

Corporate Social Responsibility Policy

2024-03-25

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Orientation

This is the first issue of this Policy.

Preamble

The Corporate Social Responsibility (CSR) is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner whereby organization serve the interests of society and create positive and lasting social impact by addressing various needs of the society through its CSR programs.

Pursuant to Section 135 of the Companies Act, 2013, VFS India is required to constitute a CSR Committee with two or more Directors. The Board of Directors of the Company shall undertake CSR activities, through a Board level Committee called 'CSR Committee' and the Committee shall function as per Terms of Reference specified in the Act, Rules made thereunder as amended from time to time and as decided by the Board. Accordingly, the Board of Directors in their meeting held on March 27, 2023 had constituted a CSR committee. The Company understands its responsibility to contribute to the communities of the area in which company has its operation and to create positive and lasting social impact by addressing various needs of the society through its CSR programs.

Purpose

This Policy will serve as a referral document for planning and selection of CSR activities. The activities enlisted in this CSR Policy are aligned with the Volvo Group CSR Policy (Volvo Group Societal Engagement Program 0001-14-28125) and are carried out by the Company either individually or in association with eligible implementing agencies registered with the Ministry of Corporate Affairs.

The Policy aims to fulfill following objectives:

- Establishing a guideline for compliance with the provisions of Companies Act 2013 and Rules and Regulations thereon to dedicate a percentage of Companies profits for CSR initiatives.
- Ensuring the Implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.

Definitions

- i. "Act" means the Companies Act, 2013 read with various rules, enactments, and amendments from time to time.
- ii. "Board of Directors" or "Board" means the Collective body of the Directors of the Company.
- iii. "Company" means Volvo Financial Services (India) Private Limited.
- iv. Corporate Social Responsibility (CSR) means and includes but is not limited to: -

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- Projects or programs relating to activities specified in Schedule VII to the Act and applicable rules therein as amended from time to time and will include sustainable development projects or program; or
 - Projects or programs relating to activities undertaken by the Company in pursuance of the recommendations of the CSR Committee of the Board as per the declared CSR policy of the Company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
- v. “CSR Committee” means the Corporate Social Responsibility Committee of the Board constituted by the Board of Directors of the Company and has to perform the functions as referred to in section 135 of the Act.
 - vi. “CSR Policy” means a statement containing the approach and direction given by the Board of a Company, considering the recommendations of its CSR Committee, and including guiding principles for the selection, implementation and monitoring of activities as well as formulation of the annual action plan.
 - vii. “Employee” means any employee as defined under the Code of Wages Act, 2019 and include all employees whether skilled, unskilled or semi-skilled.
 - viii. “Implementing Agency” means any entity registered with the Ministry of Corporate Affairs for undertaking CSR Projects which is engaged by the Company to implement various projects in pursuance of CSR Policy.
 - ix. “Net Profits” means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act subject to adjustment as per Section 135 of the Act and Rules made thereunder.
 - x. “Ongoing Project” means a multiyear project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding 3 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 1 year by the board based on reasonable justification.
 - xi. “Volvo Financial Services (India) Private Limited” means the Company, which is registered in India as per the Companies Act, 2013.
 - xii. “Volvo Subsidiary” means a subsidiary of, or any other Company and/ or organization controlled by AB Volvo.
 - xiii. “Volvo or Volvo Group or Volvo Group” of companies shall mean the group of companies of which AB Volvo is the parent company as the group is defined in the Swedish Companies Act.

Any term used in this Policy but not defined hereunder shall have the same meaning assigned to them under the Act and CSR Rules as applicable to the Company.

Governance

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of this CSR Policy, which shall include but not limited to the following:

- i. list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act

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- ii. the manner of execution of such projects or programs
- iii. the modalities of utilisation of funds and implementation schedules for the projects or programs
- iv. monitoring and reporting mechanism for the projects or programs and
- v. 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.

Role of the CSR Committee

- i. Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Companies Act, 2013.
- ii. Recommend the amount of expenditure to be incurred on the CSR activities referred to in clause (i).
- iii. Monitor the CSR Policy of the company from time to time.
- iv. Implement the CSR projects with the involvement of Company's personnel.
- v. Such other activities as are incidental for implementing the CSR projects in line with the requirements of the Companies Act, 2013.
- vi. Committee shall place on record the CSR activities undertaken during the year in the Annual Report to Board.

CSR Committee Meetings

- i. The Committee will meet with such frequency as may be specified under the Act or in absence, at least twice a financial year to discuss, approve, recommend, and review CSR activities/programs & Policy and to take necessary decisions with respect to implementations of CSR programs of the Company.
- ii. A quorum of minimum two members is required to be present for the proceedings to take place. The Committee shall be at liberty to pass a resolution which shall be evidenced in writing and passed by majority after being circulated.
- iii. The Committee members may attend the meeting physically or via such audio-visual means as permitted under the Act.
- iv. The Committee shall have the authority to call such employee(s), senior officials(s) and or externals, as deem fit to the meeting. The Company secretary shall act as Secretary to the Committee.

CSR Activities

The focus areas of the CSR activities may include following activities/projects/programs as notified under Schedule VII to Section 135 of the Act read with Rules made thereunder as modified from time to time.

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- i. Eradicating hunger, poverty & malnutrition, promoting health care including preventive health care & sanitation including contribution to Swach Bharat Kosh set up by the Central Government for the promotion of sanitation & making available safe drinking water.
- ii. Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly and the differently abled & livelihood enhancement projects.
- iii. Promoting gender equality, empowering women, setting up homes & hotels for women and orphans, setting up old age homes, day care centres & such other facilities for senior citizens & measures for reducing inequalities faces by socially & economically backward groups.
- iv. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & maintaining quality of soil, air & 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 & culture including restoration of buildings & site of historical importance & work of art; setting up public libraries; promotion & development of traditional arts and handicrafts.
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- vii. Training to promote rural sports, nationally recognized sports, paralympic sports & Olympic sports.
- viii. Contribution to Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Schedules castes, tribes, other backward classes, minorities & women.
- ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)
- x. Rural Development Projects
- xi. Slum area development

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xii. disaster management, including relief, rehabilitation and reconstruction activities.

Explanation: For the purposes of this item, the term '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.

Besides it may also include Sustainable Development Projects or programs based on the need of community.

Allocation of Funds

- i. CSR Committee will identify suitable projects for implementation in line with policy approved by the Board and requirements laid down under the Act. These projects would be executed either directly by the Company and/or through implementing agencies in CSR field with established track record and registered with Ministry of Corporate Affairs.
- ii. The list of CSR projects/programs which the Company plans to undertake during the implementation year will be laid down before the Committee for the each financial year along with the budget.
- iii. The Company shall spend in every financial year not less than 2% of the average Net Profits (calculated as per Section 198 of the Companies Act, 2013) of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spend as per the CSR Policy and annual action plan or transfer such surplus to a fund specified in Schedule VII within a period of 6 months of the expiry of financial year.
- iv. If the Company spends an amount in excess of requirement, then such excess amount may be set off against the requirement up to immediate succeeding 3 financial years subject to the conditions that -
 - the excess amount available for set off shall not include the surplus arising out of the CSR activities.
 - the Board of the company shall pass a resolution to that effect.
- v. All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend mandatory allocation as per the Act, reasons thereof could be reported pursuant to section 134 of the Act.
- vi. However, if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, than it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act. During this period the Company may opt to undertake CSR activities on voluntary basis.
- vii. Tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by the Central Board of Direct Taxes (CBDT).

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Unspent CSR Amount

If VFS India spends less than the amount required to be spent under CSR obligation, the Board shall specify the reasons for not spending such amount, in the Board’s report and VFS India shall treat the same in the following manner:

Unspent Amount	Actionable	Timeline
Pertains to ‘ongoing project’	Transfer such unspent amount to a separate bank account to be called as ‘Unspent CSR Account’	Within 30 days from the end of the financial year
Does not pertain to ‘ongoing project’	Transfer unspent amount to the National Fund or the Fund prescribed under Schedule VII.	Within 6 months from the end of the financial year.

While the time for transferring the unspent money to the Fund prescribed under Schedule VII is 6 months, the Board will have to decide on the retention of money for ongoing projects, disclose reasons for not spending the amount, etc. in its Board’s Report. Further in terms of Section 135 (6) of the Act, any such amount allocated towards ongoing projects and remaining unspent at the end of three years, shall be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

If the Company is contributing through an implementing agency, then it shall be considered as spent only if the agency has in turn spent such amount. Mere transfer of funds will not be considered as CSR amount spent and any amount remaining unspent shall be transferred to the Unspent CSR Account or Funds specified in Schedule VII, as the case may be.

Planning, Strategies & Implementation

- i. For effective implementation, the CSR Committee must also oversee the systematic development of a set of processes and guidelines for CSR to deliver its proposed value to the Company, including:
 - one-time processes such as developing the CSR strategy and operationalizing the institutional mechanism.
 - repetitive processes such as the annual CSR policy, due diligence of the implementation partner, project development, project approval, contracting, budgeting and payments, monitoring, impact measurement reporting and communication.
- ii. CSR programs, projects, or activities of the company should be implemented through the following methods:
 - Directly by the Company
 - Implementing Agencies
 - Any foundation or body incorporated by the company and eligible to undertake such CSR Projects
 - In collaboration with other organizations/group companies

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- iii. The company can engage suitable Implementing Agencies to undertake approved CSR projects and the same has to be approved in the CSR Committee. The CSR Committee shall be fully responsible for the monitoring and review of the implementation of this policy in accordance with applicable laws from time to time. The CSR Committee shall provide recommendations as and when it deems necessary to the Board so as to amend/ modify/ revise the CSR Policy.

Review & Reporting

- i. The CSR Committee will review the CSR activities of the Company and will provide progress update to the Board of Directors at such intervals as mutually decided.
- ii. The Company will report, in the prescribed format as set out herein as [Annexure I](#), the details of CSR initiatives and activities of the Company in the Board’s Report and on the website of the Company, as required under the regulations.
- iii. When the average CSR obligation is Rs. 10 Crores or more in the 3 immediately preceding financial years, VFS India shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of Rs. 1 Crore or more, and which have been completed not less than 1 year before undertaking the impact study.
- iv. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- v. When VFS India undertakes impact assessment, it may book the expenditure towards CSR for that financial year, which shall not exceed 2% of the total CSR expenditure for that financial year (or) Rs. 50 Lakhs, whichever is Higher.
- vi. The Board shall mandatorily disclose the composition of the CSR Committee, CSR Policy and Projects approved by them on the Company website for the public access.

**The purpose of Impact Assessment is to assess the social impact of a particular project or Investments made by the Company.*

Amendments to the Policy

The Board on its own and/or as per the recommendations of the CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time and Policy shall be deemed to have been modified upon change in regulations of the Act in case of inconsistencies.

Periodic Review

In order to ensure that the document is up-to-date, this Guideline shall undergo periodic review. The frequency of the reviews shall be at least once every year or earlier upon any relevant change in legislation and the function responsible for carrying out the reviews is Head – Legal & Compliance. Any change in this Policy shall be approved by Board.

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Supporting documents

Volvo Group CSR Policy

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Annexure I

Format for the Board of Directors Report on CSR to form part of the Annual Report and website of the Company

1. Brief outline on CSR Policy of the Company;
2. Composition of CSR Committee:

Sl. No.	Name of the Director Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company.
4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.
5. (a) Average Net Profit of the Company as per sub-section (5) of Section 135
(b) Two percent of average net profit of the company as per sub-section (5) of section 135
(c) Surplus arising out of the CSR Projects or Programmes or activities of the previous financial years
(d) Amount required to be set-off for the financial year, if any.
(e) Total CSR obligation for the financial year [(b)+(c)-(d)]
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).
(b) Amount spent in Administrative overheads.
(c) Amount spent on Impact Assessment, if applicable.
(d) Total amount spent for the Financial Year [(a)+(b)+(c)]
(e) CSR amount spent or unspent for the Financial Year:

	Amount Unspent (In Rs.)	
Total Amount Spent for the Financial Year. (In Rs.)	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.	Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.

- (f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (In Rs.)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	

7. Details of Unspent CSR amount for the preceding 3 Financial Years:

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1	2	3	4	5	6	7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amt (In Rs.)	Date of Transfer	
1	FY-1						
2	FY-2						
3	FY-3						

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Yes No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s)	Pincode of the property or asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
	[including complete address and location of the property]						
1	2	3	4	5	6		
					CSR Registration No., if applicable	Name	Registered Address

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend 2% of the average net profit as per sub-section (5) of section 135.

.....
(CEO or Managing Director or Director)

.....
(Chairperson CSR Committee)