

# SHORE AUTO-RUBBER EXPORTS PRIVATE LIMITED

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

*(Amended on 1<sup>st</sup> August 2024)*

### **1. INTRODUCTION AND BACKGROUND OF THE COMPANY: -**

Shore Auto Rubber Exports Private Limited (“**Shore Auto**”) is a subsidiary of Sundaram Industries Private Limited, which in turn is a part of the \$3 Billion TVS Mobility Group.

Shore Auto operates two factories: one dedicated to Silicone Hoses and the other to Organic Rubber Hoses in EPDM, Nitrile, PVC-Nitrile, Vamac, Neoprene, and more. We use reinforcement fabrics like Meta-Aramid, Nomex, and Polyester for Wrapped Hoses, and Aramid and Polyester yarns for Extruded Hoses.

Shore Auto is rapidly becoming a preferred supplier to OEMs and Tier-1 companies, providing robust hoses that meet stringent specifications, from Siberia's cold temperatures to the extreme heat of the Middle East. We supply some of the leading names directly or via Tier-1 partners, leveraging our global logistics network. Our raw materials are sourced from leading global players such as Wacker®, Momentive®, Mep-Olbo®, Dupont®, and Heathcoat Fabrics®.

Our dedicated engineering team supports clients in house design, suggesting appropriate materials, performing functional tests, and conducting material testing as per SAE, ASTM, DIN, and other standards. Our production engineers focus on:

- Semi-automating processes to increase throughput.
- Implementing 5S (housekeeping and related systems)
- Developing visual manufacturing procedures, including standard operating procedures and poka-yoke projects
- R&D projects for product development, lean manufacturing, and cost-cutting initiatives

In addition to our focus on quality, we emphasize safe practices, occupational health awareness, and environmental protection.

We hold certifications for IATF 16949:2016, REACH, ROHS, ISO 14001, ISO 9001, and ISO 45001.

Our commitment to continual improvement and management projects sets industry-leading standards and practices, enhancing the sustainability of our business and increasing satisfaction among customers, suppliers, and employees.

## 2. **OBJECTIVE OF THE CSR POLICY:** -

The objective of this policy is to -

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'umbrella' the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organization, by encouraging employees to participate in the Company's CSR and give back to society in an organized manner through the employee volunteering programme.

## 3. **SCOPE OF THE POLICY:** -

This Policy shall apply to all CSR projects/programmes/activities undertaken by the Company in India as per Schedule VII of the Act.

## 4. **DEFINITIONS:** -

In this Policy unless the context otherwise requires:

- a) **'Act'** means Companies Act, 2013.
- b) **'Corporate Social Responsibility'** means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.
- c) **'Ministry'** means the Ministry of Corporate Affairs.
- d) **'Net Profit'** means net profit as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as set out below:

Net Profit as per financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:

- i. any profit arising from any overseas branch or branches of the Company, whether operated as a separate Company or otherwise; and
- ii. Any dividend received from other Companies in India, which are covered under and complying with the provisions of Section 135 of the Act.

Computation of net profit for Section 135 is as per Section 198 of the Companies Act, 2013 which is primarily PROFIT BEFORE TAX (PBT) with other adjustments as referred in Rule 2(h) of CSR Rules.

Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

## 5. **CSR COMMITTEE OF THE COMPANY:** -

Given that the Company's CSR spending is currently less than Rs. 50,00,000 per annum (Rupees Fifty Lakhs), a CSR Committee of the Board is not mandated. Therefore, the CSR Committee was dissolved as per the Board Meeting held on 2<sup>nd</sup> April 2021.

If the Company's CSR spending exceeds Rs. 50,00,000 per annum (Rupees Fifty Lakhs) in the future, a CSR Committee will be reconstituted to manage and oversee the Company's CSR activities.

## **6. ROLE OF THE BOARD: -**

- a) Approve the CSR Policy for the Company;
- b) Ensure that the CSR activities included in this Corporate Social Responsibility Policy are undertaken by the Company.
- c) The Board of the Company may decide to undertake its CSR activities through a registered trust or a registered society or a Company established under section 8 of the Act by the company, either singly or along with its holding or subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such other company, or otherwise provided that – If such trust, society or company is not established by the company, either singly or along with its holding or subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such other company, it shall have an established track record of three years in undertaking similar programs or projects/activities;
- d) Ensure that in each financial year the Company spends at least 2% of the average net profits of the company made during the three immediately preceding financial years, calculated in accordance with Section 198 of the Act, in pursuance of its CSR policy. Further, while spending the amount earmarked for CSR activities, preference should be given to local areas and areas around the Company where it operates,
- e) As per Section 135 of the Act, specify the reasons for partial spending or not spending the CSR amount in the Board's Report.

## **7. IMPLEMENTATION OF CSR ACTIVITIES:**

The Board shall ensure that the CSR activities are undertaken by the Company itself or through -

- a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- c) any entity established under an Act of Parliament or a State legislature; or
- d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
  - Every entity, who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 with the Registrar.
  - A company may also collaborate with other companies for undertaking projects

or programs or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.

The Board of a company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it.

In case of ongoing project, the Board of a 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.

## **8. CSR EXPENDITURE:**

The Company shall ensure that:

- In every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years are spent on CSR Activities, in accordance with its Corporate Social Responsibility Policy and the applicable provisions of the Act.
- Preference is given to local area(s) in and around the Company's plants and offices in India.
- Administrative overheads do not exceed five percent of total CSR expenditure in any financial year.

In case if there is any surplus amount retained out of the CSR activities it shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in accordance with the CSR policy or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Where a company spends an amount in excess of requirement, such excess amount may be set off in immediate succeeding three financial years provided that it shall not include the surplus arising out of the CSR activities.

## **9. DISCLOSURE OF THE POLICY**

The CSR policy approved by the Board shall be displayed on the Company's website and shall be disclosed in the Board's report as well.

## **10. CSR REPORTING**

The Board Report of a Company shall include an Annual Report on CSR containing particulars specified in Annexure to the CSR Rules as per the prescribed format.

## **11. AMENDMENTS TO THIS POLICY:**

Board of Directors shall have the power to revise/modify /amend this Policy from time to time, as it may think fit. In the event of any conflict between the provisions of this Policy and applicable statutes, the applicable statutes will prevail and be applicable.