

MERCEDES-BENZ RESEARCH AND DEVELOPMENT INDIA PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Purpose

The purpose of this document is to lay down the Corporate Social Responsibility Policy (CSR Policy) of Mercedes-Benz Research and Development India Private Limited (MBRDI/Company).

2. Scope

The CSR Policy of the Company applies to all CSR initiatives and activities implemented at the Company for the benefit of the different segments of the society.

3. Terms and Definitions

The following definitions are for the ease of understanding:

“Act” means the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014;

“Company” - means Mercedes-Benz Research and Development India Private Limited;

“Corporate Social Responsibility (CSR)” means and includes, but is not limited to:

- Projects or programmes relating to activities specified in Schedule VII to the Act; or
- Projects or programmes relating to activities undertaken by the Board of Directors of the Company (Board) in pursuance of recommendations of the CSR Committee (as defined hereunder) of the Board as per the CSR Policy of the Company;

“CSR Committee” means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act;

“CSR Expenditure” shall include all expenditure including contribution to corpus or on projects or programmes relating to CSR activities approved by the Board on the recommendation of the CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities falling within the purview of Schedule VII of the Act;

“CSR Policy” relates to the activities to be undertaken by the Company as specified in Schedule VII of the Act and the expenditure thereon, excluding activities undertaken in pursuance of the normal course of business of the Company;

“Net Profit” means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:

- Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
- Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act;

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:

Provided further that in case of a foreign company covered under the rules to the Act, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of Section 381 read with Section 198 of the Act.

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4. Description

4.1 Introduction

Corporate Social Responsibility and Sustainability are firmly anchored in the business strategy of Daimler AG that includes Mercedes-Benz Research and Development India Private Limited (“MBRDI” or the “Company”) as Daimler AG’s subsidiary.

Following the footprint of its parent company, MBRDI follows the well-defined path of its parent company with core themes and fields of action that serve as guidelines for its various Corporate Social Responsibility (“CSR”) initiatives.

MBRDI has aligned its CSR initiatives with Daimler AG’s sustainable corporate strategy for the Daimler group, globally. The strategy encompasses all the group’s activities in the area of social responsibility, including donations, sponsorships and employee initiated projects. Following the moto of sustainable corporate strategy, “Think global, Act local” MBRDI will be implementing extensive CSR projects in India.

4.2 CSR Vision

For over a century, the Daimler group has been changing the way people move. The group believes that the concept of mobility can be applied outside of its business as well. While the group’s business objective is to be the leading vehicle manufacturer in the world, its CSR focus is to support social projects aligned with “Mobility”. This it intends doing while being conscious of the environment and the world’s natural resources.

4.3 Our Focus

The focus of the Company is aligned to the requirements of the Companies Act, 2013. The primary focus areas are:

- **Road Safety** – awareness programs and safety related traffic-engineering interventions.
- **Innovation** – support to incubators promoting social entrepreneurs.
- **Diversity & Inclusion** – promoting equal rights and opportunities for persons with disabilities.
- **Environment Sustainability** – awareness programs and activities for promotion, protection and preservation of the environment to help maintain the ecological balance and to help conserve the world’s fast depleting natural resources.
- **Disaster Management** – support for rescue, relief, rehabilitation and reconstruction activities by contribution to Central and State Government funds.
- **Volunteer Driven Projects** – programs specifically focused on engaging employee volunteers at MBRDI
- **Contributing towards the Prime Minister's National Relief Fund (PMNRF)** - or any other fund set up by the Central Government or the State Governments for socio-economic development.

The above-mentioned focus areas and projects are subject to any amendment to the requirements under the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time (collectively, the “Act”).

4.4 Responsibilities of the Company’s Board of Directors

- a. to constitute the “Corporate Social Responsibility Committee” (the “**CSR Committee**”) of the Board as per requirements of the Act;
- b. to consider recommendations made by the CSR Committee;
- c. to approve the Corporate Social Responsibility Policy of the Company (the “**Policy**”) pursuant to the Act, as amended from time to time and to disclose its contents in the Board’s report and to also place it on the Company’s website;
- d. to ensure that the various CSR activities undertaken/sought to be undertaken by MBRDI are included in the Policy;

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- e. to ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the 03 immediately preceding financial years in pursuance of its Policy, excluding activities undertaken in pursuance of the Company's normal course of business;
- f. to give preference to the local area and areas around it where the Company operates, for spending the amount earmarked for the CSR activities;
- g. to ensure that no contribution of any amount directly or indirectly to any political party under Section 182 of the Act, is made or considered as the CSR activity of the Company;
- h. to ensure that only CSR projects or programs or activities undertaken in India amount towards the CSR spend of the Company;
- i. to ensure that the CSR projects or programs or activities that benefit only the employees of the Company and/or their families are not considered as CSR activities under the Policy;
- j. in case, the Company fails to spend earmarked amount, the Board shall, in its report specify the reasons for not spending the amount;
- k. To include an annual report on CSR containing particulars as specified under the Act.

4.5 Responsibilities of the CSR Committee

- a. to formulate and recommend to the Board, the Policy and any amendments thereto, which shall indicate the activities to be undertaken by MBRDI through the course of each financial year;
- b. to recommend the amount of expenditure to be incurred on the various CSR activities annually;
- c. to monitor compliance with the Policy of the Company from time to time;
- d. to identify, select, plan, approve, execute, supervise, co-ordinate and monitor the various CSR activities undertaken during the course of each financial year;
- e. to institute a transparent monitoring mechanism for implementation of the various CSR projects/ programs/ activities undertaken or proposed to be undertaken by the Company;
- f. to provide "Responsibility Statement" in the Annual Report of the Board of Directors of the Company, stating that the implementation and monitoring of the Policy is in compliance with the Company's CSR objectives and the Policy of the Company;
- g. to review the performance of the Company towards its CSR commitments and decide the priority of the activities to be undertaken;
- h. to ensure that the conduct of the Policy is in line with the overall "Sustainability Objective" of the Daimler group.

4.6 Implementation

The Board of Directors of the Company may decide to undertake its CSR activities, through:

- a. a self-implementation project or program, or
- b. a company established under Section 8 of the Act or through a registered trust or a registered society, established by MBRDI, either singly or along with any other company, or
- c. a company established under Section 8 of the Act or through a registered trust or a registered society, established by the Central Government or State Government or any entity established under an act of Parliament or a State legislature,

If the Board decides to undertake CSR activities through a company established under Section 8 of the Act or through a registered trust or a registered society, then such company or trust or society shall have an established track record of 03 years in undertaking similar programs or projects; and MBRDI has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and their monitoring and reporting mechanism.

- d. The Company before considering any third party for the implementation of any of its projects, shall conduct a comprehensive due diligence of such an organization to ensure its expertise or record of accomplishment in social projects and to ensure its political neutrality. The Company may also engage an agency to undertake the due diligence of the proposed implementing partner.

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- e. MBRDI may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of such respective companies are in a position to report separately on such projects or programs.
- f. For undertaking CSR activities, MBRDI may build CSR capacities of its own personnel as well as those of their implementing agencies through institutions with established records of accomplishment of at least 03 financial years but such expenditure including expenditure on administrative overheads shall not exceed 5% of the total CSR expenditure of the Company in any one financial year.
- g. 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, 1961 and rules framed thereunder, as notified by the Tax authorities.
- h. All expenditure towards the CSR projects/ programs must be documented for audit purposes and for future reference.
- i. In case at least 2% of the average net profit of the last 03 financial years is not spent in a given financial year, the unspent amount shall be treated as per the requirement of the Act.
- j. Any surplus generated out of the CSR projects/ programs shall not be added to the normal business profits of the Company and shall be redeployed for CSR activities.

CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR Committee, but does not include any expenditure on an item not in conformity with the activities which fall within the areas or subjects, specified in Schedule VII of the Act

4.7 CSR Committee Meetings

During each financial year, the CSR Committee will meet at least once every quarter for reviewing the various CSR activities and minutes of all such meetings shall be maintained per the requirement of the Act

4.8 Amendment of the Policy

The CSR Committee, with the prior approval of the Board of Directors of MBRDI, shall carry out any modification / amendment of/to the CSR Policy.

Notwithstanding anything contained in this Policy, the contents of the Policy shall be read in conjunction with all applicable laws and other relevant policies of the Company such as the Company's Integrity Code, Donation & Charitable Policy, and the like.