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CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY



<small>Företag/Company name</small> VOLVO GROUP INDIA PRIVATE LIMITED		<small>Dokumenttyp/Type of document</small> Policy	
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CONTENTS		
Sl.No	Chapters	Page No
1	Corporate Social Responsibility	3
	General	3
	Definitions	3
2	Guidelines Setting for CSR	4
	Companies Act, 2013	4
	Governance	4
	Role of Board, CSR Committee & its functions	5
	Functions of CSR Policy	5
	List of Activities under Schedule VII	6
	CSR Annual action Plan	7
	CSR Spending	7
Planning, Strategies & Implementation	8	

1. CORPORATE SOCIAL RESPONSIBILITY ('CSR')

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<small>Dokumentnamn/Name of document</small> Corporate Social Responsibility (CSR)	<small>Utgåva/Issue</small> 1	<small>Reg nr/Reg. No.</small>

a) **GENERAL**

- ✚ CSR stands for Corporate Social Responsibility. The concept is used to describe how companies work towards contributing to a better society and long-term, sustainable development.
- ✚ The Volvo Group CSR in India focuses on Care for the Environment, Safety & Innovation, Natural Calamity and Pandemic Support, Community engagement and development, Joy of giving.

b) **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 Group India Private Limited.
- (iv) **Corporate Social Responsibility (CSR)** means and includes but is not limited to: -
 - Projects or programs relating to activities specified in Schedule VII to the Act; or
 - Projects or programs relating to activities undertaken by the board of directors of a company (Board) 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) 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.
- (viii) Volvo Group India Private Limited means the Company, which is registered in India as per the Companies Act, 1956 read with 2013.
- (ix) Volvo Subsidiary means a subsidiary of, or any other Company and/ or organization controlled by AB Volvo.
- (x) 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.

<small>Företag/Company name</small> VOLVO GROUP INDIA PRIVATE LIMITED	<small>Dokumenttyp/Type of document</small> Policy	
<small>Dokumentnamn/Name of document</small> Corporate Social Responsibility (CSR)	<small>Utgåva/Issue</small> 1	<small>Reg nr/Reg. No.</small>

2. GUIDELINES SETTING FOR CSR:

In order to make it easier for companies which want to engage in structured, responsible operations and at the same time make it simpler for different stakeholders to compare and evaluate how different businesses behave, various organisations have produced advice and guidelines for CSR.

2(a) The Companies Act, 2013

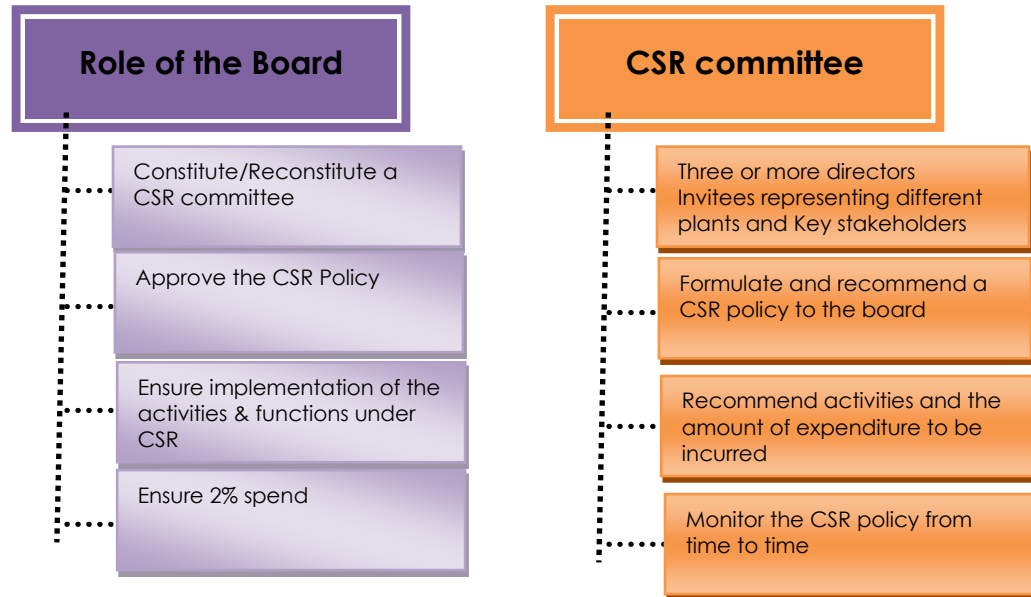
In India, the concept of CSR is governed by Section 135 of the Companies Act, 2013, which was passed by both Houses of the Indian Parliament and had received the assent of the President of India on 29 August 2013. The new rules, which will be applicable from the fiscal year 2014-15 onwards, also require companies to set-up a CSR committee consisting of their board members. The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The Corporate Social Responsibility ('CSR' Policy) of Volvo Group India has been formulated by the CSR Committee and approved by the Board of Directors from the date of Implementation of the said Act which was termed as 'Version – 1'. However, Version – 2 is hereby notified by incorporating all the necessary amendments and is duly approved by the Board of Directors on _____ meeting held on _____ and shall be full force with immediate effect, after the Board has passed this Policy. This policy aims towards contributing to a better Society and long-term sustainable development, environment and other vital areas falling under the ambit of CSR as per the Companies Act, 1956 read with 2013 (other amendments/notification passed from time to time). Further, the activities enlisted in this CSR Policy are aligned with the Volvo Group CSR Policy and are carried out by the Company either individually or in association with eligible implementing agencies registered with the Ministry of Corporate Affairs. The CSR Policy is effective from the beginning of the financial year _____.

2(b) Governance

The CSR committee will be responsible for preparing a detailed plan on CSR activities, including the expenditure, the type of activities, roles and responsibilities of various stakeholders and a monitoring mechanism for such activities. The CSR committee can emphasize that all the kinds of income accrued to the Company by way of CSR activities should be credited back to the community or CSR corpus.

Företag/Company name VOLVO GROUP INDIA PRIVATE LIMITED		Dokumenttyp/Type of document Policy	
Dokumentnamn/Name of document Corporate Social Responsibility (CSR)		Utgåva/Issue 1	Reg nr/Reg. No.

2© Role of the Board and CSR Committee as per the Companies Act, 2013



2(d) Functions of CSR Policy:

- To formulate and recommend a CSR Policy indicating the activities to be undertaken by the company in areas or subject specified in Schedule VII to the Act.
- To recommend the amount of expenditure to be incurred on the activities referred to in clause (a).
- To formulate and recommend an annual action plan in pursuance of CSR Policy covering the following aspects namely:
 - the list of approved CSR projects or programs to be undertaken in areas or subjects specified in Schedule VII to the Act.
 - the manner of execution of such projects or programs as specified in rule 4(1) of CSR Rules.
 - the modalities of utilization of funds and implementation schedules for the projects or programs.
 - monitoring and reporting mechanism for the projects or programs; and
 - details of need and impact assessment, if any, for the projects undertaken by the Company.
- Recommend changes to the Board, if any, needed in the annual action plan with reasonable justification to that effect.
- To monitor the CSR Policy as approved by the Board from time to time.

The CSR Committee should recommend the approach and direction of CSR activities to be undertaken by the company and also provide Guiding principles.
for

- Selection of CSR projects / programmes / activities
- Implementation of CSR projects / programmes / activities;

Företag/Company name VOLVO GROUP INDIA PRIVATE LIMITED	Dokumenttyp/Type of document Policy	
Dokumentnamn/Name of document Corporate Social Responsibility (CSR)	Utgåva/Issue 1	Reg nr/Reg. No.

Guidance Note on Corporate Social Responsibility

- (iii) Monitoring of CSR projects / programmes / activities
- (iv) Formulation of the annual action plan

2(e) List of activities under Schedule VII

Company shall undertake CSR activities for development of the society and the environment, particularly in the vicinity of the areas where the facilities of the company are located.

A. The company shall undertake such activities which are broadly related to any of the following:

- (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and 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 centers 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.
- (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 recognized sports, Paralympic sports and Olympic sports
- (viii) Contribution to the prime minister 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) Developments of area declared as "Slum area" by the Government or Competent authority.
- (xii) Disaster Management including relief, rehabilitation and reconstruction activities.

B. The company may also contribute to the following funds as part of CSR activities:

- i. Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water.
- ii. Clean Ganga Fund set-up by the Central Government for the rejuvenation of river Ganga;
- iii. 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 and relief and welfare of the scheduled caste, tribes, other backward classes, minorities and women.
- iv. 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.
- v. 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

Företag/Company name VOLVO GROUP INDIA PRIVATE LIMITED	Dokumenttyp/Type of document Policy	
Dokumentnamn/Name of document Corporate Social Responsibility (CSR)	Utgåva/Issue 1	Reg nr/Reg. No.

(AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (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).

The above areas as enshrined in Schedule VII to the Act and included in this policy aim to provide macro areas in which CSR projects should be undertaken by the company. The CSR Committee should consider details of CSR projects as elaborated in the annual action plan for each financial year. Any CSR activity proposed to be undertaken as a CSR initiative, but not specifically covered in the aforesaid, may be undertaken only with the prior approval of the Board and CSR Committee.

Note: 3rd Party agency shall be appointed who will be empowered to identify, map, and bridge the activities for Volvo Group India Private Limited for the exclusive purpose of CSR related with the written approval of the CSR Committee.

2 (g): CSR: Annual Action Plan:

The CSR Committee shall formulate and recommend to the Board, an annual action plan which shall include the following:

- a) the list of CSR projects or programmes that are approved and to be undertaken by the company.
- b) the manner of execution of such projects or programmes
- c) the modalities of utilization 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.

The Board of Directors are empowered to alter the annual action plan during the financial year, if so, recommended by the CSR Committee, based on the reasonable justification for such change.

2(h): CSR Spending:

The company shall endeavor to achieve the objectives of the CSR Policy and allocate every year:

- a) Minimum 2% of its average net profits made during the three immediately preceding financial years.
- b) Any income or surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the company and the same shall be ploughed back for use in CSR activities.

All the expenditures relating to CSR shall be pre-approved by the CSR Committee. The CFO shall monitor the utilization of funds for the purposes set forth and certify to this effect. Unspent CSR amount, if any, shall be transferred to a separate account in accordance with the applicable CSR Rules from time to time.

Företag/Company name VOLVO GROUP INDIA PRIVATE LIMITED	Dokumenttyp/Type of document Policy		
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2(i): CSR: PLANNING, STRATEGIES & IMPLEMENTATION:

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.

CSR programs, projects, or activities of the company should be implemented through the following methods:

- i. Directly by the company.
- ii. Implementing Agencies.
- iii. Any foundation or body incorporated by the company and eligible to undertake such CSR projects.
- ✓ iv. In collaboration with other organizations/group companies

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.

Note: This policy is subject to amendment from time to time as and when changes occurs.

Date	Version	Changes since the last version	Author	Information
10-Jun-14	1	Final	Legal	CSR
09-Mar-22	2	Final	Legal	CSR