
	Corporate Social Responsibility Policy	KMI – Legal – 001
	Owner : Legal Department	Revision Level – 00
	COMPLIANCE	Effective Date: 01 st April, 2019

**CORPORATE SOCIAL RESPONSIBILITY POLICY (“POLICY”) OF KIA
MOTORS INDIA PRIVATE LIMITED (“KMI”)**

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1. OBJECTIVES OF CSR POLICY

1.1 The Objective of this Policy is:

① Achieve its global vision “**Together for a better future**” in line with its 5 core values.




② To comply with Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 as may be applicable and as amended from time to time.

2. KEY STAKEHOLDERS

2.1 The Key stake holders are as follows :

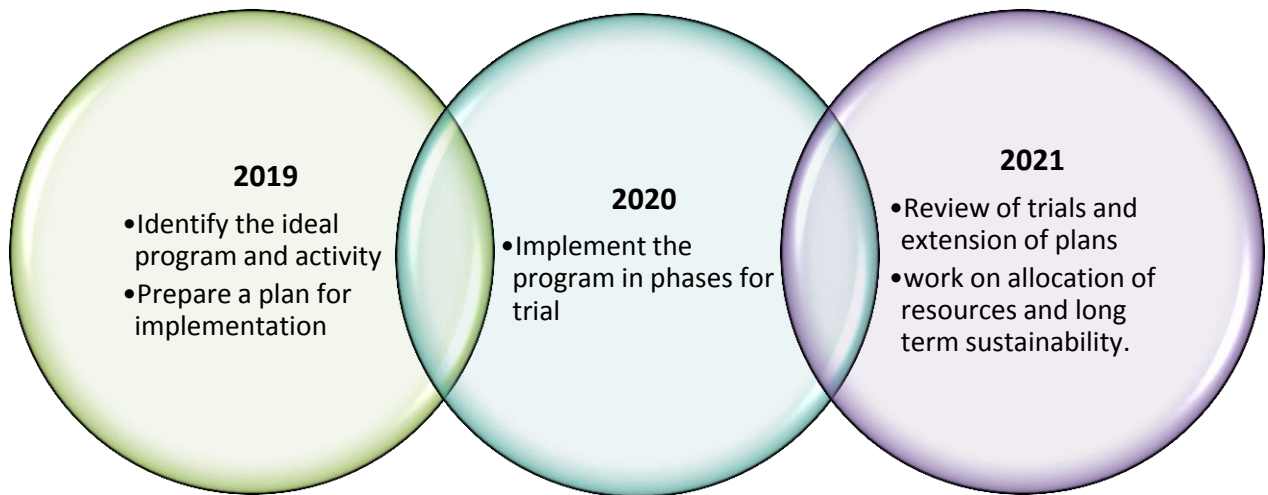


2.2 Focused CSR planning and activities specifically within Anantapur district shall be conducted for sustainable development of the backward areas in coordination with district authorities.

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3. CSR ROAD MAP

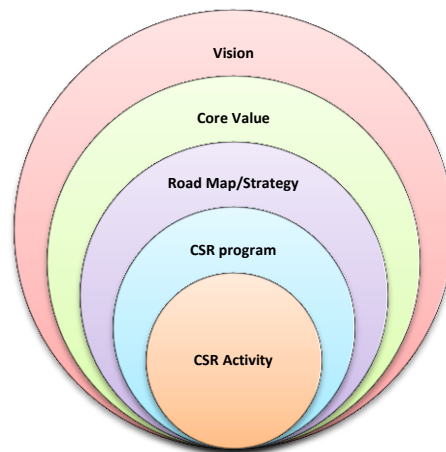
3.1 The detailed CSR Road map shall be prepared by the CSR Committee with support from Compliance Department.



4. CSR PROGRAMS


4.1 KMI shall undertake the following activities in compliance with Schedule VII of the Companies Act, 2013.

- Health and Nutrition
- Poverty
- Education
- Community empowerment



4.2 The Compliance Department shall identify key CSR programs and suggest specific activities relating to the Programs given in clause 4.1 to the CSR committee, who shall then decide and finalise the activities as it may deem fit and recommend it to the Board for approval.

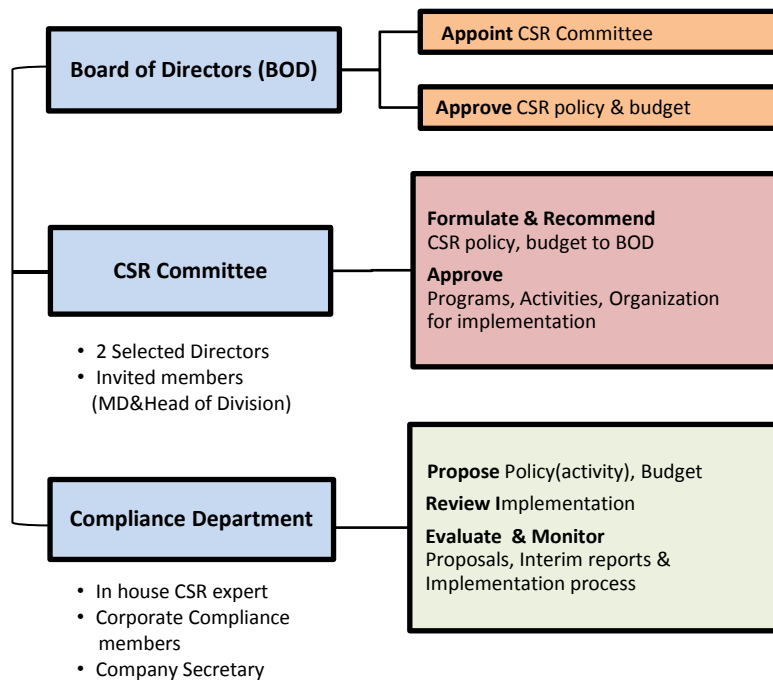
4.3 In addition to above, KMI can contribute to any fund set up by the Central Government or State government qualifying for CSR expenditure and/or providing support during natural disasters.


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5. CSR GOVERNANCE STRUCTURE

5.1 The Governance structure for CSR shall be as follows :

- ① The Board of Directors shall constitute the Corporate Social Responsibility Committee (“Committee”) and the Committee is responsible for recommendation of CSR Policy and Budget to the Board of Directors
- ② The Committee shall consist of two (2) Directors who may further invite Managing Director, all Head of Departments (HODs) and Chief Administrative Officer (CAO) to be a part of the Committee meetings and shall be assisted by the Compliance Department.
- ③ The Compliance Department shall comprise of the Head of Legal Department, Company Secretary, and a CSR resource person from legal department.
- ④ The Compliance Department shall assist & advise the committee on selection of activities and prepare a draft policy, strategy, budget/expenditure report. The Compliance Department shall also monitor and review performance of the organisation or internal team implementing the activities.
- ⑤ Based on the recommendations of the Compliance Department the Committee shall decide the activities to be undertaken, review progress, monitor and maintain a transparent monitoring mechanism, prepare an organisation for implementation of the activities and conduct impact assessment through external agencies if required.
- ⑥ The Committee shall meet bi-annually and submit a report to the Board of Directors which shall include review of the yearly plan and budget. Certain members selected by the Committee shall meet quarterly. The meetings shall be coordinated by the Compliance department who shall also prepare the minutes.
- ⑦ The Committee may invite Executives, Advisors, Senior Management, social organization representatives and other experts as it deems necessary to the Committee Meetings.



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5.2 Quorum

The requisite quorum shall constitute of 2 (two) members of the Committee to be present in person.

5.3 Notice

The notice for any meeting shall be issued by the Compliance department to the members of the Committee or any other person specifically required to be present in any meeting (including the Executives, Advisors, Senior Management, HODs and other individuals referred to above) shall be accompanied by an agenda for this meeting and shall be delivered well in advance, which in no case shall be less than 14 (fourteen) days.

6. IMPLEMENTATION OF CSR ACTIVITIES & CRITERIA FOR SELECTION OF IMPLEMENTATION PARTNER(S)


6.1 KMI can implement CSR activities on their own resources in accordance with clause 4.2.

6.2 In case KMI decides to select NGOs or other third-party non-profit organizations (“Partner Entity”) for CSR projects or programs executions and implementation, the following minimum criteria shall be ensured:

- ① The Partner Entity is a registered Society / Charitable Trust / Section 8 Company which has previously participated in and/or conducted constructive CSR activities;
- ② The Partner Entity has a permanent office / address in India;
- ③ The Partner Entity has a valid Income Tax Exemption Certificate; and
- ④ The Partner Entity has submitted a project proposal and budget which has been approved by the CSR Committee.

6.3 The following procedure shall be followed by KMI for executing CSR Projects with partner entities:

- ① The Committee shall, prior to selecting any single or multiple partner entity, request a detailed project proposal from the partner entity detailing the proposed program objectives, budget and scope of collaboration and in addition obtain a statement of activities and projects that the partner entity has previously engaged in.
- ② Upon project approval, the Committee, for every such individual program or project must formulate and issue a Memorandum of Understanding with the partner entity, enumerating the key roles and responsibilities of each of the parties.
- ③ Contributions shall be made only towards the specific projects identified by the CSR Committee and subsequently approved by the Board.
- ④ Prior to expending the contribution amount to the partner entity, be it in stages or installments as per the progress, the CSR Committee must ensure that the said entity has all the requisite approvals required under all applicable laws.
- ⑤ In addition to the above, the Committee may at its discretion, conduct preliminary due diligence exercises and assessment of partner entities based upon credentials, governance, risk, financial controls and regulatory compliances. This may involve obtaining audited financial statements, including cash flow statements within 60 (sixty) days of the end of the relevant financial year and any information which may

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affect the implementation or adversely impact the CSR Project or activities of the partner entity in general.

6.3 Infrastructure:

The basic infrastructure of the NGO should be in place which includes fixed place of operation, clearly defined staff structure including number, names, roles & responsibilities of the staff etc. involved in the project, organization's capacities, staff experience and expertise in the context of the proposed project and otherwise, geographical area covered by the organization, other projects undertaken by the Organization. NGO should disclose financial assistance received from other sources.

6.4 Credible links: NGO should, preferably, have prior experience in the proposed area of work.

- ① NGO should have an established track record of three years in any of the related development fields as mentioned in Schedule VII of The Companies Act
- ② NGO should have no conflict of interest with the government, KMI or any of KMI's shareholders

6.5 The CSR Committee may, subject to approval of the Board, engage external agencies or consultants to undertake any of the above-mentioned procedural checks to evaluate the partner entity credentials.

7. CSR BUDGET/ EXPENDITURE

7.1 For achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes, KMI shall endeavour to allocate the following as its Annual CSR Corpus:


- ① As required by Law for compliance
 - 2% of average net profits made during the 3 (three) immediately preceding financial years, as prescribed under Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and unspent amount, if any, for any financial carried forward to the next financial year;
 - Any income arising therefrom; and
 - Surplus arising out of CSR activities.
- ② As may be approved by the Board of Directors in excess of the legal requirement.

7.2 All expenditure incurred by KMI in pursuance of CSR activities shall be diligently documented as per a prescribed format or schedule mutually agreed between the Committee and the Board. It is hereby clarified that surplus arising out of CSR projects or programs shall not form part of business profits of the KMI.

8. REPORTING

8.1 An annual comprehensive CSR Report shall be included in the Directors' Board Report within the Annual Financial Report of KMI and submitted to the Board by the CSR Committee for approval.

8.2 The CSR report shall contain details of the CSR Policy, overview of programs, composition of CSR Committee, financials, programs, budget, expenditure, Partner Entity, etc

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8.3 The report shall comply with the specific requirements of Section 135 of the Companies Act, 2013 and shall be in accordance with the prescribed format as provided in Annexure titled ‘Format for the Annual Report on CSR Activities to be included in the Board’s Report’ as appended to the Companies (Corporate Social Responsibility) Rules, 2014.

8.4 The Board of Directors’ Report shall also include a Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of KMI.

9. PUBLICATION:

9.1 The CSR policy recommended by the Committee and approved by the Board shall be displayed in the Company’s website along with the Annual CSR Report for public viewing.

10. AMENDMENTS

10.1 The CSR Committee, subject to prior approval of the Board, reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Act or any law for the time being in force.

10.2 In special circumstances the committee shall have the authority to allocate unused/surplus fund to activities not covered under the list of CSR programs approved by the Board of Directors. This shall be done by way of Circular Resolution and subsequently be ratified by the Board of Directors.

11. EFFECTIVE DATE

11.1 This CSR policy will come into force with effect from 01st April, 2019.