

**HFCL Limited**

**Group Tax Policy**

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1.0	Legal Department	1 April, 2025	Head, Legal

## 1. Objective

HFCL is committed to proper tax governance and compliance across all our geographies of operations, at a group level. This Policy is aligned with our larger corporate governance framework, commitment to business ethics and our enterprise risk management (ERM) systems. This allows us to continue to embed the theme of transparency, disclosure, and trust in our stakeholder relationships.

## 2. Scope and Applicability

This Policy is applicable to all operations of HFCL at the group level. HFCL complies with tax regulations and practices in all the countries in which it operates. The provisions of this Policy apply to all business activities undertaken by HFCL across its Business Units (BUs) across the group companies.

## 3. Definitions

- **“HFCL”** or **“we”** or **“our”** refers to HFCL and its group companies.
- **“Policy”** refers to the Group Tax Policy.
- **“Taxation”** refers to a mandatory financial levy imposed by a regulatory authority in the countries of operation of HFCL and its group companies.
- **“Transfer Pricing”** refers to the setting of prices for goods and services between related entities.

## 4. Tax Strategy

As a part of this Policy, HFCL has laid out the following commitments that highlight HFCL’s dedication to uphold good tax governance and compliance across its business operations, which shall be implemented by all components of the group through their respective teams:

### 4.1 Tax Compliance

Given that tax is a compliance requirement across our geographies for operations, our Tax team ensures timely tax filing, reporting and payment obligations are carried out for each tax jurisdiction. Comprehensive records of tax filings are maintained for reference in case of any disputes. In case of any uncertainty on tax compliance, support is sought from external tax experts. Any instances of non-compliance are given immediate attention and resolved as quickly as possible, followed by notification of closure to the parties involved.

### 4.2 Tax Planning

HFCL’s tax planning measures are aligned with extant tax rules and regulations and guidelines laid out by the tax authorities. HFCL utilizes available tax incentives, reliefs, and exemptions in line with the law’s intent and seeks expert advice when needed to ensure compliance.

It adopts transparent tax strategies focused on optimization, avoiding decisions aimed at profit shifting or creating tax havens. HFCL refrains from artificial tax arrangements lacking commercial or economic substance and carefully considers the impact on stakeholders and its core values.

### 4.3 Risk Management

HFCL upholds high standards of governance, ethics, and risk management. Tax controls and strategies are regularly reviewed to identify financial, operational, reputational, and regulatory risks. HFCL takes

a diligent approach to assess and manage these risks, with the Tax team providing guidance and consulting external experts when tax law interpretation is uncertain.

We implement adequate controls and procedures to ensure tax-related risks are handled effectively. Contingency plans are formulated to ensure that HFCL is prepared to address any potential tax disputes.

#### 4.4 Transfer Pricing

All the applicable transfer pricing rules and regulations are complied with, for transactions applicable to HFCL. In alignment with the OECD Transfer Pricing Guidelines, HFCL ensures that all transfer pricing computations are based on the well accepted 'arm's-length' principle that are effective across tax jurisdictions. Our approach is designed to ensure compliance with applicable local laws and global standards, and to reflect the true financial outcomes of our operations. HFCL maintains transfer pricing records in compliance with applicable tax laws.

#### 4.5 Cooperation with Tax Authorities

Tax computations and returns are filed with the relevant authorities, fully disclosing all pertinent facts where there is potential uncertainty in tax treatment. Any material errors or misstatements are promptly corrected once identified.

We maintain full cooperation with tax authorities, conducting all interactions with transparency, mutual respect, and trust. Our team ensures timely response to any inquiries and data requests put forth by tax authorities, along with the submission of any supporting documents required.

### 5. Tax Governance

The Chief Financial Officer (CFO) is responsible for HFCL's tax strategy and governance and ensure that appropriate resources are deployed, while the CFO along with the tax team handles the execution of all tax matters and oversees the tax related issues and concerns. This team ensures compliance with applicable tax laws, internal policies, and regulations and considers tax impact as a key factor in business and investment decisions. Local finance teams are responsible for the accurate implementation of tax policies and compliance with local regulations in coordination with the Tax Department.

The Board of Directors of HFCL and its group companies are ultimately responsible for tax strategy and oversight of tax risk management. Significant tax issues are reviewed periodically by the Audit Committee, with business and commercial priorities taking precedence over tax optimization. Business decisions account for tax consequences but primarily aim to sustainably maximize shareholder value.

### 6. Roles and Responsibilities for Implementation

The implementation of this Policy requires cross functional collaboration across various teams at HFCL:

- **Local Finance team:** Implement tax policies and ensure compliance with local regulations in coordination with the Tax team.

- **Tax team:** The Tax team at HFCL monitors the implementation of the Policy, along with any communication with Tax authorities.
- **The Legal team** will be responsible for ensuring compliance with tax-related regulations across geographies of operation.
- **The CFO along with the Tax team** will be responsible for oversight of all taxation-related activities at HFCL. The Head of Tax will be responsible for ensuring the implementation of Policy commitments through the Tax team.

## 7. Monitoring and Review

The Tax team at HFCL monitors local laws and regulations pertaining to taxation that might have a significant impact on this Policy. Any changes required will be approved by the CFO and relevant stakeholders before their integration into updated versions of this Policy document.

The Board of Directors reserves the right to amend this Policy as suggested by the CFO.

## 8. Training and Awareness

The Group will ensure that relevant personnel are trained and made aware of their responsibilities under this policy. The Tax team will provide regular training and updates on material changes in tax laws or reporting requirements.

## 9. Communication of the Policy

This Group Tax Policy is made available to all our stakeholders on our website, and any changes are communicated to the implementation team as and when they come into effect.

## 10. Related Policies

This Policy should be read alongside the following policies of HFCL:

S. No.	Related Policy
1.	Anti-Bribery & Anti-Corruption Policy
2.	Code of Conduct