

SUPPORT

ACT

CREATE

CSR Framework: SAC

Table of Contents

1. Introduction
 - 1.1 Scope of CSR Policy
 - 1.2 Geographical Scope
 - 1.3 Applicability
2. CSR Driving Principles
 - 2.1. Vision
 - 2.2. Mission
 - 2.3. Values & Commitment
3. Planning
4. Governance Mechanism
5. Implementation
6. Review & Reporting
7. Fund allocation

1. Introduction

The Corporate Social Responsibility (CSR) Policy of the SAC is aligned with its overall commitment to maintaining the high standards of business performance. We recognize that our business activities have direct and indirect impact on the society. The Company strives to integrate its business values and operations in an ethical and transparent manner to demonstrate its commitment to sustainable development and to meet the interests of its stakeholders. The company shall positively impact and influence its employees and partners in fostering a sense of social commitment for their stakeholders.

1.1 Scope of CSR Policy

1.1.1 SAC is committed to the wellbeing of the local communities and the society at large. The scope and approach of the CSR Policy is defined by the following considerations:

- We acknowledge that there are or can be expected and unintended outcomes and impact of its core business which is to build Units that in turn make Auto components.
- Given the nature of its work the strongest impact of its activities is primarily on the environment and communities in the immediate vicinity of the Units.

1.1.2 We believe in taking an active role and responsibility in empowering local communities to achieve their ambitions focusing on environmental growth, socio – economic development, achieve positive perception of SAC in areas of operation and demonstrate leadership in corporate citizenship.

1.2 Geographical Scope

The geographic scope of our CSR work includes

- the immediate surroundings of the Units
- the district, town or city as a whole where the Unit is located
- the country as whole as part of our contribution to national efforts towards dealing with emergency situations and achieving higher national goals including the Millennium Development Goals (MDGs) and any Programme on Environment.

1.3 Applicability

This policy shall apply to all CSR initiatives and activities being taken up at some of the locations in the State of Tamil Nadu, for the benefit of different segments of the society, specifically the deprived, under- privileged, differently abled and old age people. The thrust areas for the application of the CSR activities as stated under the head 'Planning'.

2. CSR Driving Principles

2.1. Vision

In line with SAC Vision, through its CSR initiatives, we will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

2.2. Mission

The CSR Policy of SAC aims to achieve, consolidate and strengthen Good Corporate Governance including socially and environmentally responsible business practices that balance financial profit with social wellbeing.

2.3 Values & Commitment

- Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders
- To directly or indirectly take up activities those benefit the communities in & around its Units and results in enhancing the quality of life & economic well-being of the local populace.
- To generate, through its CSR initiatives, a community goodwill for SAC and help reinforce a positive and socially responsible image as a corporate entity.

Approach

The Company's CSR will revolve around six guiding principles - Impact, Partnerships, Affirmative Action, Volunteerism, Communication and Innovation.

3. Planning

3.1. Identification of Thrust Areas and Strategic Initiatives:

SAC's CSR in alignment with other NGOs and other Social Service Organizations will focus on four thrust areas - Education, Health, Rural Development / Community Development and Skill Development / Empowerment. Besides, it will also undertake Interventions in the areas of sports, disaster relief, environment and ethnicity - all aimed at improving the quality of life of the communities. The following Thrust Areas have been identified:

- Rural Development: Rural transformation, community development, addressing poverty, hunger and malnutrition, creating sustainable livelihood solutions.
- Health: Creating awareness and health seeking behavior, Affordable solutions for healthcare through improved access, supplementing affordable infrastructure facilities.

- Education: Access to quality education, training and skill enhancement, motivating for acquiring knowledge and encouraging achievers.
- Protection of Heritage, Art and Culture: Protection and promotion of art, culture, affordable assistance to setting up of libraries, promotion and development of traditional arts and handicrafts.

3.2. All CSR activities of SAC will be in consonance with the statutory obligations of Government of India. A detailed action plan will be developed through a consultative process outlining short, medium and long term goals, objectives and activities with clear outputs and deliverables.

3.3. For contributing towards the cause of Environment Protection, SAC will support the initiatives of the Government and any credible private sector. The Principles pertaining to the Environment Protection are as under:

- Support a precautionary approach to environmental challenges
- Undertake initiatives to promote awareness and greater environmental responsibility

3.4. SAC will accord its activities to work towards the fulfillment of the National Plan Goals and objectives, as well as the Millennium Development Goals so as to ensure gender sensitivity, skill enhancement, entrepreneurship development and employment generation by co-creating value with local institutions/people. Activities related to Sustainable Development will form a significant element of the total initiatives of CSR.

3.5. SAC has its in-house team in promoting education, enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

3.6. For contributing towards Health Care, SAC will support the initiatives of NGOs, in organizing Blood Donation Camps and in contributing towards Health Care awareness programmes.

4. Governance Mechanism

SAC's CSR will have a multi-tiered governance mechanism.

The CSR Committee of the Board will govern and review the CSR of the Company from time to time. The CSR Committee will recommend the Annual Business Plan for CSR to the Board for its approval. The plan will include resource requirements and allocation across interventions and locations. The composition of the CSR committee of the board is as under :

Messrs.

P. Subramanian – Director (Operations)

A. Veerappan – Director (Works)

M. Nathan – Director (HR)

Mr. M. Swaminathan CFO and Company Secretary will be the Secretary of the CSR Committee.

The Company will seek the advice of some of the most eminent experts from the academic, industrial and social domains. It is envisaged that the members of the Advisory Council, with their years of experience and multi-functional expertise, will provide macro policy-level inputs that will not only critique, but also guide and inform SAC's CSR work.

5. Implementation

5.1. CSR activities will be undertaken SAC to the best possible extent within the defined ambit of the identified 'Thrust Areas'

5.2. The time period or duration over which a particular activity will be spread, will depend on its nature, extent of coverage and the intended impact of activity.

5.3. Activities which involve considerable financial commitment and are undertaken on a timeframe of 2-5 years will be considered as 'flagship initiatives' and accorded enhanced significance.

5.4. Initiatives of State Governments, District Administration, Local Administration as well as Central Government Departments Agencies, Self-Help Groups, etc., would be synergized with the initiatives taken by SAC.

5.5. Project activities identified under CSR are to be implemented by specialized agencies, which could include - Voluntary Organizations (VOs) , NGO's , Local Bodies, etc.

5.6. The process for implementation of CSR activities will involve the following steps:

Identification of activities will be done by means of the following:

- Need identification Studies, Recommendations by professionals/ eminent persons
- Internal need assessment by cross-functional team at the local level
- Receipt of proposals or requests from District Administration/local Govt. etc.
- Internal Discussions and discussions with local representatives/concerned people.

5.7. Area of CSR activities: CSR initiatives will be focused in the areas adjoining Units in particular and within the State in general.

5.8. Project based approach: SAC will follow a project based accountability approach to stress on the long term sustainability of CSR projects, where its action plan will be distinguished as 'Short-term', 'Middle-Term and Long Term; qualified as

Short Term - 6 months to 1 year

Medium Term - 1 year to 2 years

Long Term - 2 year and above 'Flagship Initiatives'

5.9. While identifying long term activities all efforts must be made to the extent possible to define the following:

Objectives

- Baseline survey - It would give the basis on which the outcome of the activity would be measured
- Implementation schedules- Timelines for milestones of the initiatives will need to be prescribed
- Responsibilities and authorities
- Major results expected and measurable outcome

6. Review and Reporting

6.1. To ensure effective implementation of the CSR activities undertaken at each Unit, a monitoring mechanism will be put in place by the CSR committee. The progress of CSR initiatives under implementation will be reported to corporate office on a monthly basis.

6.2. The CSR department at the corporate office will conduct impact studies on a periodic basis, through Independent professional third parties/professional institutions, especially on the strategic and high value initiatives as deemed fit.

6.3. CSR team at corporate office will also try to obtain feedback from beneficiaries about the activities

6.4. Appropriate documentation of the CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

6.5. CSR initiatives of the Company will also be reported in the Annual Report of the Company.

7. Funds Allocation

7.1. For achieving its CSR objectives through implementation of meaningful and sustainable CSR activities, SAC will allocate 2% of its previous year's Profit after Tax (PAT), subject to the applicability of Section 135 of the Companies Act 2013, as its Annual CSR Budget.

7.2. From the annual CSR Budget allocation, a provision will be made towards expenditure heads, on a year on year basis.

7.3. The CSR Committee will be responsible for coordinating the applicable audits if necessary and other compliances of all the CSR activities through the engagement of experts.

7.4. Allocation of the Annual Budget for CSR activities in any given year will depend on the profit for the current year, subject to applicability of Section 135 of the Companies Act 2013.

7.5. Any unspent CSR allocation of a particular year, will be carried forward to the following year, i.e., the CSR budget will be non- lapsable in nature.

7.6. Advance payment may be made to implementing organizations (eg. NGOs / other Agencies, etc.) for Initiating project implementation after ensuring the commitment of the organization to the project..

7.7. The Committee will approve release of the next installments after reviewing the programmatic progress as per agreed timelines and deliverables.

Annexure:

CSR IN COMPANIES ACT, 2013

SCHEDULE VII

Activities which may be included by companies in their Corporate Social Responsibility Policies:-

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. 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;
4. 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;
5. 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;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, para Olympic sports and Olympic sports;
8. 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 Caste, the Scheduled Tribes, other backward classes, minorities and women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
10. Rural development projects.

(MCA Clarification vide General Circular 21/2014 Dt. 18th June, 2014)