

CORPORATE SOCIAL RESPONSIBILITY (“CSR”) POLICY
BMW INDIA PRIVATE LIMITED

Table of Contents

	Introduction	
1	CSR Objectives	4
2	Constitution of CSR Committee	4
3	Roles and Responsibility of the Committee.....	4
4	Scope of Activities under CSR Initiative.....	5
5	Rules Governing CSR Policy.....	6
6	Funding, Allocation and tax treatment of CSR Spend.....	7
7	Role of the Board of Directors.....	7
8	Amendment in CSR Policy	7

Introduction:

BMW India Private Limited (BMW India) is a wholly owned subsidiary of BMW Group, with its headquarter in Gurgaon, Haryana. The wide range of BMW India activities includes establishment of a manufacturing plant in Chennai, a parts warehouse in Mumbai and development of a world-class premium dealer organization across major metropolitan centers of the country.

Corporate Social Responsibility (CSR) refers to transparent business practices that are based on ethical values, compliance with legal requirements, and respect for people, communities, and the environment.

At BMW India, a broad social commitment is an integral part of our Culture and rich heritage and how we define ourselves as a company. We feel both the desire and the obligation to be a reliable partner for society. As such, we are particularly committed to those issues that are relevant to us as a company in the regions where we operate.

The company is committed to undertake CSR activities in accordance with the provisions of Section 135 of the Companies Act, 2013 and read together with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The “CSR Policy” encompasses the company’s philosophy for delineating its responsibility as a responsible corporate citizen.

The Policy lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large. This policy shall apply to all CSR initiatives and activities taken up by the company for the economic and social development of the society.

1. CSR Objectives:

Corporate Citizenship forms an integral part of the BMW India's vision of itself as a business enterprise. The broad areas of our corporate social responsibility focus include intercultural innovation, social inclusion, responsible use of resources, skill development, and road safety. We also endeavor to align our efforts with the locally relevant topics and issues thus creating a greater positive impact on the society.

Our efforts are directed towards scaling up of our corporate citizenship solutions and to help people to help themselves in the long term. In addition to our focus areas, we also continue to support neighborhoods around our locations and thus contribute towards local development.

It is both our objective and duty to be a dependable partner to society. The aim is to integrate the company into society and to create mutual acceptance and a rewarding partnership while taking local context into account.

2. Constitution of CSR Committee:

For effectively carrying out the above-mentioned objectives, the company has constituted the "Corporate Social Responsibility Committee" (the "CSR Committee") in accordance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, to ensure that the purpose of this Policy is being achieved.

The composition of the CSR committee of the Board is as under:

- **Chairman of the CSR Committee:** The Managing Director of the company shall act as the Chairman of the CSR Committee; and
- **Number of Member Directors:** The CSR Committee shall consist of at least two directors.

For the relevant financial year, the Board's report shall disclose the composition of the CSR Committee.

3. Role and Responsibilities of the Committee:

In terms of section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, , the following are key responsibilities of the CSR Committee is to:

- a) formulate CSR policy and recommend the same to the Board for its approval;
- b) be responsible for identification, selection, approval, planning, execution, supervision, co-ordination and monitoring of various programmes/projects and activities under CSR;
- c) recommend the CSR activities/projects and the amount to be expended on such activities/projects, to the Board that the company will undertake during the relevant financial year;
- d) monitor the implementation of the CSR activities/projects from time to time;
- e) institute a transparent monitoring mechanism for implementation of the projects/programmes/activities undertaken or proposed to be undertaken by the company;

- f) provide “Responsibility Statement” in the Annual Report, stating that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the company;
- g) interact with the Governmental and Non – Governmental Bodies as and when required in relation to implementation of CSR activities/projects under this Policy;
- h) ensure receipt of Utilization Certificates along with Statement of Expenditure, duly certified by the Chartered Accountant of repute, by the organizations/institutions to whom CSR Fund is allocated/by whom CSR Fund is spent;
- i) review performance of the company in the area of “Corporate Social Responsibility” and decide the priority of the activities to be undertaken;
- j) ensure that the conduct of the CSR Policy is in line with the overall “Sustainability Objective”.

The Committee shall place before Board of Directors of the company, its Report (at the end of financial year) in accordance with the provisions of the Companies Act and rules made thereunder.

4. Scope of activities under CSR initiative:

The CSR activities will be undertaken by the company is aligned to the provisions of Schedule VII of the Companies Act, 2013 (the “Act”). The CSR Committee is empowered to undertake activities provided within the ambit of Schedule VII read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

The following are the activities which can be undertaken by the Company as specified in Schedule VII:

- a) eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- b) promotion of education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- c) promoting gender equality and 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;
- d) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water;
- e) 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;
- f) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- g) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- h) rural development projects

The scope of activities may be expanded from time to time as per the guidelines provided in the Companies Act.

4.1 Implementation approach

The Board of the company may undertake its CSR activities through registered trust or registered society, or a company established by the company or its holding or subsidiary or associate company under Section 8, of the Act or otherwise, provided that, if such trust, societies or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar projects and programs

Provided also that, the company has specified the projects or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

The company may also collaborate with other companies for undertaking projects or programs or CSR Activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with companies rules, 2014. However the CSR Committee of such group Companies or Associate Companies shall provide separate reports on such projects or programmes in accordance with the applicable laws.

The Company may use services of expert agencies, consultancy firms etc. wherever required for carrying out base line surveys, guidance on project design and implementation, impact assessment surveys etc.

The CSR Committee from time to time will specify the list of activities to be undertaken by the company and shall place before the Board the status update of the projects and programs undertaken specifying the modalities of execution of such activities or projects.

The CSR Committee may approve the outside agencies with whom the collaborations or association may be established to undertake CSR activities.

4.2 Monitoring and Reporting

The Board of Directors of the company shall report in the Board's Report a detailed description as per the prescribed format, of the CSR activities undertaken and status update thereof.

The CSR Committee is responsible for undertaking the CSR activities and ensuring that the CSR Budget is utilized as per the statutory requirement.

During every financial year, the CSR Committee will meet at least twice in a year for the purpose of undertaking overview of the CSR activities. The committee shall review and discuss the scope of the activities or programmes or projects those were undertaken during the financial year as a part of the company's CSR activities/projects. The Board of Directors of the Company shall from time to time review CSR activities of the Company.

5. Rules Governing CSR Policy:

- a) As per the CSR Policy, the company shall undertake such CSR activities as projects or programmes (either new or ongoing) not comprising the activities undertaken in pursuance of its normal course of business.
- b) The company shall not consider the CSR activities as CSR projects or programmes or activities that benefit only the employees of the company and their families. This may also encourage its employees to actively and voluntarily participate in the CSR initiatives undertaken by the company.
- c) Only the CSR projects or programmes or activities undertaken by the company in India shall amount to CSR expenditure.
- d) In no case, the surplus arising out of the CSR activities shall form a part of “business profits” of the company.
- e) Contribution made by the company of any amount directly or indirectly to any political party shall not be considered as “CSR activity”.
- f) The company may build CSR capacities of its own personnel as well as those of their Implementing agencies through Institutions with established records of at least three financial years, however, such expenditure (including administrative overheads) shall not exceed five percent of total CSR expenditure of the company in one financial year.

6. Funding, Allocation and Tax Treatment of CSR spend:

- a. For achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes, the Company will allocate 2% of average of its net profits computed as per section 198 of the Companies Act, for the three preceding financial years made by the Company during “every block of three years” as its “Annual CSR Budget”.
- b. Tax treatment of the CSR spend of the company during every financial year, shall be in accordance with the provisions of the Income Tax Act, 1963 and rules framed thereunder, as notified by the Central Board of Direct Taxes (CBDT) and as amended from time to time.
- c. In any financial year, if the company fails to spend the required amount as mentioned above, the Board shall, in its report, specify the reasons for not spending the amount.

7. Role of the Board of Directors:

The Board shall perform the following duties so far as the CSR Policy of the company and the activities relating thereto are concerned. It shall:

- a) approve the “Corporate Social Responsibility Policy” for the company after considering the recommendations made by the CSR Committee;
- b) disclose the contents of the company’s CSR Policy in the Board Report and shall display the same on the company’s website;
- c) ensure that the activities included in the CSR Policy of the company are undertaken by the company;
- d) ensure that the company spends at least two per cent (2%) of the average net profits of the company made during the three immediately preceding financial years in every financial year;
- e) ensure that preference is given to the local area and areas around it where it operates, for spending the amount allocated for CSR activities;

- f) ensure that activities covered by the company in its CSR Policy as CSR projects or programmes are within the scope of Schedule VII of the Companies Act, 2013 and Rules thereunder.

8. Amendment in CSR Policy:

Any or all provisions of the CSR Policy would be subject to revision/amendment amendments by the Board of Directors of the company based on the recommendations of the CSR committee in accordance with the Companies Act, 2013 and rules made thereunder.

The company reserves the right to modify, cancel, add, or amend any of the provisions of CSR policy stated herein above.