

POLICY ON CORPORATE SOCIAL RESPONSIBILITY

Ford Credit India Private Limited

1. Background

Ford Motor Credit Company is a leading automotive finance company and has provided dealer and customer financing to support the sale of Ford Motor Company products since 1959. Ford Credit has more than five decades of global experience in automotive financing and has started operations in India in the year 2015 in the name of Ford Credit India Private Limited (hereinafter “FCIPL”).

FCIPL is a subsidiary of Ford Motor Credit Company, Ford Motor Company’s global financing subsidiary. FCIPL was incorporated under the Companies Act, 1956 and registered as a Non-Banking Finance Company with Reserve Bank of India.

2. Title and Applicability

FCIPL has developed its Corporate Social Responsibility Policy (“Policy”) in accordance with Section 135 of the Companies Act, 2013, and rules made thereunder.

3. Objectives of the CSR Policy

The Policy applies to all CSR programmes of FCIPL to create a unified approach amongst all Ford locations and to implement strategic, long-term initiatives under Operation Good Will / Better World.

4. Policy Statement

4.1 Vision

In keeping with founder Henry Ford’s vision, FCIPL aims to create a Better World for future generations through education and empowerment.

Corporate responsibility at FCIPL is not limited to financing alone, but also extends to engaging responsibly with employees, customers and other stakeholders.

FCIPL’s CSR programmes are in accordance with Schedule VII of the Companies Act 2013, with special emphases on education, sustainability, auto safety and local priorities, such as health care and women’s empowerment.

4.2 Outlay

In line with the Companies Act 2013, FCIPL will contribute towards CSR initiatives at least 2% of its average net profits of the immediately preceding three financial years. For this purpose, “net profit” and “average net profit” shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.

Any surplus resulting from FCIPL's CSR projects will not be counted as business profits. FCIPL may collaborate or pool resources with other companies to perform CSR activities.

4.3 Focus Areas

In accordance with the guidelines of the Ford Motor Company Fund & Community Services, FCIPL to support a broad range of CSR initiatives to improve the quality of life in the communities in India in which it operates.

5. Governance Structure and Cadence

5.1 Board of Directors

The Board of Directors of FCIPL is responsible for:

- a. Approving FCIPL's CSR Policy;
- b. Disclosing the FCIPL CSR Policy on the FCIPL's website, as prescribed in Section 135 of the Companies Act, 2013, read with the CSR Rules;
- c. Ensuring that the projects included in FCIPL's CSR Policy are undertaken by FCIPL;
- d. Ensuring that FCIPL spends, in every financial year, at least 2% of its average net profits made during the three immediately preceding financial years as required by the Companies Act, 2013;
- e. Ensuring that FCIPL also gives preference to the local areas around its business operations; and
- f. Ensuring that it explains in the Directors' Report reasons for not spending the earmarked amount, if FCIPL fails to spend the entire amount.

5.2 CSR Committee of Board of Directors of FCIPL

The Committee members of CSR shall be designated by the Board of Directors of FCIPL.

5.3 Responsibilities of the CSR Committee of Board of Directors of FCIPL

- a. Formulating and recommending the CSR Policy to the Board for approval;
- b. Describing the projects to be undertaken by FCIPL as specified in Schedule VII of the Companies Act, 2013;
- c. Monitoring the CSR Policy from time to time and recommending changes to the Board;
- d. Recommending the amounts to be spent on each CSR project;
- e. Instituting a transparent monitoring mechanism for ensuring implementation of the social projects undertaken by FCIPL;
- f. To form the CSR working committee, as and when the requirement arises for undertaking CSR activities.

5.4 Monitoring and Reporting Framework

The committee has to ensure that each social project has;

- a. clear objectives based on societal needs as determined through baseline studies and research;
- b. clear targets, time lines and measureable outcomes where possible; and
- c. a framework for monitoring and reporting on progress aligned with the requirements of the Section 135 of the Companies Act 2013 and its CSR Rules.

| CSR Progress Review and Monitoring Authority | Frequency of Review |
|---|----------------------------|
| Board of Directors | Annually |
| CSR Committee of Board of Directors | Annually |

5.5 Reporting Framework

CSR Committee will monitor progress on CSR projects and CSR spending and report to the Board of Directors on annual basis.

FCIPL will report CSR performance in its annual report in the structure and format prescribed in the CSR Rules of the Companies Act, 2013.