



CSR POLICY OF MICHELIN INDIA PRIVATE LIMITED (FORMERLY KNOWN AS MICHELIN INDIA TAMILNADU TYRES PRIVATE LIMITED)

Background

The Board of Directors (hereinafter referred to as 'the Board') of Michelin India Private Limited (hereinafter referred to as 'the Company') has decided to adopt this CSR policy that will comply with the Company philosophy and objectives on CSR initiative and requirements set in section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act') and the Rules notified thereunder. Company intends to be a significant and durable contributor to CSR initiatives in India by devising and implementing social development projects wherein it could employ technological and other innovation(s) in the interests of disadvantaged communities in rural and urban areas.

Company Philosophy on CSR initiative

Michelin's corporate social responsibility (CSR) strategy derives from its corporate philosophy and belief system, best summed up in the definition formulated by the World Business Council for Sustainable Development (WBCSD):

"The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as that of the local community and society at large."

This philosophy necessarily implies a CSR approach that first and foremost, recognises industry as being part of an organic whole – its health being dependent on the well-being of the society of which it is a part. Consistent with this is Michelin's conviction that the best and most sustainable approach to community development is an enabling one, and not a philanthropic one. This would entail engaging with the community and other stakeholders in a spirit of collaboration and partnership and designing programmes with a clear exit strategy in mind. It also recognises that initiatives must be contextually relevant and factor in their micro and macro implications.

Preamble of the CSR Policy

In accordance with this company philosophy, Michelin's CSR policy is guided by the following principles:

- Recognition that the blue-print of community development should not be the responsibility of any single agency, and therefore, adoption of a multi-stakeholder approach i.e. engagement with the community, government bodies at all tiers, other industries, research institutions and NGOs
- Transparency, accountability and integrity in all its CSR programmes
- An exchange of knowhow, skills and resources in the spirit of mutual learning. This would necessarily mean respecting and utilising the wisdom and skills of the community in all programmes.
- Conduct that is at all times democratic, non-sectarian, secular and non-party political in nature.

- Transfer of technologies that, in the long run, can be controlled and replicated by the community.
- Optimal utilisation of existing schemes, talent and infrastructure so as to avoid duplication of resources.
- Maximising the employment of the local community within each CSR activity
- Abstaining from the indiscriminate use of natural resources
- Ensuring participation of vulnerable sections of the community at all levels and stages of CSR programmes, viz., planning, execution and monitoring.

Overview of CSR activities

Michelin is engaged in a multi-stakeholder, community driven long term grass root rural development project. The project, covering 31 villages and hamlets surrounding its manufacturing facility, is located in Uthukottai and Gummidipoondi taluks of Thiruvallur District in TamilNadu and has been in operation since 2010. Stakeholders refer to neighbouring companies, NGOs government departments and the community itself.

The CSR activities being undertaken fall within the purview of following heads as prescribed under Companies Act, 2013:

- 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 centres 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. rural development projects."

Focus Areas

Michelin works in the following thematic areas, some of which intersect with each other

- Natural Resource Management
 - a. Greening through the planting of native species
 - b. Agriculture and Water – restoration of traditional sources of water and irrigation systems and the introduction of locally produced, organic, pesticides and fertilisers
 - c. Green Energy – biogas as cooking fuel and fuel efficient wood stoves
- Education

- a. Providing career guidance to higher secondary school students
 - b. Supplementing day school teaching through language and computer training
- Employability enhancement
 - a. Skill training including plumbing, bakery, English language, sewing, mobile repair, hotel management and driving as examples.
 - b. Entrepreneurship training and mentoring
- Health
 - a. Health and hygiene education in schools
 - b. General health camps and eye camps
- Disability
 - a. Training of teachers and ICDS staff to identify and work with children with disability
 - b. Identify children/adults with disabilities
 - c. Counselling and therapy for persons with disabilities and care givers
 - d. Vocational training for young people and adults
 - e. To assist those with disability in availing of government assistance
- Road Safety
 - a. Educating school children
 - b. Regular workshops to inculcate safe driving practices among drivers associated with Michelin and the supply chain
 - c. Installing signboards on all the approach roads
- Community Facilitation
 - a. Water testing training and the systematic testing of water sources
 - b. Helping eligible and vulnerable members of the community to avail of government schemes.
 - c. Building local capabilities to be able to do the above.

CSR Budget and Expenditure

CSR Advisory Board recommends the annual budgeted expenditure for the consideration and approval of the Board of Directors which is utilized in accordance with the CSR Policy.

The surplus, if any, arising out of the CSR projects or programs or activities will not form part of business profit of the Company.

Mode of Implementation

All activities are being undertaken through partnerships with local NGOs. Wherever possible Michelin encourages further collaboration with other companies and government institutions.

Monitoring Mechanism

Implementation of the CSR Policy is monitored by CSR Advisory Board comprising of Michelin Managers and NGO members and sub-committees for project implementation. The annual budget and list of CSR projects, and activities is presented to the CSR Advisory Board for review and approval.

Responsibility of the Board of Directors

The Board is responsible for:

- Approving the CSR policy as formulated by the CSR Committee, subject to necessary changes/modifications as the Board may deem fit.
- Ensuring that in each financial year the Company spends at least 2% of the average net profit before taxation excluding profits arising from overseas branches made during the three immediate preceding financial years in accordance with the provisions of section 135 of the Act and the Rules notified thereunder.
- Ensuring that every financial year funds committed by the Company for CSR activities are utilized effectively.
- Disclosing in its Annual Report the contents of the CSR policy and other details as may be required under Companies Act, 2013 and ensure annual reporting of its CSR activities on the Company website.
- Any other acts, deeds and things as may be required under law from time to time.

CSR Advisory Board

CSR Advisory Board comprises of Company' Directors, managers and NGO representatives:

Functions and responsibilities of CSR Advisory Board are as follows:

1. Appoint appropriate people to implement the strategy as decided by the Board.
2. To provide appropriate oversight for the corporate social responsibility policy and framework developed by the Company.
3. To review the performance of the resources and budget for projects under the corporate social responsibility annual plan.
4. To guide and direct (as appropriate) the operational entities on the choice of CSR projects.
5. Report regularly to the Board of Directors with respect to the Advisory Board's activities.
6. When appropriate, make recommendations to the Board of Directors with respect to any of the areas that the Advisory Board oversees, reviews, or monitors, and any other major social responsibility policies and practices of the Company.
7. Consider the reports presented to the Advisory Board by its partners engaged in CSR activities.
8. Conduct or have an audit conducted on various bodies engaged for the fulfillment of the activities as envisaged by the Advisory Board.
9. Execute approved CSR programs as directed by the Company's Board of Directors.
10. Perform any other duties or responsibilities expressly delegated it by the Board of Directors from time to time.

CSR Committee

CSR Committee consists of three or more directors as per the provisions of Companies Act, 2013 and rules made thereunder. The CSR Committee receives the recommendations and proposals from CSR Advisory Board and forwards it to the Board of Directors for approval after its review and perusal.

Disclaimer

This CSR policy contains forward-looking statements, which may be identified by their use of words like 'plans', 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'projects', or other words of similar expressions as they related to the Company or its business are intended to identify such forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. Therefore as a matter of caution, undue reliance on the forward-looking statements should not be made as they speak only of their dates.