

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

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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) per BMW India ethos, 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 and in pursuance of its statutory obligations with the provisions of Section 135 of the Companies Act, 2013 (hereinafter referred to as “the Act”) read together with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as “the Rules, 2014”) as amended from time to time. The “CSR Policy” encompasses the company’s philosophy for delineating its responsibility as a responsible Indian corporate entity.

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 Social Responsibility 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 social responsibilities 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. Definitions:

2.1 **Act** : means and refers to the Companies Act, 2013 as amended from time to time.

2.2 **Committee**: means the Corporate Social Responsibility (CSR) Committee constituted by the Board of Directors of the Company and referred to in section 135 of the Act.

3. Constitution of CSR Committee:

For effectively carrying out CSR initiatives and to ensure that this policy meets its objective, as mandated under the Act, the company has constituted the “Corporate Social Responsibility Committee” (the “CSR Committee”). 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.

The extant composition of the CSR Committee is enclosed as Annexure – 1. The Composition of the Committee is subject to change, if any, where the Managing Director/any Director appointed as the Chairman/member of the Committee retires, resigns or is removed from/by the Board of Directors. The Board of Directors may fill any vacancy in the Committee by making an appointment from the remaining Directors on the Board of the Company. For the relevant financial year, the Board’s report in respect of that year shall disclose the composition of the CSR Committee.

4. Role and Responsibilities of the Committee:

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

- (a) formulate CSR policy or amend/propose changes in the extant CSR policy on and recommend the same to the Board for its consideration and approval;
- (b) be responsible for identification, selection, approval, planning, execution, supervision, co-ordination and monitoring of various programmes/projects, initiatives and activities to be undertaken by the Company under its CSR programs ;
- (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) Formulate broad guidelines for the selection of CSR initiatives/projects, planning the execution of CSR activities/projects.
- (e) monitor the progress of implementation of the CSR activities/projects from time to time;
- (f) Formulate requisite strategies and institution of a transparent monitoring mechanism for implementation of the projects/programmes/activities undertaken or proposed to be undertaken by the company;

- (g) Recommend requisite disclosures 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;
- (h) Recommend terms of contract with respect to the execution of CSR Projects/programs with BWM India foundation and/or any other implementation agency, identify and recommend for acceptance any deviations/changes in CSR activities/project/programs planned or implemented and make appropriate interact with the Governmental and Non – Governmental Bodies as and when required in relation to implementation of CSR activities/projects under this Policy;
- (i) ensure receipt of Utilization Certificates along with Statement of Expenditure, duly certified by an eligible professional (including Chartered Accountant of repute), by the organizations/institutions to whom CSR Fund is allocated/by whom CSR Fund is spent;
- (j) review performance of the company in the area of “Corporate Social Responsibility” and decide the priority of the activities to be undertaken;
- (k) 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.

5. 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” or any amendments thereof 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 it’s CSR Policy as CSR projects or programmes are within the scope of Schedule VII of the Act and Rules framed thereunder.
- (g) Ensure that the funds disbursed for the purposes of undertaking CSR activities/programs directly or indirectly have been utilised for the purposes and in the manner approved by the Board.
- (h) Ensure adherence and enforcement of contractual obligations on the part of the implementation agency in respect of the CSR projects for which any engagement is made by the Company and basis the recommendation of the CSR committee, approve any deviation/changes in the projects that are planned or under implementation through the implementation agency

6. Scope of activities under CSR initiative:

The CSR Committee is empowered to recommend activities and programs falling within the ambit of Schedule VII read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

The activities which can be undertaken by the Company are specified in Schedule VII.

- (a) eradicating hunger, poverty and malnutrition, promoting 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;
- (b) promoting 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, 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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- (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) measures for the benefit of armed forces veterans, war widows and their dependents Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- (g) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (h) contribution to the 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 Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (i) 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; and
- (j) 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 (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (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).



- (k) rural development projects
- (l) slum area development
- (m) disaster management, including relief, rehabilitation and reconstruction activities
- (n) any other authority as may be notified by the relevant Authority under Schedule VII to the Act.

The scope of activities may be enlarged to conform to the requirements of the Act as amended from time to time.

7. CSR Expenditure

CSR Committee will recommend the annual budgeted expenditure to the Board for its approval.

8. Implementation, Monitoring and Reporting Framework

To ensure funds are spent on CSR projects/programmes and projects under implementation are completed within the planned timelines, a comprehensive Monitoring and Reporting framework will be put in place which will be divided into two distinct areas:

- (a) Implementation approach
- (b) Monitoring and Reporting

8.1 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 (also referred to as the implementing agency/ies), 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 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 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 Company shall undertake impact assessment if so required in compliance of provision of the Act and Rules, 2014

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 Committee shall closely monitor the spending of CSR funds and progress of projects/programmes.

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the matter as specified in the Act.

The Board of Directors of Company will review on yearly basis the implementation of CSR projects including the ongoing projects as per the applicable provisions of the Act.

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

8.2 Monitoring and Reporting

The CSR Committee will prepare the annual CSR report in accordance with provisions of the Act and Rules which upon approval of the Board of Directors shall form part of the Board's Report.

During every financial year, the CSR Committee will meet at least twice in a year. 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.

9. 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 it's 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". The company may build CSR capacities of it's 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.

10. 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 immediate 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 in its report and treat the balance fund in terms of the requirements of the Act.

11. Treatment of surplus arising out of CSR activities

The surplus arising out of the CSR Activities shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

12. 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.

The Policy is amended with the approval of the Board of Directors based on the recommendations of the CSR committee in its meeting held on 20 September 2021.

Annexure-1

Composition of CSR Committee of Board of Directors

The composition of members of CSR committee as on 10 March 2023 is following:

- | | | |
|----|-----------------------------------|--------|
| 1. | Mr. Vikram Pawah | Member |
| 2. | Mr. Thomas Water Dose | Member |
| 3. | Ms. Marianne Louise Campbell Holt | Member |