

# **Corporate Social Responsibility Policy**

**Toyota Material Handling India Pvt. Ltd.**

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# 1 INTRODUCTION

This CSR policy sets out TMHIN's commitment to ensure that its activities shall extend beyond business and include initiatives for the benefit of community and society at large. This CSR Policy lays down the guidelines for undertaking programs geared towards social welfare activities.

## 2 OBJECTIVE & SCOPE

The main objective of this CSR Policy is to lay down guidelines for TMHIN to make CSR as one of the key focus. This Policy covers proposed CSR activities to be undertaken by TMHIN and examining their alignment with Schedule VII of the Companies Act, 2013 ("Act"). TMHIN proposes to implement its CSR activities in various sectors stated hereunder:

### **Targeted initiative:**

- 2.1. Environment Protection, Tree Plantations
- 2.2. Healthcare facility for under privileged
- 2.3. Drinking Water
- 2.4. Medical Aid, Aids and appliances to the differently abled person
- 2.5. Sanitation
- 2.6. Education
- 2.7. Vocational Skills
- 2.8. Facilities for Senior Citizens
- 2.9. Contribution to the prime minister's national relief fund<sup>8</sup>[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women

TMHIN will review the sectors from time to time and make additions/ deletions/ clarifications to the above sectors.

## 3 CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

### 3.1 Constitution

Pursuant to the provisions of Section 135 of the Act, the Board of Directors had constituted the Corporate Social Responsibility (CSR) Committee of TMHIN consisting:

Ms. Manasi Neville Tata

Mr. Nobuaki Yahiro

Mr. Keigo Morikawa

### **3.2 Powers and Functions of the Committee**

Following are the powers of the CSR Committee:

- (i) Formulate CSR Policy and recommend the same to the Board of Directors of TMHIN for approval.
- (ii) Recommend CSR activities as stated under Schedule VII of the Act.
- (iii) Approve to undertake CSR activities and to separately report the same to the Board of Directors in accordance with the CSR Rules.
- (iv) Recommend the CSR Budget.
- (v) Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of TMHIN in accordance with the Act and the CSR Rules.
- (vi) Create transparent monitoring mechanism for implementation of CSR Initiatives in India.
- (vii) Monitor CSR Policy from time to time.
- (viii) Monitor activities/charter of employees who are authorized to ensure that the CSR activities of TMHIN are implemented effectively.
- (ix) Authorize executives of TMHIN to attend the CSR Committee Meetings.
- (x) Formulate and recommend to the Board of Directors, an Annual Action Plan in pursuance of the CSR policy of the Company as per the CSR Rules. However, the Board of Directors may alter such plan at any time during the financial year as per recommendation of CSR Committee, based on the reasonable justification.

### **3.3 Frequency of Meetings:**

The CSR Committee shall convene at least two meetings during each financial year to review, evaluate, and monitor the progress of ongoing CSR activities, discuss new initiatives, and ensure alignment with the company's CSR objectives and statutory requirements.

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### **3.4 Quorum of Meetings:**

The quorum for meetings of the CSR Committee shall be at least two members or 1/3rd of the members, whichever is higher.

## **4 SELECTION OF CSR ACTIVITIES**

The areas which company shall focus have been formulated as per the Guidelines on Corporate Social Responsibility (CSR) which is governed by Section 135 of the Companies Act, 2013. The CSR policy shall apply to all CSR programs/activities undertaken by the Company either directly or through any implementing agency.

The following are the Guiding Principles for Selection of CSR Activities:

- a. Projects should be designed according to intended impact on the society along with clear objectives and planned outcomes
- b. Projects should be need-based, keeping local issues into consideration
- c. There should be due consideration of any material risk factors before selecting of projects. These risks should be duly mitigated and managed on a regular basis.
- d. The activities should preferably be focused in geographical areas near work centres.

## **5 CSR BUDGET**

Provisions of Section 135 (5) of the Companies Act, 2013 provides that the Board of Directors of the Company shall ensure that the Company spends, in every financial year, at least two percent of the average net profits (before tax) of the Company made during the three immediately preceding financial years. Thus, the Budget for CSR activities shall be decided on annual basis i.e. 2% (two percent) of the average net profits (before tax) of the Company made during the three immediately preceding financial years.

CSR Budget shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the approved CSR focus areas and shall ensure that the administrative overheads shall not exceed 5% of the total CSR expenditure of the Company for the financial year.

Further, the Board of Directors of the Company shall satisfy itself that that the funds so disbursed/proposed as CSR Budget have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management in the Company shall certify to the effect.

## **6 CSR INITIATIVES**

Employees of TMHIN shall undertake CSR activities as recommended by the CSR

Committee. The Committee is authorized to approve any modification to the existing CSR activities or to propose any new program during the financial year under review.

TMHIN prefer to spend money in the local area of its operations. If due to requirement of a project, TMHIN needs to spend excess amount earmarked for CSR activities then such excess amount spent cannot be carried forward to the subsequent years but TMHIN would be entitled to disclose in its Annual Report of subsequent years, any such excess spending of previous years while giving reasons for not spending in those later years.

The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

If due to any reason TMHIN is unable to spend amount earmarked for CSR activities, TMHIN to deposit the unspent amount in a separate bank account in 30 days in case of Ongoing Projects or to be transferred to the designated fund within 6 months in case of non-ongoing projects, as the case may be. Further, TMHIN shall maintain proper documentation for expenditure of funds on CSR activities.

TMHIN may take support of any Non-Profit Organization and/or NGOs established under section 8 of the Act or from such other entity/ implementing agency/ establishment/ company as may be defined and in accordance with Companies (Corporate Social Responsibility) Amendment Rules, 2021 framed under the Act to carry out CSR activities. Additionally, TMHIN will endeavour for maximum participation of its employees in CSR activities undertaken through such Non-Profit Organisations and/or NGOs.

## **6.1 Disqualifying Activities for CSR**

The Companies (Corporate Social Responsibility) Amendment Rules, 2021 prohibit the CSR projects and programs:

- 6.1.1.** That is implemented by TMHIN for benefit of the employees of TMHIN and their families
- 6.1.2.** The CSR activities implemented outside India also fall outside the purview of the Rules and hence CSR expenditure on such activities will not be considered for inclusion in the CSR Report.
- 6.1.3.** Any amount directly or indirectly contributed towards any political party under Section 182 of the Act shall not be considered as CSR Spend.
- 6.1.4.** Activities that are undertaken by TMHIN in pursuance of its normal course of business will not be considered as CSR activities.
- 6.1.5.** CSR activities should be undertaken by the companies in project/ program mode. One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV program etc. would not be qualified as part of CSR expenditure.

- 6.1.6. Expenses incurred by companies for the fulfilment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.
- 6.1.7. Expenditure on item/s not in conformity with Schedule VII of the Companies Act 2013.
- 6.1.8. Surplus arising out of CSR projects shall not form part of the business profits of Company instead the same will be further used for CSR purposes only.
- 6.1.9. activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services.

## 6.2. Implementation and Monitoring Mechanism

The Board shall be responsible for implementing the mandate of the CSR Policy and monitoring the CSR activities so that they are carried out in accordance with the CSR Policy read with the Companies Act, 2013 and CSR Rules (including amendments thereof) and the Annual Action Plan as approved by the Board of Directors of the Company from time to time.

The following are the Guiding Principles for implementation and monitoring of its CSR Activities:

- a. The Company can either directly or through an implementation agency as allowed under the Act will undertake the CSR activities.
- b. While engaging an implementation agency, the Company will check if the implementing agency has obtained the CSR Registration number from Ministry of Corporate Affairs.
- c. The Company while collaborating with any implementation agency for undertaking projects or programs or CSR activities will ensure that it is in a position to report separately on each CSR projects or programs.
- d. A group of employees of TMHIN (CSR Group), for fulfilling its CSR obligations, will be created to ensure effective implementation and monitoring of the projects approved by the CSR Committee. This CSR Group shall submit periodic reports to the CSR Committee of TMHIN on the progress of projects approved by the CSR Committee and entrusted to the CSR Group for implementation and monitoring.
- e. The CSR Group would recognize the activities to be undertaken under CSR program of TMHIN and make a **"RINGI"** for approval of Managing Director of TMHIN. After approval of RINGI, day, date, time shall be decided by CSR Group for CSR activities and all employees shall be involved in CSR activities under the supervision of CSR Group. For this purpose, TMHIN shall set 2 non-working days (CSR leaves) in a year

for CSR activities and all employees shall join in CSR activities. Employees can refer leave Policy of the Company for such CSR leaves.

- f. The group shall ensure that amount earmarked for CSR activities shall actually be expended only for CSR activities and shall make a report to Managing Director giving details of amount expended on CSR activities from time to time.
- g. Further the Branch Managers shall be informed from time to time regarding budget allocated for CSR activities, in their areas. The Branch Managers shall involve all employees of branch office for such CSR activities.

### **6.3 Reports**

CSR Group shall assist the CSR Committee to prepare reports that are required to be placed before the Board of Directors. The format of the Report shall be the format prescribed under the Companies (CSR) Amendment Rules, 2021.

## **7 ANNUAL ACTION PLAN**

the company shall prepare Annual Action Plan recommending the actives to be undertaken in CSR policy involving:

- a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- b. the manner of execution of such projects or programmes;
- c. the modalities of utilisation 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 CSR Committee shall formulate and recommend to the Board, an annual action plan (beginning with the Financial Year 2021-22) for each financial year in pursuance of its CSR policy.

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. The CSR initiative of the company shall not be limited to above guidelines, preference shall be also given to the upliftment and development of the local surroundings.

Further, the Guiding Principles required to formulate the Annual Action Plan are as follows:

- a) CSR programs shall not include activities as restricted under the amended Companies (CSR Policy) Rules.
- b) The preference for CSR programs is to be given by the Company to local areas and areas around its operations.
- c) Annual Action Plan shall be simple and action oriented.
- d) The CSR activities will be carried out directly or through an implementing agency.



## **8 PUBLICATION OF CSR POLICY & PROGRAMS**

As per the CSR Rules, the contents of the CSR Policy shall be included in the Directors' Report and the same shall be displayed on TMHIN's website, if any.

## **9 POLICY REVIEW & FUTURE AMENDMENT**

The CSR Committee may review its CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board of Directors.



Keigo Morikawa  
Managing Director



**End of Policy**