

Corporate Social Responsibility Policy

Honda R&D (India) Private Limited

	CSR Policy	Enforced on	5 th Aug 2019
--	-------------------	-------------	--------------------------

(1) Background

Honda R&D India Private Limited's (the Company) strives to become a company that Society would want to exist. In pursuance of the above the Company is dedicated towards fulfilling the social objectives through various CSR activities with thrust on increased participation of Associates at all levels of the Company. The Company shall make its endeavor to positively impact and influence the Society for its sustainable development.

(2) Basis of the Policy

The Companies Act, 2013 has brought greater emphasis on CSR with rules that provide guidance on minimum CSR spend, focus areas, implementation mechanism and reporting to the shareholders of the company.

This Policy has been framed in compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

(3) Title & Scope

This Policy shall be called the 'HRID Corporate Social Responsibility Policy' (hereinafter referred to as "the CSR Policy").

The CSR Policy lays down the guidelines for undertaking socially meaningful programme for welfare and sustainable development of the community, especially in and around the areas of operations of the Company, and to provide assistance / relief to the people affected by natural disasters in any part of the Country. The CSR Policy shall apply to all CSR activities or programme undertaken by the Company in India.

(4) Responsibility of the Board of Directors

The responsibility of the Board of Directors shall be as under:

- To approve the CSR Policy & disclose the contents of such policy in its report;
- Ensure that the activities proposed in the CSR Policy are undertaken;
- Ensure that the company spends, in every financial year, at least 2% of average net profits of the company made during the 3 immediately preceding financial years, as required under Section 135 of the Companies Act, 2013 & Rules made thereunder;
- If company fails to spend the sum as mentioned above, then the Board shall, in its Report specify the reasons for not spending the amount.

(5) CSR Committee

5.1 Constitution of CSR Committee

A Corporate Social Responsibility Committee ("the CSR Committee") has been constituted by the Board of Directors to oversee the CSR agenda of the Company. The committee has been formed as per the requirements of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. Refer Annexure-01

Board of Directors shall be empowered to take decision for making or effecting changes in the constitution of the CSR Committee.

The composition of CSR Committee shall be disclosed in the Board of Directors' Report.

	CSR Policy	Enforced on	5 th Aug 2019
--	-------------------	-------------	--------------------------

5.2. Responsibilities of the CSR Committee

- a) To formulate & recommend to the Board of Directors, a CSR Policy indicating the activities to be undertaken as specified in Schedule VII of the Companies Act, 2013 and modify / amend the same as required;
- b) To review and approve annual budgets with respect to CSR programs;
- c) To develop and institutionalize a CSR reporting mechanism in light with Section 135, Rule 8 of the Companies Act 2013;
- d) To ensure that HRID corporate website (IF ANY) displays the approved CSR policy of the company
- e) To monitor the CSR Policy, Projects and Programs from time to time.

5.3. Meetings of CSR Committee

The CSR Committee shall meet at least once in six months. The meeting shall be held either at the registered office of the company or any other place, as may be decided by the members.

Physical presence of a minimum of two members of the committee shall constitute the quorum.

5.4. Notice of Meeting

Notice of the meeting shall be given as per provisions of the Companies Act 2013 and along with Secretarial Standards, specifying the day, place and timing of Meeting and the general nature of the business to be transacted there at shall be given to the members. In urgency, a meeting may be convened by shorter notice.

(6) CSR Activities

The Company is hereby devoted to direct its CSR resources, to a reasonable extent, for improving the quality of life of the people by focusing on the social causes, including but not limited to the following areas:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swacch Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, 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;

	CSR Policy	Enforced on	5 th Aug 2019
--	-------------------	-------------	--------------------------

- v. 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;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- viii. Contribution to the Prime Minister's National Relief 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, and other backward classes, minorities and women;
- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. Rural Development Projects; and
- xi. Slum area development
- xii. Activities related to promotion of road safety as suggested vide General Circular No. 21/2014 dated 18.06.2014 issued by Ministry of Corporate Affairs, or as may be notified by the Government of India from time to time.

EXCLUSIONS:

Following activities shall be excluded from the CSR expenditure:

- a) Activities which are exclusively for the benefit of employees of the company or their family members;
- b) Activities undertaken in pursuance of normal course of business of the Company;
- c) Direct or indirect contribution to political parties;
- d) Expenditure on item/s not in conformity with Schedule VII of the Companies Act 2013;
- e) Surplus arising out of CSR projects shall not form part of the business profits of Company instead the same will be further used for CSR purposes only.

(7) CSR Activities implementation

- (i) The Company may collaborate or pool resources with other companies to undertake CSR activities.
- (ii) The company may also conduct/ implement its CSR programs through Trusts, Societies, or Section 8 companies operating in India, which are not setup by the company itself.
- (iii) The Companies may build CSR capacities of their own as well as those of their implementing agencies through institutions with established track record of at least three financial years but such expenditure shall not exceed 5% of total expenditure of the company in one financial year.
- (iv) The Companies may collaborate or pool resources with other companies to undertake CSR activities and any expenditure incurred on such collaborative efforts would qualify for computing the CSR spending.

	CSR Policy	Enforced on	5 th Aug 2019
--	-------------------	-------------	--------------------------

(8) CSR Expenditure

In accordance with provisions of Section 135 of the Companies Act, 2013, in every financial year, the Company shall spend at least 2% of the average net profits of the Company made during three immediately preceding financial years. CSR expenditure shall not include expenditure not in conformity or not in line with the activities which fall within the purview of the CSR activities listed in Schedule VII to the Companies Act.

However, if the Company is not in profit situation during three immediately preceding financial years, then the Company to continue such CSR activities, as the financial situation may permit and as per approval of the CSR Committee.

(9) Monitoring Mechanism

To ensure effective implementation of the CSR activities by the Company, the CSR Committee shall review and monitor the same from time to time at its meetings. For monitoring purpose CSR committee may appoint third party expert for review and assessment of impact.

To ensure effective implementation of the CSR programme, the CSR Committee may further establish a CSR Sub-Committee comprising of members from the Top Management of the Company.

(10) Treatment of Surpluses:

Any surplus generated from CSR activities / projects undertaken will be separately tracked and channelized into CSR corpus. The surplus amount will be further used in development of the CSR projects and will not be added to the normal business profits of the Company.

(11) Review of HRID CSR Policy

The CSR Policy will be reviewed as may be recommended by the CSR Committee of the Board and may be amended from time to time.

The Company reserves the right to modify, cancel, add, or amend any of the above rules/guidelines, with the approval of CSR Committee & ratification of Board of Directors.

Any or all provisions of the CSR policy shall be subject to revision/ amendment in accordance with the guidelines on the subject as may be issued from Government of India, from time to time.

In case of doubt with regard to any of the provision of the policy and also in respect of matters not covered herein, the interpretation & decision of the CSR Committee shall be final.