

HEG LIMITED

Corporate Social Responsibility Policy

Approved by the Board of Directors at its meeting held on 30th July, 2014 on the recommendations of Corporate Social Responsibility Committee

Company's Vision:-

To actively contribute to the social and economic development of the communities in which the Company operates. In doing so, build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

Making a difference:-

Before Corporate Social Responsibility appeared on the anvil and found a place in corporate sphere, it was already textured into the Company's Group's value systems. CSR mandates investing a part of Company's profits beyond business, for the larger good of Society.

While carrying forward this philosophy, our legendary leader, Shri L.N. Jhunjhunwala, weaved in the concept of sustainable livelihood, holding a view that it was unwise to keep on giving doles endlessly. He would say, "Give a hungry man fish for a day, he will eat it and the next day, he would be hungry again. Instead if you teach him how to fish, he would be able to feed himself and his family for a lifetime."

Taking these practices forward, the Company's Chairman and Managing Director Shri Ravi Jhunjhunwala institutionalized the concept of triple bottom line accountability represented by economic success, environmental responsibility and social commitment.

The Company's community work is a way of telling the people among whom it operates that "We Care".

Legal Provisions Governing the CSR:-

The legal provisions governing CSR are set out in Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

It requires that at least 2% of the average net profits of the Company made during the 3 immediate preceding Financial Years shall be spent in pursuance of the Company's Corporate Social Responsibility Policy.

Average Net Profit for the aforesaid purpose shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.

Objective:-

The focus of the Company's CSR initiatives is on the all-round development of the communities located mostly in rural areas and tribal belts. These initiatives have also aim to accord priority to activities pertaining to inclusive growth of the society.

Operating Mechanism :-

The Company shall carry out the CSR activities:

1. Taking up the activities as detailed in its focus area directly; or
2. Through a Registered Trust or a Registered Society or an outfit established by the Company or its holding or subsidiary or associate Company under Section 8 of the Companies Act, 2013 or otherwise, or
3. Through a trust, society or Company which is not established by the Company or its holding or subsidiary or associate Company, having an established track record of three years in undertaking similar programs or projects;

Provided that the Company shall specify the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

Covenants:-

1. The CSR projects or programs or activities undertaken in India only shall amount to CSR expenditure.
2. The CSR projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities.
3. The salaries/Remuneration paid to CSR staff as well as volunteers and other administrative overheads shall in aggregate not exceed 5% (five percent) of total CSR expenditure of Company in one financial year.
4. Contribution of any amount directly or indirectly to any political party, shall not be considered as a CSR activity.
5. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a Company.

Project Identification Mechanism:-

All projects are planned in a participatory manner, in consultation with the community, literally sitting with them, after gauging their basic needs. The Company takes recourse to "participatory rural appraisal", which is a mapping process. Subsequently, based on a consensus and in discussion with the village *panchayats*, the Company prioritizes requirements.

And thus a project is born. Implementation is the responsibility of the community and the Company's team, as is the monitoring of milestones and the other aspects. Monitoring entails physical verification of the progress and the actual output of the project.

Village meetings are held periodically to elicit feedback on the benefits of the community programmes and to explore the areas where these are needed to be beefed up. The Company tries and ensure, despite enormous hand-holding to be done in the initial stages, the projects become sustainable over a period. Once that stage is reached, the Company shall withdraw itself from the operating scene. The aim is to avoid build a culture of dependence, instead, the move would be towards self-reliance.

Company's focus Areas/Activities:-

(a) Education :

1. Running & expanding the Graphite Sr. Secondary School at Mandideep.
2. Providing support to recognised School(s)/Educational Institutions which may include inter-alia modernization of labs, improving infrastructure, replacement of furniture & fixture, renovation of classrooms & toilets etc. Providing clean & safe drinking water by installing RO Systems.
3. Provision of contribution or funds to technology incubators located within academic institutions which have been approved by the Central Government.
4. Making of new Schools/Buildings and or modernizing or expanding the existing ones.
5. Other initiatives for promoting education, including special education and employment enhancing vocational skills, especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

(b) Healthcare:-

1. Medical facilities to the villagers by visit of expert doctors.
2. Establishing dispensary / OPD centre at Mandideep and nearby areas & providing support for medical diagnostic tests on subsidized rates.
3. Supporting various medical initiatives aiming at reducing mortality rate of children.
4. Conducting regular health checkups for children in schools of neighboring regions.
5. Other initiatives for eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.

(c) Environment:-

1. Support a precautionary approach to environmental challenges.
2. Undertake initiative to promote greater environmental responsibility.
3. Tree plantation at and all across the plant and in front of the factory area in approved public land to create forest / green belt.
4. To create awareness of cleaner, greener environment and global warming issues at schools and also at villages from the surrounding region.
5. Other initiatives for ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.

(d) Community Service:-

1. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizen and measures for reducing inequalities faced by socially and economically backward groups.
2. Measures for the benefit of armed forces veterans, war widows and their dependents.

(e) Promotion of sports:-

Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.

(f) Other initiatives:-

1. 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 arts and handicrafts.
2. Contribution to the Prime Minister's National Relief 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.
3. Rural development projects.
4. Any other activity(ies) / requirement arising from time to time & covered under the Schedule VII of the Companies Act, 2013 or as may be provided by the rules in this regard.

Reporting Mechanism :-

A quarterly report on the utilization of funds shall be forwarded to the members of the CSR Committee. The reporting shall be in the following format:-

S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs 1. Local Area or other 2. Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: 1. Direct expenditure on projects or programs. 2. Overheads:	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1.							
2.							
3.							
4.							
5.							

Review Mechanism:-

A. CSR Committee

1. To review the policy once in a year by or before the 31st August.
2. Recommend activities and the amount of expenditure to be incurred.
3. To review the quarterly report on CSR activities and the expenditure thereon.
4. Place the Review Report on utilization of funds before the Board of Directors.

B. Board of Directors

1. Ensure proper compliance of the Policy.
2. To review the CSR initiatives and utilization of funds towards the same.
3. Report annually the composition of the CSR Committee and the contents of this policy along with other information(s) as may be prescribed under the CSR Rules (as amended from time to time).

Display:-

The CSR policy of the Company shall be displayed on the Company's website and intranet.