



CORPORATE SOCIAL RESPONSIBILITY POLICY OF AIR WORKS INDIA (ENGINEERING) PVT. LTD.

I. Preamble

Air Works India (Engineering) Pvt. Ltd. ('the Company') has adopted the Corporate Social Responsibility Policy ('CSR Policy') in alignment with its objective, principles and values, delineating its responsibility as a socially and environmentally responsible corporate citizen.

This CSR Policy ('Policy') lays down the principles and guidance mechanism for undertaking and implementing CSR activities and monitoring the progress thereof in conformity with the requirements laid down under the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Ministry of Corporate Affairs ('MCA'), Government of India under Section 135 of the Companies Act, 2013 which was approved by the Board of Directors on 28th January 2016.

Further, in view of the amendment made pursuant to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ('CSR Rules'), the CSR Policy has been revised and approved by the Board of Directors on 24th March 2021.

II. Definitions

In this Policy, unless the context otherwise requires:

- (a) 'Act' means Companies Act, 2013;
- (b) 'Administrative Overheads' means the expenses incurred by the Company for 'general management and administration of Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- (c) 'Corporate Social Responsibility ('CSR')' means Corporate Social Responsibility as described in Section 135 of the Companies Act, 2013 and defined in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021;
- (d) 'International Organization' means an organization notified by the Central Government as an international organization under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;
- (e) 'Net Profit' means net profit as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021;
- (f) '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.

Words and expressions used in this CSR policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

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III. Scope

The Company will endeavor to spend the amount allocated as CSR expenditure on projects or programs or activities (either new or ongoing) carrying out any one or more of the following activities:

- (a) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water.
- (b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- (c) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- (d) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- (e) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional and handicrafts.
- (f) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- (g) Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.
- (h) Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other approved Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- (i) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- (j) Rural development projects.
- (k) Slum area development.
Explanation: For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
- (l) Disaster management, including relief, rehabilitation and reconstruction activities including carrying out awareness campaigns, programmes or public outreach campaign on COVID 19 programme.

The above CSR activities are illustrative and are not exhaustive. Further programs and/or activities can be identified through review, evaluation and assessment by the CSR Committee from time to time.

These CSR activities would specifically exclude activities undertaken in pursuance of the Company's normal course of business.

IV. General Guidelines for Project Selection

The Company shall give preference to the local areas and the areas around where it operates for spending the amount earmarked for CSR activities.

Initial Screening: concerned officers of the Company will do an initial screening to establish minimum track record, general reputation, compliance status and alignment of a project to this policy and other internal policies and controls of the Company.

The project selection criteria should include community impact, financial need, alignment of organization, management capability, Innovative solutions, measurable results, sustainability and clear exit.

Referral to the CSR Committee: once the initial checks are positive, the proposal will be referred to the CSR Committee for its recommendation.

V. Manner of implementation of CSR activities

The Company shall ensure that CSR activities are undertaken by the Company itself or through the following Implementing Agencies:

- (a) 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 (43 of 1961), established by the company, either singly or along with any other company, or
- (b) 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
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) 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.

The Company may also engage International Organizations for designing, monitoring and evaluation of the CSR projects or programs as per the Policy as well as for capacity building of the personnel for CSR.

With effect from 1st April 2021, the above stated Implementing Agencies should be registered with the Central Government as per the applicable CSR Rules.

The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with the Act and its applicable rules.

VI. Monitoring and Surveillance

- (a) The CSR Committee of the Board of Directors shall be responsible for executing and monitoring the CSR activities, for review of the Policy and the implementation of the same.

- (b) In case of Ongoing Projects, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall make modifications, if any, for smooth implementation of the project.
- (c) The CSR expenditure and reports regarding physical and financial progress of the projects undertaken shall be bound for review at intervals of not more than 6 months by the Board of Directors of the Company.
- (d) An annual report on CSR shall form part of the Director's Report of every financial year containing particulars specified in Annexure II of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended.

VII. Annual Action Plan

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of this Policy, which shall include the following:

- (a) List of CSR projects or programs and manner of its execution.
- (b) Modalities of utilization of funds and implementation schedules for the projects or programs.
- (c) Monitoring and reporting mechanism.
- (d) Details of need and impact assessment as per CSR Rules, if any, for the projects undertaken by the Company.

VIII. Annual spends and allocation of funds

- (a) The Company will, in every financial year, endeavor to spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years or such other amount as may be required to be spent in terms of the provisions of the Act, as amended from time to time.
- (b) The "average net profit" as mentioned above will be calculated in accordance with the provisions of Section 198 of the Act.
- (c) The surplus arising out of the CSR programs or projects shall not form part of the business profits of the Company and shall be ploughed back into the same project or shall be transferred to Unspent Corporate Social Responsibility Account and spent as per this Policy or transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of 6 months from the expiry of financial year.
- (d) The Company may build CSR capacities of its personnel as well as those of its Implementing Agencies through institutions with established track records of at least three financial years but such expenditure (including expenditure on Administrative Overheads) shall not exceed 5% of total CSR expenditure of the Company in one financial year.
- (e) The Company undertaking impact assessment may book expenditure towards CSR for that financial year, which shall not exceed 5% of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.
- (f) The CSR projects or programs or activities undertaken in India only would amount to CSR expenditure.
- (g) Any CSR amount remaining unspent pursuant to any Ongoing Project shall be transferred by the Company within 30 days from the end of financial year to Unspent Corporate Social Responsibility Account to be opened by the Company in any scheduled bank. Such amount shall be spent by the Company within 3 financial year, failing which, the unspent amount shall be transferred to a Fund specified in Schedule VII of the Act within 30 days from the date of completion of third financial year.

- (h) Unspent CSR amount, other than amount which relates to Ongoing Project, in any financial year shall be transferred to a Fund specified in Schedule VII of the Act within 6 months from the end of financial year.
- (i) If the Company spends an amount in excess of its CSR budget in any year, such excess amount can be carried forward and shall be set off against CSR obligation for immediately succeeding 3 financial years.
- (j) However, if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.

IX. Governance Structure

A robust and transparent governance structure to oversee the implementation of the Policy, in compliance with the requirements of Section 135 of the Act has been put in place. The Company's CSR governance structure will be headed by the CSR Committee and this Committee will be ultimately responsible for CSR projects undertaken/ to be undertaken. This Committee will report to the Board of Directors of the Company.

Following are members of the CSR Committee¹:

- (i) Lt. Gen. Ajay Kumar Singh (Retd.)
- (ii) Dr. Haseeb Ahmad Drabu
- (iii) Mr. Anand Bhaskar Dhanyamraju
- (iv) Mr. Ravi S. Menon

Physical meetings of this Committee may be held, if required by the Chairman of the Committee. The quorum for such meetings shall be 1/3rd of its total strength or 2 members personally present, whichever is higher. In accordance with the provisions of the Companies Act, 2013 and the Rules and Regulations made thereunder, the Committee members may pass Resolutions by Circulation or hold its meetings through video conferencing or other audio-visual means in accordance with the applicable provisions of the Companies (Meetings of Board and Its Powers) Rules, 2014, as amended.

Minutes of the CSR Committee Meetings

- (a) A distinct Minutes Book to record proceedings of meetings of the Committee shall be maintained.
- (b) A separate attendance register for the meetings of the Committee shall be maintained at the Corporate Office of the Company in the custody of the Company Secretary.
- (c) Within fifteen days from the date of the conclusion of each meeting of the Committee, the draft Minutes thereof shall be circulated by hand or by speed post or by registered post or by courier or by e-mail or by any other recognised electronic means to all the members of the Committee for their comments and approval.
- (d) Minutes of the Meetings of Committee shall be noted at a meeting of the Board held immediately following the date of entry of such Minutes in the Minutes Book of the Committee.

The CSR expenditure and reports regarding physical and financial progress of the projects undertaken shall be bound for review at intervals of not more than 6 months by the Board of Directors of the Company.

The CSR policy recommended by the CSR Committee and approved by the Board, composition of CSR Committee and projects approved by the Board shall be displayed on the Company's website.

Responsibilities of the Committee:

- (a) Formulate and update the Policy, which will be approved by the Board of Directors.
- (b) Suggest areas of improvement and intervention to the Board.
- (c) Approve the projects as specified in Para III of the Policy.
- (d) Put the selection, implementation and monitoring mechanisms in place to track the progress of each project.
- (e) Formulate an annual action plan.
- (f) Recommend the CSR expenditure to the Board of the Company, which will approve it.
- (g) Meet at least twice a year to review the progress made.

X. General Policy Guidelines

- (a) The CSR programs and / or activities so selected / identified may be carried out by the Company through its officials, employees, representatives, any relevant forum / platform / organization, etc as may be decided by the CSR Committee.
- (b) The Company may collaborate or pool resources with other companies to undertake CSR activities and any expenditure incurred on these collaborative efforts would qualify for computing statutory CSR spending.
- (c) Any of the Stakeholders can interact, communicate with / to the CSR Committee Members forwarding their recommendations / suggestions, for consideration of the CSR Committee.
- (d) Contribution of any amount, directly or indirectly, to any political party under Section 182 of the Act shall not be considered as CSR activity.