

Corporate Social Responsibility Policy Of Hubergroup India Private Limited

Introduction

The Companies Act, 2013 (hereinafter referred to as “the Act”) under Section 135 has introduced the concept of Corporate Social Responsibility (CSR). It mandates qualifying companies to formulate a CSR Policy and to constitute a CSR Committee to effectively monitor CSR Activities of the Company.

Further the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended (hereinafter referred to as “CSR Rules”) lays down the framework and modalities of carrying out the CSR Projects and programs relating to activities specified in Schedule VII of the Act.

As per the Act and CSR Rules, all qualifying companies requires to spend at least 2% of its average net profits made during the three immediately preceding financial years. Hubergroup India Private Limited (hereinafter referred to as “the Company”) is also covered under the preview of the said provisions.

This policy would be governed by various applicable provisions of the Act and CSR Rules, for the time being in force.

Objective & philosophy

The objective of the CSR Policy is to lay down guidelines for the Company to make CSR activities for making a positive contribution to society through sustainable programs.

The Company is committed to make contribution to the society where we live and work and aspires to continue its tradition of contributing to and investing in communities around its manufacturing facilities. So, the Company intends to take CSR activities which have a lasting impact on the economic and social conditions of local people. All CSR Activities, initiatives, projects and programs should always in promotion of activities specified in Schedule VII of the Act, read with Section 135 of the Act.

This Policy covers current as well as proposed CSR activities to be undertaken by the Company and observing their alignment with Schedule VII of the Act as amended from time to time. It covers the CSR activities which are being carried out in India and includes strategy that defines plans for future CSR activities.

The Company proposes to implement its CSR activities in any of the sectors specified Schedule VII of the Act and as decided by the CSR Committee and accordingly identify CSR Projects and design CSR programs.

Governance Mechanism;

We follow structured governance procedures to monitor CSR activities. Our CSR Policy is governed by the Board of Directors of the Company. The Board has constituted a CSR Committee of three directors to monitor the Policy and the programmes from time to time.

Board of Directors

- The Board monitors and reviews the performance and impact of the CSR programmes, provides input and course corrections if required and satisfies itself that the CSR funds so disbursed are aligned to the CSR Policy of the Company and have been utilized for the purposes and in the manner as approved by it.
- The CFO shall certify to the fact that CSR funds so disbursed have been utilised for the purposes and in the manner approved by the Board.

CSR Committee

The CSR Committee provides oversight and guidance on CSR performance and monitors compliance with the CSR Policy, commitments and the applicable CSR provisions. The role & responsibilities of CSR Committee shall be as set out in the Act and the terms of reference of CSR Committee.

Pursuant to the provisions of Section 135 of the Act, the Board of Directors of the Company (hereinafter referred to as “the Board”) have constituted the CSR Committee comprising of following members of the Board as member of CSR Committee;

1. Mr. Heiner Klokkers
2. Mr. Suresh Kalra

The Board shall have exclusive power to appoint / remove any member of the CSR Committee.

⇒ **The CSR Committee will inter alia perform the following activities:**

- i) Formation of CSR Policy and recommend the same to the Board for approval.
- ii) Recommendation on CSR Activities in line with the Schedule VII of the Act.
- iii) Recommendation on CSR Expenditure / Budget.
- iv) Formulate and recommend to the Board, an **annual action plan** in pursuance of CSR policy, which shall include the following:
 - List of CSR projects or programmes
 - The manner of execution of such projects or programmes
 - The modalities of utilisation of funds and implementation schedules
 - Monitoring and reporting mechanism
 - Details of need and impact assessment, if any with reasonable justification the Board may alter action plan.
- i) Monitor CSR Policy and annual action plan.
- ii) Monitor spending of allocated CSR Amount, approved by the Board, on CSR Activities in accordance with the Act and CSR Rules.
- iii) Submit periodic report to the Board in respect of the CSR Activities of the Company.
- iv) Ensure compliance of the Act, CSR Rules and related notifications.
- v) Appraise the Board regarding any non-compliance of the Act, CSR Rules and related notifications.
- vi) Delegate power to any executive of the Company.
- vii) Any other activity assigned by the Board

⇒ **CSR Committee meetings:**

The CSR Committee shall meet as and when required.

Members of the CSR Committee can agree upon mutually regarding time and place for the said meetings. Quorum for the meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.

Minutes of the CSR Committee shall be placed before the Board for noting.

CSR Obligations, Projects & Programmes, Selection, Implementation & Monitoring;

CSR Obligations

In accordance with Section 135(5) of the Companies Act, 2013 (the Act), Company is committed to spend 2% of its average net profits made during the three immediately preceding financial years in some of the identified activities that are listed in Schedule VII (as amended) to the Act. This will include the spends through activities undertaken by company or through the implementation agencies like NGOs and government authorities, to further community development initiatives. Such CSR expenditure shall also include all direct and indirect expenditure incurred towards CSR programs as may be admissible under the regulatory framework. The overall amount to be committed towards CSR will be approved by the Board of Directors as a part of its Annual Action Plan. If company spends any amount over and above such 2% of average net profits, the same is to be considered as excess CSR expenditure which can be set-off in the immediate succeeding three financial years subject to the conditions as prescribed under the Act.

In order to compute whether company has under spent or over spent, the project cost and administrative overheads not exceeding 5% of the total CSR expenditure of the Company for the financial year shall be consider.

CSR Projects and Programmes

The Company understands that being part of the society, it is moral responsibility of the Company to aid and serve the society to the maximum possible extend.

There are several ways to serve the society and the Company believe that the education & health care is one of the basic requirements of every citizen of the country. For this, the CSR committee would focus on the projects and programs specified under schedule VII of the Companies Act, 2013 with main focus of promoting education and Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care.

However, the CSR Committee may decide to implement CSR activities in any of the sectors specified Schedule VII of the Act and accordingly identify CSR Projects and design CSR programs.

Selection

The CSR activities can be undertaken either directly or through an implementing agency. The Implementing Agency should meet the statutory eligibility criteria laid down under the Companies Act, 2013. Additionally, the Company shall conduct appropriate due diligence of the implementation agency before associating the agency. Such due diligence shall inter alia cover aspects of financial position of the agency, credibility, history and experience in the relevant area, any potential conflict of interest and existing and past litigations.

The Company may collaborate with any Affiliates and / or subsidiaries of the Company as may be approved by CSR Committee to implement its CSR activities.

The Company may form trust on its own to carry out CSR activities in accordance with the CSR Rules and to administer its CSR activities.

The Company may also collaborate for its CSR activities with any other Company / Trust / Non-government Organisation (NGO) as may be eligible and approved by the CSR Committee and the Board.

Implementation and Monitoring

The CSR activities undertaken by the Company either directly or through an implementing agency shall be periodically monitor including their compliance related to CSR. While monitoring, the Company shall ensure the Implementing Agency or the vendor, follow ethical practices and endeavour to ensure all payments made to the Implementing Agency or the vendor to be milestone based. The Monitoring process adopted by the Company may include obtaining of reports of different kind, self-declaration, On-site visit, etc.

All employees of the Company entrusted with the responsibility to monitor the CSR Activities and representatives of entities with which the Company decides to collaborate for fulfilling its CSR obligations, will be responsible to ensure effective implementation and monitoring of the projects approved by the CSR Committee. And also responsible to submit periodic reports to the CSR Committee of the Company on the progress of the various projects approved by the Committee.

The impact assessment shall be conduct for eligible CSR projects or programs as mentioned under the Act. Company can book impact assessment expenditure towards CSR for that financial year not exceeding 5% of the total CSR expenditure for that financial year or Rs.50 lakhs whichever is less.

Annual Action Plan

All the guiding principles as required to be follow for implementing and monitoring the CSR Activities It also shall be follow while formulating the Annual Action Plan. The Annual Action plan shall be simple, action oriented, measurable and relevant & time bound.

CSR Expenditure

The Act mandates companies meeting the qualification criteria to allocate certain portion of its annual net profits (before tax) during the three immediately preceding financial years to be spent on CSR Activities that fall under purview of Schedule VII of the Act.

⇒ CSR Expenditure:

Net profit means profit more fully described under Rule 2(f) of the CSR Rules. The CSR expenditure shall include all expenditure including contribution to corpus or on projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities stated under Schedule VII of the Act.

Excess CSR spends shall be Set-off of against CSR expenditure up to immediate succeeding three FY CSR obligation. Whereas, for *surplus arising from CSR activities, Set-off is not available.* (the Board of the company shall pass a resolution to that effect.)

Surplus from CSR projects may be generated in various forms, for e.g. interest on temporarily parked funds, revenue received from the completed CSR projects, etc. The said surplus arising out of CSR activities has to be utilised for CSR activities only. Such expenditure can't be set off against future CSR expenditure.

Surplus from CSR shall be ploughed back into the same project or transferred to the **Unspent CSR Account** or Transfer to a Fund specified in Schedule VII, within **6 months** of end of financial year.

⇒ **Expenditure on CSR capabilities**

The Company may build CSR capabilities of their own personnel as well as of their Implementing Agencies and such expenditure shall not exceed 5% of the total CSR spend of the Company as stated in CSR Rules from time to time. Determination of whether a particular expenses fall within this 5% cap can be decided in consultation of the Chief Financial Officer of the Company based on the clarification available from time to time in this regard.

Administrative overheads shall not exceed **5% total CSR expenditure** for financial year.

⇒ **Failure to spend the CSR Money**

In case the Company fails to spend the above targeted amount in that particular financial year, the Committee shall submit a report in writing to the Board specifying the reasons for not spending the amount which in turn shall be reported by the Board in the Directors' Report for that particular Financial Year. Surplus arising out of the CSR initiatives shall not form part of the business profits of the Company.

Unspent CSR for no ongoing project shall be transferred to a Fund specified in Schedule VII, within **6 months** of end of financial year.

Unspent CSR for Ongoing project shall be transfer to unspent CSR Account for the relevant financial year within 30 days from the end of the financial year.

Publication

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.

Amendments

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.