POLICY
ON
CORPORATE SOCIAL RESPONSIBILITY
OF
MERCEDES-BENZ INDIA PRIVATE LIMITED

Amended as on 9th August, 2019
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PREAMBLE

- Achieving business success while simultaneously shaping progress and contributing to the improvement of the way we live together in society – for us these goals go hand in hand and are core to our Corporate Social Responsibility (CSR) initiatives.
- With this in mind, the CSR activities related to our social commitment are designed to achieve a sustained and visible positive effect that promotes the common good.
- We also aim to strengthen communities, promote education, healthcare, environment and conserve nature through our CSR initiatives.
- Mercedes-Benz India with the philosophy of “By Company”, “With Our Employees”, “For Society” launched ‘Mercedes-Benz We Care’ as an umbrella initiative that encompasses the CSR initiatives of Company through its funds and voluntary contribution of employees to larger cause which increases the sustainability of the initiatives with visibility of its impact.

I. Short Title & Applicability:

This Policy puts forth the Company’s (Mercedes-Benz India Pvt. Ltd/MB India) philosophy for fulfilling the responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes 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 creating a sustainable impact in causes such as environment conservation, employability, quality education and better health for underprivileged communities.

II. CSR Objectives:

The Company believes that “Corporate Social Responsibility” delivered in the context of its business operations makes it more effective, impactful, scalable and sustainable. It is a conscious effort on the part of the Company to implement CSR Projects/activities as a responsible corporate citizen which also has an effect of enhancing its overall competitiveness.
Under CSR, the Company will broadly focus on the following objectives:

(1) Engage in regular dialogue with relevant stakeholder groups in order to learn from their knowledge, consider their interests and jointly evaluate and advance the sustainability performance of the Company;

(2) Implementing CSR programmes mainly in the vicinity of the Company’s operations with a view to ensure long-term sustainability;

(3) Contributing towards sustainable development in urban as well as rural areas, thereby, precisely addressing the challenges faced with respect to quality education, infrastructure development, water conversation, poverty, extreme hunger, medical aid for improving maternal health thereby reducing child mortality etc., for the people residing therein;

(4) Collaborating with governmental as well as non-governmental bodies to contribute towards activities relating to education, research and knowledge sharing, conservation and development of water resources, promoting gender equality and empowering women economically, capacity building programmes and such other similar initiatives;

(5) Encouraging development of human capital by improving capabilities through organizing “Skill Development Programmes” and providing Vocational Trainings etc;

(6) Promoting environmental sustenance and conserving resources while promoting efficiency;

(7) Providing monetary aid to the organizations and institutions working for “Special Category People” like physically and mentally challenged and people suffering from diseases like Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities, Obsessive Compulsive Disorder or such other pervasive developmental disorder etc;

(8) 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 and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

(9) Contributing towards Disaster Management including relief, rehabilitation and reconstruction activities;

(10) Contributing to the cause of Promotion of Road Safety;

(11) Contributing towards protection and conservation of National Heritage, art, culture including restoration of buildings and sites of historical importance;
Any other project or activity which is in line with the above objectives of the Company and Schedule VII to the Companies Act, 2013 (as amended) in relation to CSR, UN Global Compact, human rights, UN Sustainable Development Goals etc.

III. Constitution of CSR Committee:

For effectively carrying out the above-mentioned objectives, the Company shall constitute the “Corporate Social Responsibility Committee” (the “CSR Committee”) of the Board as per the provisions mentioned under the Companies Act, 2013 read together 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 effectively served.

IV. Composition of CSR Committee of the Board:

For the relevant financial year, the Board's report shall disclose the composition of the CSR Committee which shall be as follows:

1. Chairman of the CSR Committee:

The Managing Director & CEO of the Company / The Chairman of the Board shall be the Chairman of the CSR Committee. In case of non-availability of Managing Director & CEO, the other members of the CSR Committee can elect the Chairman.

2. Number of Member Directors:

The CSR Committee shall consist of at least 3 (three) directors.

3. Members of the CSR Committee:

The members of the CSR Committee shall be:

(a) Managing Director & CEO
(b) Executive Director - Finance & Controlling and CFO
(c) Executive Director - Operations
V. Role and Responsibilities of the Committee:

In accordance with the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, following are the key responsibilities of the CSR Committee. It shall:

1. formulate the CSR policy and recommend the same to the Board for its approval;
2. be responsible for identification, selection, approval, planning, execution, supervision, coordination and monitoring of various programmes/projects and activities under CSR;
3. 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;
4. monitor the implementation of the CSR Policy and accordingly, the CSR activities/projects from time to time;
5. institute a transparent monitoring mechanism for implementation of the projects/programmes/activities undertaken or proposed to be undertaken by the Company;
6. 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;
7. interact with the Governmental and Non – Governmental Bodies as and when required in relation to implementation of CSR activities/projects under this Policy;
8. review performance of the Company in the area of “Corporate Social Responsibility” and decide the priority of the activities to be undertaken;
9. ensure that the conduct of the CSR Policy is in line with the overall “Sustainability Objective” of the Daimler Group.

VI. Meetings of the CSR Committee:

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 overview shall be taken to determine and discuss the nature and the scope of the activities or programmes or projects that were/ are being undertaken during the financial year as a part of the Company’s CSR activities/projects.

VII. Ratification of CSR activity not being a part of approved CSR program:

In the eventuality, where the Company realizes that in a particular year, an amount kept as CSR spend remains unutilized and if any proposal has been received, not forming a part of the annual “approved CSR Programme” and if it is not possible to convene the Committee meeting, in that case, such new proposal may be passed by way of “Circular Resolution” by the Committee and subsequently ratified.

VIII. Quorum of the meeting:

The quorum of the meeting shall be 2 (two) directors present in person at the meeting.

IX. Rules Governing the CSR Policy:

In pursuance of the provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, the Company shall observe the below-mentioned provisions with respect to the CSR Policy and Daimler’s Policy on Sponsorships, Donations and Marketing Partnerships:

(1) 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.

(2) The Company shall undertake its CSR activities only within India.

(3) The Board of the Company may decide to undertake its CSR activities through registered trust or registered society, or a company established by the Company or it’s holding or subsidiary or associate company under Section 8, operating in India, provided that, if such entities are not set up by the Company or it’s holding or subsidiary or associate company,
it shall have an established track record of three years in undertaking similar projects and programmes.

Provided that, before considering any such Trusts, Societies, or Section 8 Companies for the purpose of allocating funds, the Company should conduct a comprehensive “due diligence” of such organizations to ensure its expertise or track record in social projects and also, to ensure its political neutrality.

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

(4) The Company shall ensure that necessary details of its CSR initiatives are mentioned in the Report of the Board of Directors of the relevant financial year and on the Company’s website as per the prescribed format under the Companies Act, 2013.

(5) 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.

(6) Only the CSR projects or programmes or activities undertaken by the Company in India shall amount to CSR expenditure.

(7) The corpus of the CSR activities would include the following:
   a) 2% of the average net profits for the three preceding financial years:
   b) surplus arising out of CSR activities.

(8) In no case, the surplus arising out of the CSR activities shall form a part of “business profits” of the Company.

(9) 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 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 shall not exceed five percent of total CSR expenditure of the Company in one financial year.

The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of the respective companies are in a position to report separately on such projects or programmes.

The Company shall not donate directly or indirectly any funds (in cash or in kind) to any politicians, political parties, members of parliament, government authorities and officials.

X. Implementation Schedules of the CSR Activities, Funding, Allocation and Tax Treatment of CSR spend:

(1) For achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes, the Company will allocate 2% of average of its net profits of the three preceding financial years made by the Company during “every block of three years” as its “Annual CSR Budget”.

(2) 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.

(3) In any financial year, if the Company fails to spend the required amount as mentioned above, it shall specify the reasons for not spending the same in its Board Report.

XI. 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:

(1) approve the “Corporate Social Responsibility Policy” for the Company after considering the recommendations made by the CSR Committee;
(2) disclose the contents of the Company’s CSR Policy in the Board’s Report and shall display the same on the Company’s website;

(3) ensure that the activities included in the CSR Policy of the Company are undertaken by the Company;

(4) ensure that the Company spends two per cent (2%) of the average net profits of the Company made during the three immediately preceding financial years in every financial year in pursuance of this Policy and provide reasons in Directors’ Report for inability to spend the requisite funds under CSR;

(5) ensure that preference is given to the local area and areas around it where it operates, for spending the amount allocated for CSR activities;

(6) 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 Companies Act, 2013.

XII. Amendment in CSR Policy:

Any modification/amendment in the CSR Policy shall be reviewed by the “CSR Committee” and approved by the Board.

Notwithstanding anything contained in this Policy, the contents of the Policy shall be read in conjunction with all other relevant policies and guidelines applicable to the Company such as Integrity Code, Donation policy, Supplier Code etc. The consent/permission under this Policy shall not be considered/construed in derogation with or as an exemption from the requirement of getting approval/ consent under any other policy or guideline in force/applicable to the Company.