

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 and modified on 31st October, 2018 and 9th February, 2021.

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:-

This Corporate Social Responsibility (hereinafter referred to as 'CSR') Policy is framed in terms of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as 'the CSR Rules'), as amended from time to time.

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.

Definitions:

- a) "Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act

in accordance with the provisions contained in CSR rules, but shall not include the following, namely:-

- (i) activities undertaken in pursuance of normal course of business of the company:
 - any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that
 - (A) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in Schedule VII to the Companies Act, 2013;
 - (B) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
 - (ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
 - (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - (iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
 - (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
 - (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;
 - (vii) 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.
 - (viii) The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a Company.
- b) Average Net Profit for the aforesaid purpose shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.
- c) 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.

Objective:-

Its objective inter alia, towards achieving one or more of the following - Eradicating hunger, poverty and malnutrition; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people, especially those from disadvantaged sections of society; protection of national heritage, art and culture; preserving and promoting music and sports; and providing relief and assistance to victims of disasters and calamities.

The Company's CSR initiatives focuses on the all-round development of the communities located mostly in PAN India (preference to local area, 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 will undertake its CSR activities, approved by the CSR Committee, through LNJ Bhilwara Lok Nyas Trust or such other entity/organization as approved by the CSR Committee.

The Board of Directors of Company shall ensure that the CSR activities are undertaken by the Company itself or through -

(a) 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

(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.

(2) A company may engage international organisations 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.

(3) A company may also collaborate with other companies for undertaking projects or programmes 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 programmes in accordance with CSR rules.

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 appraisal", which is a mapping process. Subsequently, based on a consensus and in discussion with the Community, the Company prioritizes requirements. And thus a project is born.

Following points (not being limited to) are being considered while identifying the Projects/Programmes under CSR

- Projects/programmes identified by Chairman and/or Vice-Chairman
- Whether the activity is falling under Schedule VII to the Companies Act, 2013
- Area (place) at which the activity is proposed
- Ultimate beneficiary of CSR activity
- Budget and time frame for execution of CSR activity
- Approval/Ratification by CSR Committee, wherever applicable

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.

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, which may be modified as decided by CSR Committee from time to time:-

(a) Education not limited to:

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 not limited to:-

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 not limited to:-

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 not limited to:-

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 not limited to:-

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

(f) Capital Asset:-

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 or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) a public authority:

(g) Other initiatives not limited to:-

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.

CSR Reporting:-

A quarterly report on the utilization of funds shall be forwarded to the members of the CSR Committee. The reporting shall be in the format as prescribed under amended CSR rules.

Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

(b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

(c) A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less. ”

Review Mechanism:-

A. CSR Committee

1. The Policy shall be reviewed atleast once in every three years and updated accordingly.
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.
5. shall formulate and recommend to the Board, an annual action plan 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 CSR rules;
 - (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:

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

B. Board of Directors

1. Ensure proper compliance of the Policy.
2. To review the CSR initiatives and Shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
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).
4. In case of ongoing project, the Board of a Company 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. ”

Display on the Website of the Company:-

- a) CSR policy
- b) Project/Programmes approved by CSR Committee forms part of Annual Report of the Company every year.
- c) The meetings of CSR Committee held every quarter inter-alia to review the CSR activities in accordance with CSR policy of the Company. Projects/Programmes approved/ratified by CSR Committee on quarterly basis will be uploaded separately on the website of the Company under the head CSR after approval/ratification of CSR Committee/Board.