects. The same will be done atleast 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 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 shall 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 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.

7 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.

8 Statutory Amendments

Any amendments to the provisions of the 2013 Act relating to CSR and/or Companies (CSR Policy) 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.