

# Guidelines\_ Corporate Social Responsibility

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## 1. Purpose

The purpose of this policy is to define the overall framework of the Corporate Social Responsibility (CSR) at Volkswagen Finance Private Limited (VWFPL) India.

## 2. Applicability

VWFPL CSR policy has been developed in consonance to Section 135 of the Companies Act 2013 (Act) and in accordance with the rules made thereunder (Rules) including any statutory modifications made thereon.

This policy shall apply to all CSR projects/ programs undertaken by VWFPL.

## 3. Governance Structure of CSR at VWFPL

The VWFPL Board of Directors (BoD) will be responsible for identifying, monitoring and executing the CSR projects and spending.

## 4. Roles and Responsibilities of VWFPL Board of Directors

- To formulate/approve/review the CSR policy for the Company.
- To ensure that only the activities that are in areas or subject, specified in Schedule VII are undertaken.
- To approve the CSR Budget in line with regulations.
- To ensure that funds committed by the company for CSR activities are utilized effectively and monitored regularly.
- To ensure that the reasons for any under spending and / or not spending of the allocated CSR budget are explained in the Directors Report.
- To ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- To ensure that any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the

Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year

- To ensure that CSR activities are undertaken by entities registered with Central Government Monitor the implementation of the ongoing project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –
  - (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
  - (ii) the Board of the company shall pass a resolution to that effect.

Based on the regulations laid out by the Companies Act 2013 and the rules framed thereunder the VWFPL BoD shall:

1. Formulate an annual action plan in pursuance of its CSR policy which shall include the following, namely: -
  - (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
  - (c) the modalities of utilization of funds and implementation schedules for the projects or programmes;
  - (d) monitoring and reporting mechanism for the projects or programmes; and
  - (e) details of need and impact assessment, if any, for the projects undertaken by the company;
2. approve the amount of expenditure to be incurred on the activities referred in Schedule VII
3. monitor the Corporate Social Responsibility Policy of the company from time to time.

The VWFPL BoD may alter such plan at any time during the financial year, based on the reasonable justification to that effect.

## 5. Duties of the VWFPL BoD

- The VWFPL BoD shall consider any matters relating to the social, charitable, community and educational activities, expenditures and related publications of the Company and its subsidiary companies that it determines to be desirable.
- The duties of the VWFPL BoD are as follows:
  - i. To maintain the Company's CSR policy framework as per the statute;
  - ii. To approve an Annual Budget for CSR activities as part of the overall budget process;
  - iii. To prepare the Annual Corporate CSR Report and ensure that it is a fair reflection of the Company's CSR approach, policies, systems and performance, is coherent and published in a timely manner;
  - iv. To review the internal CSR programme of the Company, ensure co-ordination between internal and external activities and ensure that the internal CSR function is adequately resourced and has appropriate standing within the Company;

- v. To retain / hire outside consultants, if required; and
  - vi. To consider any other matters as specified under the Companies Act, 2013 along with rules made thereunder.
- The VWFPL BoD shall have the authority to investigate any matter and to seek any information it requires from any officer or employee and such officers or employees and respond to such enquiries in a timely manner and to co-operate with the VWFPL BoD. The VWFPL BoD is authorised to take such independent professional advice (including legal advice) and to secure the attendance of outsiders with relevant expertise or experience as it considers necessary.

## 6. Other Matters

The VWFPL BoD shall:

- have access to sufficient resources in order to carry out its duties;
- give due consideration to the relevant laws and regulations as appropriate.

### 6.1 Modification(s) in the Policy

Any voluntary modifications in this policy shall be made subject to prior approval of the Board of Directors of the Company. In the event of any conflict between the provisions of this Policy and of the Act or any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over this Policy. Any modification in the Policy on account of regulatory amendment to be approved by both the Managing Directors of the Company and placed before the Board for Noting.