

Corporate Social Responsibility
Policy of
M/s Hughes Systique Private Limited
Adopted on: July 02nd, 2021

HUGHES SYSTIQUE PRIVATE LIMITED – CSR POLICY

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HUGHES SYSTIQUE PRIVATE LIMITED – CSR POLICY

1.0 Preamble

The Corporate Social Responsibility Policy (“The Policy”) of Hughes Systique Private Limited (hereinafter referred as ‘Hughes Systique’) means a statement containing the approach and direction given by the board of a company, considering the recommendations of its CSR Committee, and includes guiding principles for selection, implementation, and monitoring of activities as well as formulation of the annual action plan.

The CSR Policy provides a framework for establishing a process for allocation, distribution and spending of funds for the purpose of making an impact to the community in the locations that Hughes Systique has offices. Hughes Systique has been extending social services and making charitable spends over the past years, however, with the advent of new Companies Act, 2013 (“Companies Act”), it is prudent that a proper framework be put in place for various activities that would qualify as Corporate Social Responsibility (CSR) initiatives by Hughes Systique and which is in accordance with requirement of the Companies Act, 2013.

Therefore, the CSR activities of Hughes Systique also need to be aligned with the requirements of the provisions under Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended time to time and the activities enlisted in clause 7 hereto and as may be amended from time to time.

2.0 Vision Statement & Objective

Hughes Systique recognizes its social responsibility as an integral part of its corporate citizenship. Driven by its value system, it commits to support and nurture societies through innovative solutions to satisfy evolving needs of the society. It strives to foster a socially responsible corporate culture by introducing a balanced approach to business by addressing social and environmental challenges through required investments, necessary resource allocation and stakeholder engagements.

The core areas for Hughes Systique CSR programs are Healthcare, Quality Education, Sustainable Livelihood, Skill and Infrastructure Development, Women empowerment, health & rehabilitation, and Social Change as all these areas are vital preconditions for promoting social good. Concern for the environment is in line with our belief that this global cause demands our attention to ensure a sustainable and productive planet. These themes are established centrally for adoption or adaptation across all geographies. Our Corporate Social Responsibility policy conforms to the Corporate Social Responsibility as stipulated in Section 135 of the Companies Act, 2013 and rules made thereunder.

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3.0 CSR Committee and its functions

The Board shall constitute a CSR Committee, in accordance with the provisions of Section 135 of the Companies Act 2013 and rules made there under, as amended from time to time.

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy and the provisions made in this respect.

The CSR Committee shall carry out the following functions in addition to the afore mentioned ones:

- a) to frame rules, policies, disclosures as may be required to comply with the provisions of Companies Act, 2013 read with the applicable schedule, rules and notifications issued by the Ministry of Corporate Affairs (MCA) from time to time;
- b) Recommend CSR activities as stated under Schedule VII of the Act;
- c) Approve to undertake CSR activities in collaboration with HUGHES Group companies or independently by the Company/ other Companies/firms/NGOs etc. and to separately report the same in accordance with the CSR Rules;
- d) Recommend, allocate and approve the CSR Budget and the amount as required on the activities referred as per the CSR policy and in accordance with the Companies Act 2013;
- e) Undertake one or more CSR initiatives in any financial year. In the event the Company undertakes more than one CSR initiatives, it may allocate separate projects to be undertaken at separate locations.
- f) Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules.
- g) Create transparent monitoring mechanism for implementation of CSR Initiatives in India.
- h) Submit the Reports to the Board in respect of the CSR activities undertaken by the Company.
- i) Authorize officials of the Company to implement, project milestone and goals, monitor the CSR policy, plan for risk mitigation strategies, and spend the allocated amount.
- j) Authorize executives of the Company to attend the CSR Committee Meetings.
- k) To recommend the expenditure to be incurred on CSR activities.
- l) To monitor the CSR activities regularly.

4.0 Frequency of the Meetings of the CSR Committee

The CSR Committee shall meet at least once in every financial year. The members of the CSR Committee can mutually agree the time and place for the said meetings. Quorum for the meeting should be two. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means in accordance with the provisions of the Companies Act, 2013 and rules made there under from time to time.

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5.0 Planning

The Committee shall plan and implement the CSR activities in and around the location where Hughes Systique has offices. The CSR activities plan shall include the following:

- a. Allocation of CSR budget as per the applicable guidelines under the Companies Act.
- b. Evaluate the available budget and the intended CSR activities it is desirous of undertaking and identify CSR initiatives it desires to undertake accordingly.
- c. Prepare implementation schedule for each CSR activity identified. The implementation schedule shall include the project initiation date and end date, the impact that Hughes Systique would achieve and the amount that would be spend out of the CSR budget on each such project. If the Committee is unable to spend any amount out of the total allocated budget, it needs to provide reasons for the same.
- d. Tailor-made CSR projects depending upon allocated spend and geographical presence.
- e. Partnering agencies/companies/firms.
- f. Process Owners.
- g. Project Proposals.
- h. Targeted Beneficiaries & their key needs.
- i. Alignment with Schedule VII.
- j. Project Goals and milestones.
- k. Activities and Timelines including expected closure dates.
- l. CSR Budget with projections.
- m. Monitoring mechanism.
- n. Progress reporting and frequency of reports.
- o. Risks and mitigation strategies.
- p. Any other information as may be required by the CSR Committee.

6.0 Selection and Implementation Structure

- a) The CSR activities shall be undertaken either directly or through:
 - (i) A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or;
 - (ii) A company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
 - (iii) Any entity established under an Act of Parliament or a State legislature; or
 - (iv) A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

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- b) Company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR
- c) A company may also collaborate with other companies for undertaking projects or programmes or CSR activities and the CSR committees of respective companies shall report separately on such projects or programmes in accordance of the CSR Rules.
- d) In case of ongoing project (Multi-year projects), the Board shall monitor the implementation of the 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.
“Ongoing Project” means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.
- e) The administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year to which it relates.
- f) 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; 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.
- g) Where a company spends an amount in excess of the obligation to spend, such excess amount may be set off against the requirement to spend up to immediate succeeding three financial years subject to the conditions that;
- a) The excess amount available for set off shall not include the surplus arising out of the CSR activities.
 - b) The Board of the company shall pass a resolution to that effect.
- h) The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –
- a) A company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
 - b) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - c) A public authority.

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6.1 Guiding principles for the selection, implementation and monitoring of the CSR activities

The guiding principles for the selection of the CSR activities are:

- a) Sector wise selection principles:
 - ✓ Relating to 'Promotion of Education';
 - ✓ Promotion of health care including preventive health care; and
 - ✓ Conservation of Natural resources.

- b) Location wise selection principles:
 - ✓ The Board shall plan and implement the CSR activities in and around the location/s where the Company has its operations, including the places where the Company has its offices / projects / plants / establishments. The CSR projects and activities shall be undertaken in India only.

The guiding principles for the implementation, execution and utilisation of the CSR activities are:

- a) Preparation of an Implementation Schedule:
 - Preparation of an implementation schedule for each CSR activity identified. The implementation schedule shall include the project initiation date and the end date, the impact that the Company would achieve and the amount that would be spend out of the CSR budget on each such project. If the Company is unable to spend any amount out of the total allocated budget, the reasons should be stated in the Schedule.

7.0 List of CSR Projects to be undertaken in line with Schedule VII of the Companies Act, 2013

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| 1. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and differently abled and livelihood enhancement projects. |
| 2. Eradicating hunger, poverty, and malnutrition, promoting health care including preventive healthcare and sanitation including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water. |

The Company will review the sectors from time to time and make additions/deletions/clarifications to the above sectors.

8.0 The expenditure outside the purview of the CSR expenditure in accordance with the provisions of the Companies Act 2013

- a) The Company shall not contribute any amount directly or indirectly to any political party;

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- b) CSR activities shall not include the activities undertaken in pursuance of normal course of business of the company;
- c) CSR activities shall not include the projects or programs or activities undertaken to benefit only the employees of the Company and their families;
- d) Any activity undertaken by the Company outside India;
- e) Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services;
- f) Activities carried out for fulfillment of any other statutory obligations under any law in force in India;

9.0 Monitoring Mechanism

Each of the CSR projects and programs would have clearly defined output, outcome and process indicators which will have to be reported on at specific frequencies. All programs & projects will be monitored by the CSR Committee / authorized officials, based on these reports and regular field visits. The monitoring process will cover both program and financial reviews. The CSR Committee will receive half yearly/ yearly progress reports of all CSR activities of the Company. Any other measures as advised by CSR Committee for monitoring the projects/ programs from time to time.

10.0 Annual Spend

At least two percent in every financial year, of the average net profits of the Company made during the three immediately preceding financial years shall form the funds available for implementation of CSR projects.

11.0 Reporting and Disclosures

The progress report of the activities undertaken by Hughes Systique under the CSR initiatives shall be reported in the Annual Report in specification with the provisions of Companies Act 2013; as may be amended from time to time, by the Board of Directors in consultation with the CSR Committee.

12.0 Communication

As per the CSR Rules, the contents of the CSR Policy shall be included in the Directors' Report and the same shall be displayed on the Company's website, if any.

13.0 Annual Action Plan

The CSR Committee shall formulate and recommend to the Board, 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;

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- c) the modalities of utilisation 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.

Provided that Board may alter such plan at any time during the financial year to align the expenditure, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

The execution, modalities of utilization of funds and the implementation schedules of the Annual Action Plan shall be in accordance with the 'Guiding principles for the implementation, execution and utilization of the CSR activities' as enlisted in this Policy.

A specific budget shall be allocated by the Board for the CSR activities and spending on the CSR activities shall be as per the provisions of the Section 135 of the Companies Act 2013 along with its applicable rules, as may be modified from time to time.

14.0 Policy Review & Future Amendment

The Committee shall annually review its CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board.