

## **POLICY ON CORPORATE SOCIAL RESPONSIBILITY (CSR)**

### **Title and Applicability**

1. Maruti Suzuki India Limited ('Company') has developed its Corporate Social Responsibility Policy ('Policy') in accordance with section 135 of the Companies Law 2013 and the rules made there under.
2. The Policy shall apply to all CSR programmes of the Company.

### **CSR Approach and Priorities**

CSR activities will primarily be in the areas of village development, road safety and skill development. To create a visible and lasting impact, the Company will focus on a few CSR programmes rather than spread resources thin over several projects.

The Company will undertake relevant and effective social projects to have a positive and meaningful impact on the lives of communities around it.

In the area of road safety, while the Company has set up several driving schools in collaboration with its dealers, their number is far from sufficient considering the needs of society and the low level of consciousness about road safety in India. The Company will scale up the number of driving training schools, and take other initiatives to expand quality driving training in the country.

The Company will make efforts to involve State Governments in its road safety efforts for a bigger impact. In line with this, the Company will identify a Tier 2 city for a comprehensive road safety programme in partnership with the State Government and municipality. The programme will cover all key areas of road safety, including effective enforcement of the law. Efforts will be made to persuade State Governments to treat certificates given by Maruti Driving Schools as sufficient and necessary for driving licenses.

The Company will enhance employability of underprivileged youth by improving the quality of skill training in Industrial Training Institutes (ITIs) and designing innovative business models that create livelihood for them.

The Company will encourage and recognise its employees for volunteering in the community by serving and sharing their expertise and skill.

The Company's CSR projects will be implemented like any other business activity, in a time-bound manner with clear objectives, plan, targets and robust monitoring and evaluation parameters. Stakeholder engagement and shared value creation will be the cornerstones of the CSR programmes of the Company.

# Validity of CSR Policy

The Board may amend the CSR policy as may be required from time to time.

## CSR Programme Areas

The Company will focus primarily on the following programmes:

**Community Development:** The Company is committed to improving the well-being of the local community by implementing social projects in designated villages and local communities.

a) **Water and Sanitation:** Depending on local needs and in consultation with the community, the Company will undertake projects to improve availability of clean drinking water, upgrade solid and liquid waste management facilities, create useful rural assets, and support economically weaker households in construction of domestic toilets to minimise open defecation.

The Company will supplement these efforts with awareness campaigns and community-led initiatives to manage these assets and sustain the benefits.

b) **Education:** In partnership with the local community and the government education department, the Company will upgrade infrastructure of Government schools and focus on improving the learning level and all-round development of students and youth in the communities.

The Company will offer scholarships to the meritorious students from underprivileged and economically weaker communities to help them pursue higher education and job oriented technical and vocational training.

The Company will also offer scholarships to children orphaned as a result of road accidents to support their education and training.

c) **Health:** The Company will assess the health care needs of the local community and undertake projects to provide health care facilities.

### **Skill Development:**

a) **Upgradation of Government Vocational and Technical Training Institutes:** The Company will improve quality of training by upgrading infrastructure, facilitate overall development of students and staff, provide industry exposure to students and staff and offer industry oriented add-on courses in Government Industrial Training Institutes (ITIs) to make students industry ready. The Company will also upgrade ITI Teacher's Training Institute and Government Polytechnics to provide better skill training for youth.

b) **Skill enhancement in automobile trade:** The Company will enhance skills of youth studying automobile trade at Industrial Training Institutes (ITIs) and Polytechnic (government and private) to enhance their employment opportunities in automobile service workshops. The project will include upgradation of training facilities, training of trainers, provision of study material and practical training.

### **Road Safety:**

a) **Driving Training:** The Company will scale up the number of Maruti Driving Schools

The focus will also be on training the trainers to achieve higher impact in imparting quality driving training.

The Company will develop a low cost and scalable driving training and entrepreneur development model in order to

create a large pool of professionally trained drivers.

The Company will sponsor driving training of existing and new drivers from underprivileged and economically weaker sections of society to enhance their employable skills.

The Company will provide refresher training course to commercial vehicle drivers (autorickshaw, truck, bus drivers etc.) to enhance their driving skills, knowledge of traffic rules and to improve their health and safety.

The Company will especially focus on women and youth in improving their driving skills.

The Company will invest in content development, new methods of driving training, construction and development of new training facilities, improvement in existing facilities and introduction of new technologies with an objective of improve the quality of training and reduce training cost.

**b) Road Safety Education:** The Company will promote road safety among people through print, audio and visual media. The Company will design and initiate specific road safety awareness programmes for the school children, women and youth.

## CSR Budget

The Board of Company shall ensure that in each financial year, the Company spends at least 2% of the average net profit made during the immediate three preceding financial years.

The unutilized CSR budget from the 2% of the average net profit will be parked in a CSR Fund (Corpus) created by the Company. This Fund would also include any income arising there from and any surplus arising out of CSR activities. In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company. The Company may collaborate or pool resources with other companies (its subsidiary companies) to undertake CSR activities.

## Implementation

The Company's ongoing CSR projects will be aligned to the Policy. This Policy builds on the learnings and good practices of the CSR projects initiated by the Company.

The Company will enter into partnerships with the Government, business partners and communities to create multiplier effect of its social projects.

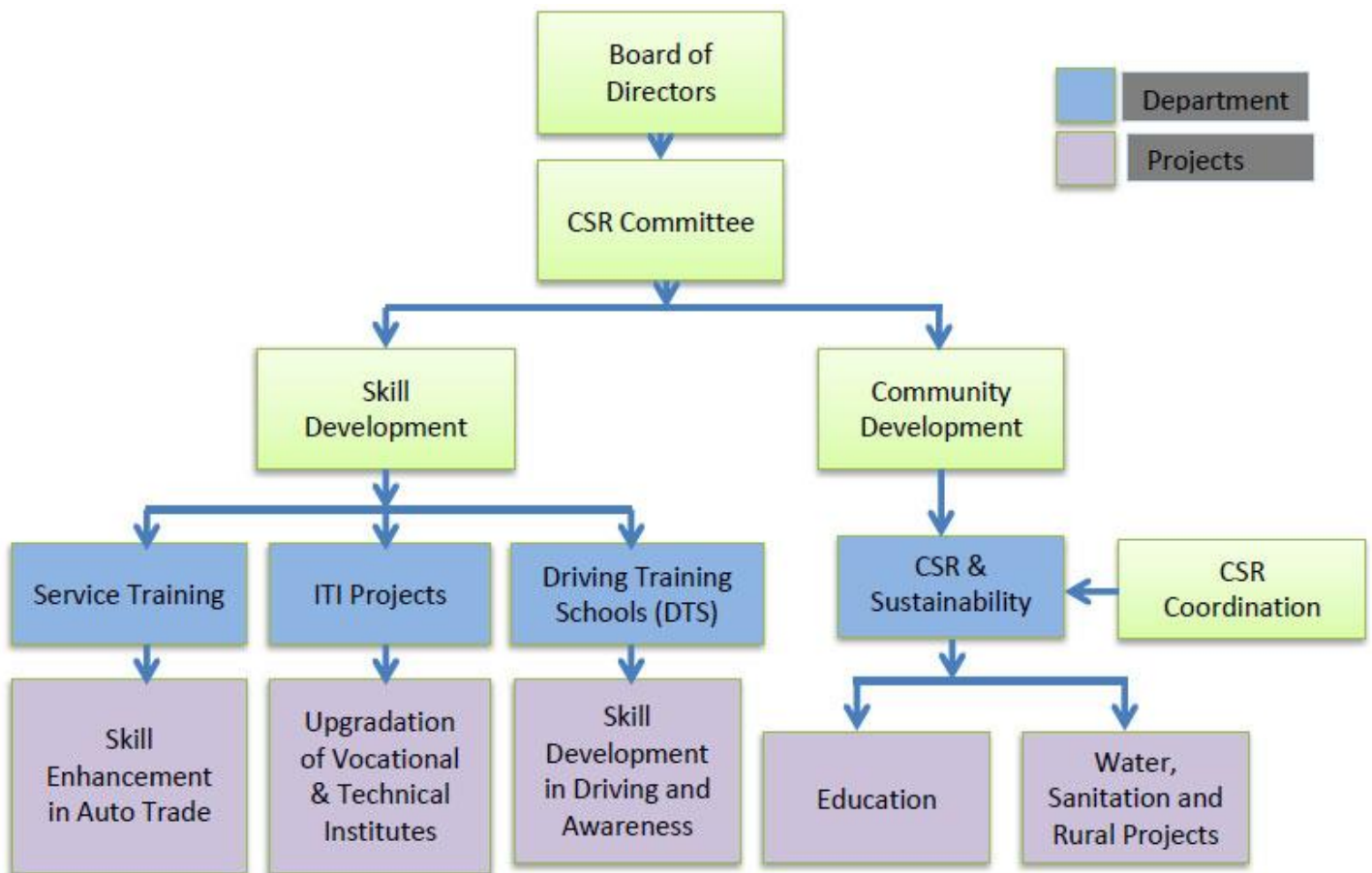
The Company has set up dedicated teams for implementation of CSR projects. The mode of implementation will include a combination of direct implementation and implementation through trust/foundation/society/section 8 companies etc. set up by the Company and partners such as NGOs, business partners, registered societies etc. The Company will select its partners after appropriate due diligence.

The Company will 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 teams responsible for implementing the various CSR projects are mentioned in the section on the Governance Structure of the Policy.

The heads of the respective teams managing CSR projects will be authorised to sign Memorandums of Understanding (MOUs)/Agreements with the implementing partners after taking approvals.

## CSR Governance Structure



## Roles and responsibilities

### The Board:

The Board of Directors of the Company will be responsible for:

- Approval of the CSR Policy of the Company.
- Disclosing the content of the Policy in its report and place the Policy on the Company's website in such a manner as prescribed under Section 135 of the Companies Act 2013 read with the CSR Rules.
- Ensuring that the social projects included in the Policy are undertaken by the Company.
- Ensuring that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years in pursuance of the Policy.
- Ensuring that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR projects.
- Ensuring that it specifies the reasons in its report for not spending the earmarked amount in case the Company fails to spend such amount.

## CSR Committee:

1. **Composition of the CSR committee:** The composition of the CSR Committee of the Board is as under.

S. No.	Name	Designation/Category	CSR Committee
1	Mr. R. C. Bhargava	Chairman/ Non-executive	Chairman
2	Mr. K. Ayukawa	Managing Director & CEO/Executive	Member
3	Mr. R. P. Singh	Independent Director	Member

The Board shall have the power to make any change(s) in the constitution of the Committee.

### 2. Responsibility of the CSR Committee:

Formulate and recommend the CSR Policy to the Board for approval. The Committee shall indicate the projects to be undertaken by the Company as specified in Schedule VII.

Monitor the Policy from time to time and recommend changes to the Board.

Recommend the amount of expenditure to be incurred on CSR projects.

Institute a transparent monitoring mechanism for ensuring implementation of the social projects undertaken by the Company.

## CSR Coordinating Team

1. **Composition of the CSR Coordinating Team:** The Company's existing CSR & Sustainability Department under Corporate Planning Division will be the CSR Coordinating Team.

### 2. Responsibility of the CSR Coordinating Team:

Act as central coordinating point for the CSR implementing departments.

Coordinate with the implementing departments for project designing in compliance with the section 135 of the Companies Act and the CSR Rules.

Plan annual budgets for CSR projects in coordination with the implementing departments and make a proposal to the CSR Committee.

Interface with various implementing departments within the Company to ensure effective implementation of CSR projects.

Report to the CSR Committee the progress on CSR projects and status of CSR expenditure half yearly.

Documentation and reporting of all CSR activities of the Company in pursuit of the Companies Act and the CSR Rules.

## Monitoring and Reporting Framework

### Project monitoring

The Company will institute a well-defined monitoring and evaluation mechanism to ensure that each social project has:

1. Clear objectives developed out of the societal needs that are determined through baselines studies and research.
2. Clear targets, time lines and measureable parameters wherever possible.
3. A progress monitoring and reporting framework that is aligned with the requirements of the section 135 of the Companies Act and the CSR Rules.

The CSR progress monitoring authorities and the frequency of review is given below.

<b>Sr. No.</b>	<b>CSR Progress Review and Monitoring Authority</b>	<b>Frequency of review</b>
1	Board of Directors	Half Yearly
2	CSR Committee	Half Yearly
3	Management	Quarterly
4	Head Corporate Planning	Monthly

### **Budget monitoring**

1. The Company will establish an accounting system to ensure project wise accounting of CSR spend.

### **Reporting framework**

1. The Company will monitor progress on CSR projects and CSR spend and report to the top management quarterly and the CSR Committee half yearly.

2. The Company will report CSR performance in its annual report as per the structure and format prescribed in the notified CSR Rules.

3. The Company will share its CSR performance with its various stakeholders through its annual Sustainability Report, media, conferences, brochures, short films etc.