

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**CORPORATE SOCIAL RESPONSIBILITY POLICY**

Version 3.0

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**I. OBJECTIVE:**

1. As a corporate citizen, Toyota Financial Services India Limited (TFSIN) is well aware of its responsibility towards society where it operates in. TFSIN wishes to contribute to sustainable development of society by undertaking various projects and programs which will enhance the quality of life and well-being of diverse people clusters in society.
2. Corporate Social Responsibility (CSR) Policy is a framework of the Company's CSR activities, being pursuant to the Section 135 of the Companies Act, 2013 (hereinafter referred as "the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

**II. FOCUS AREA:**

Guided by the Act and Toyota's basic philosophy regarding CSR, the TFSIN would focus on any of the below listed areas for undertaking CSR activity:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement projects.
3. Promoting gender equality and empowering women, setting up homes, hostels and day care centers for women and orphans; setting up old age homes and such other facilities for senior citizens; and adopting measures for reducing inequalities faced by socially and economically backward groups.
4. Promoting and ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
5. Protecting national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promoting and developing traditional arts and handicrafts.
6. Measures for the benefit of armed forces veterans, war widows and their dependents.
7. Provide training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
8. Promoting Sanitation and Cleanliness and creating a Healthy Environment
9. Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.
10. Promoting road safety including traffic rule awareness program and improvement of road facilities.
11. Rural development projects
12. Slum area development.
13. Contributing to Prime Minister's National Relief Funds or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities, and women.
14. Any other areas of activity may be notified by the Ministry of Corporate Affairs from time to time and found appropriate by TFSIN.
15. The Company shall identify and present at least three potential initiatives, each from a different focus area to the CSR Committee/the Board for final recommendation/approval.

**III. CSR BUDGET:**

1. In accordance with Section 135 of the Act, TFSIN's CSR budget will be, but not restricted to, at least two percent of the average net profits made by the Company during the three immediately preceding financial years or as may be prescribed by the Act and rules thereunder, as amended from time to time.

2. Such budget and allocation for CSR activities are to be approved by the CSR Committee as well as the Board of Directors of TFSIN.
3. If TFSIN is unable to utilize the allocated CSR budget, the Board of Directors shall disclose the reasons for the unspent amount in its report.
4. If such unspent amount is not related to any Ongoing Project, then TFSIN needs to transfer such amount to any Fund specified in Schedule VII of the Act, as amended from time to time, within a period of six months from the end of the financial year or such other period as may be prescribed under the Act.
5. "Ongoing Project" means a multi-year project undertaken by the Company in fulfilment of CSR obligation having timelines not exceeding three 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 one year by the Board based on reasonable justification.
6. In case of unspent amount is related to the Ongoing Project undertaken by TFSIN, then such amount needs to be transferred to Special Account to be opened by TFSIN designated as "Unspent Corporate Social Responsibility Account" (UCSRA) within 30 days from the end of financial year.
7. TFSIN to ensure such funds in UCSRA be utilized within three financial years from the date of such transfer or same needs to be transferred within 30 days at end of such three financial years, into a Fund specified in Schedule VII of the Act.
8. If TFSIN spends an amount in excess of the requirements provided under sub-section 5 of Section 135 of Act, TFSIN may set off such excess amount spend against the requirement to spend under sub-section (5) of section 135 of the Act up to immediate succeeding 3 financial years subject to the conditions that:
  - A. The excess amount available for set off shall not include the surplus arising out of the CSR activities.
  - B. In case surplus arises out of CSR activities, it shall not form part of the business profit of the Company, and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of the CSR policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.
  - C. The Board of Directors of the Company shall pass a resolution to that effect.

#### **IV. MODALITIES OF EXECUTION OF PROJECTS:**

The Company shall from time to time depending upon the area that would need utmost attention and support for the development of the society and to meet the needs of the society, decide upon the kind of programs/ projects / activities that can be undertaken by the Company for a particular tenure including multi-year projects (limited to a maximum of three financial years, excluding the financial year of commencement). Implementation of such programs / projects / activities can be either directly through Company's personnel or through appointment of eligible external agencies, trusts, institutions or group companies etc. depending upon the most suitable way or method of execution of such observed activity (ies). The Company's personnel shall liaise to undertake such a program. Apart from the Company, the CSR activities can be undertaken through:

1. A company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company; or
2. 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
3. Any entity established under an Act of Parliament or a State legislature; or
4. A company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities. Explanation- For the purpose of clause (c) above, the term "entity" shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

5. The CSR Project that was initially not approved as a multi-year project can be made Ongoing by extending the duration beyond one year by the Board based on reasonable justification but not exceeding three financial years excluding the financial year in which it had commenced.
6. The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by –
  - A. a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
  - B. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
  - C. a public authority.
7. The Board of Directors of the Company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify the effect.
8. In case of ongoing project, the Board of Directors of the 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.

**V. IMPACT ASSESSMENT:**

In case the CSR obligation of the Company amounts to rupees ten crore or more in pursuance of sub-section (5) of section 135 of the Act, in the three immediately preceding financial years, the Company shall undertake impact assessment, through an independent agency, of its CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment reports shall be placed before the Board of Directors and shall be annexed to the annual report on CSR. If the Company undertakes such impact assessment, it may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

**VI. DISCLOSURE AND REPORTING**

1. The Annual Report of the Company shall disclose a section on CSR outlining the CSR policy, CSR Committee, CSR initiatives undertaken by Company, the CSR spending during the financial year and other information as may be required by the Act.
2. The composition of the CSR Committee, the CSR Policy and the list of projects/ programs/ activities proposed to undertake by the Company, as recommended by CSR Committee and approved by the Board of Directors shall be displayed on the Company's website in line with the disclosure requirements under the Act and the rules made thereunder.

**VII. POLICY REVIEW AND AMENDMENT:**

In the event of any variation or inconsistency between the provisions of this Policy and the applicable laws, the provisions of the applicable laws shall prevail over this Policy. This Policy shall be reviewed from time to time, at least once a year.