



HEG LIMITED

ESG

REPORT

FY 2023 - 24



Laying a Sustainable Foundation for a Greener Future

HEG's bond with the planet transcends mere interaction; it is a formidable alliance, pulsating with the combined vigour of commerce and the Earth's own rhythms. The union harnesses the collective to drive the change we envision for our world. At the core of this lies the vision of forging the bedrock of sustainable steel, that intertwines industrial fortitude with ecological harmony. Graphite, a primary component in steel industry, reinforces HEG's integral position, inherently fostering sustainability and echoing our commitment to a greener future.

Our strategic directive of "Laying a Sustainable Foundation for Green Steel," encapsulates our commitment to propelling energy efficiency within the steel industry via our advanced graphite electrodes for electric arc furnaces (EAF). We extend our environmental responsibility by repurposing by-products of oil and metallurgy industry such as petroleum needle coke and coal tar pitch into vital components for Graphite Electrode Manufacturing. EAF steelmaking breathes new life into old metal, spinning an endless cycle of rebirth for steel. Our innovations in this process forge a greener, cleaner future for the steel industry's evolution.

ESG Highlights

Governance	
 100% Trainings provided to BoDs and KMPs on NGRBC principles of BRSR	Zero Case of bribery and corruption
Zero Complaints on POSH	56.6% of our value chain partners assessed on ESG parameters
100% Senior leadership covered under transparent feedback mechanism	
Environment	
 69% of capital expenditure (capex) investments in specific technologies to improve the environmental and social aspects	3 MW Installation of solar PV projects
12500+ No. of tree plantations	5 Diesel operated vehicles replaced with Electric Vehicles
Zero Liquid discharge facility	
Social	
 7045.5 Training-hours of employees & workers	Zero Fatalities
73000+ CSR beneficiaries	100% Locally hired workers
Zero Violation of human rights	

Our contribution to SDGs

Our ESG activities are aligned to the SDGs goals, focusing on eradicating hunger, providing education and supporting sustainable agriculture and healthcare. We strive to manage resources like water and energy sustainably, and adhere to eco-friendly production for climate action. We also promote safe work practices, gender equality, fair employment, and innovative industrial practices, fostering partnerships to create a sustainable future.

Additionally, we promote safe work practices, gender equality, fair employment, and innovative industrial methods while fostering partnerships to create a sustainable future.



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Message from the Chairman, Managing Director and CEO



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Sustainability, is the cornerstone of our quest for excellence, which roots us in the realities of finite resources and climate change. It steers our complex journey of wealth generation while reinforcing our duty as a corporate entity to the environment, society, and the stewardship of natural wealth.

Dear Stakeholders,

Amidst a tumultuous year of geopolitical unrest, soaring inflation, and supply chain challenges, it is with great pride that I share HEG's exceptional journey of resilience and success, underpinned by our commitment to sustainability, as part of ESG report 2023-24.

In November 2023, our state-of-the-art facility was expanded from 80,000 tons to 100,000 tons per annum, confirming our status as the largest single-site graphite electrode plant globally and the third largest graphite electrode company in the western world. This milestone reflects a collective narrative of dedication to sustainability, with our operations now in sync with the planet's pulse, addressing climate change and resource stewardship, at the same time strengthening our community ties. Despite short-term market challenges due to geopolitical strife, the medium to long-term demand for graphite electrodes is bolstered by the markets shift to Electric Arc Furnace (EAF) steel production. With over 100 million metric tons of new EAF capacity, particularly from the US and EU, and an expected rise in demand by 200,000 metric tons by 2030, our approach of industrial growth is balanced with environmental and social responsibility points towards a resilient, sustainable future. Our competitive edge in cost and quality ensures we are ready to seize upcoming opportunities in this evolving market.

Charting a Sustainable Future: HEG's Journey Through Environmental Stewardship, Social Empowerment, and Governance Excellence

This year, our mission places sustainability at the core of our graphite manufacturing, recognizing that stewardship of natural resources is vital to our success. We are enhancing energy efficiency, reducing our

consumption and emissions, and actively supporting global efforts to combat climate change. We are responding to customer needs, focusing especially on the rising demand for eco-friendly options, which aligns us with market trends and enhances our competitive edge. We have strengthened our sustainable practices and enhanced the resilience and adaptability of our business, allowing us to manage market volatility and regulatory shifts.

Our ESG Journey: An Odyssey of Stewardship

Sustainability and ESG tenets are increasingly woven into the fabric of our corporate identity as we delineate our development strategy. Through a range of programs that span our operations and management, we're aligning our economic goals with ethical integrity and community well-being. Starting this year, our ESG efforts are guided by our new CSR & ESG committee, part of the Board of Directors and executive team, reflecting our dedication to governance. The committee is in charge of spearheading and guiding the organization across the broad themes of Environment Social and Governance. We are updating our operations to meet the challenges of a riskier, sustainability-oriented business climate, including alignment with regulations like the Carbon Border Adjustment Mechanism (CBAM) and going beyond our Business Responsibility and Sustainability Report (BRSR) disclosures. This year, we have established a robust ESG strategy focused on driving sustainable growth and delivering value to stakeholders and clients.

With respect to definitive actions, we are shifting to electric vehicles, investing in renewable energy sources, engaging with our supply chain and aiming for absolute emission reduction. Additionally, we are cultivating a diverse and inclusive workplace, emphasizing safety,

Leadership Message

revamping our worker policy, protecting human rights, and targeting biodiversity upgradation in the community.

As we look ahead, our resolve in pursuing sustainability and excellence is firm. Together, we will continue to lead

with integrity, innovate, and create lasting value for all our stakeholders.

Join us as we embark on this journey, embracing new challenges and striving for excellence in every aspect of our work.

Ravi Jhunjunwala
Chairman, Managing Director and CEO



Message from the Chief Sustainability Officer & Executive Director



“It is my privilege to lead HEG Limited on the path to a greener and more equitable future. This year, our initiatives are thoughtfully designed to drive meaningful change and set new benchmarks in sustainable business practices of Graphite Electrode manufacturing in the world.

Dear Esteemed Stakeholders,

At HEG, we are guided by the conviction that true sustainability is achieved when economic progress is harmoniously aligned with the well-being of our ecosystem. Our flagship product, the graphite electrode, is at the heart of the global shift towards greener steel production. We are keenly aware of our pivotal role in this transformative era and are fully committed to driving the decarbonization of the industry.

For more than fifty years, HEG has been a catalyst for India's industrial growth. Our dedication to implementing low-carbon solutions throughout our value chain has laid a robust foundation for sustainable development. This year marks a significant milestone as we present our ESG Report 23-24, highlighting our key accomplishments and solidifying our status as a responsible graphite electrode manufacturer aligned with global and local sustainability goals. We acknowledge, our prosperity is inextricably linked to the adoption of sustainable practices that mitigate climate impact and enrich the communities we serve.

During the reporting period, we have achieved notable economic progress, including the expansion of our plant to bolster operational capacity. To complement this growth, we have embedded sustainability initiatives, crafted supportive policies, and established specific targets across different operational and management domains. A key focus has been the integration of ESG principles into our governance structure, with the formation of a Board-level committee tasked with supervising our ESG endeavours and tracking our progress towards our objectives. We have also updated our policies to ensure they provide explicit direction and maintain alignment with our ambitions.

This year, we conducted an exhaustive materiality assessment exercise, in leu of the complex nature of our sector. Employing a dual approach, we have prioritized

material issues based on their stakeholder impact and business implications. The insights derived from this assessment have been instrumental in shaping our ESG roadmap and in setting pertinent future targets.

Water: Among our ongoing initiatives to cultivate a sustainable enterprise, all our facilities now function as Zero Liquid Discharge units, a feat enabled by the addition of a supplementary STP plant to our existing ETP system. With the anticipated increase in demand from our expansion, we are determined to uphold our Zero Liquid Discharge status, underscoring our commitment to water conservation.

Carbon accounting: We acknowledge that process emissions are an inherent aspect of our operations. We have therefore instituted a rigorous monitoring system to track all emissions and consistently report air emission data to local authorities. This year, we have made substantial progress in accounting for our Scope 3 emissions and in calculating the Carbon Product Footprint (CPF) for synthetic graphite material. Additionally, we have transparently disclosed our process emissions with the objective of appraising and formulating future mitigation strategies. We are also setting an ambitious target to gradually reduce our Scope 1 & 2 emissions by 25% by the year 2030.

Energy Management: Building on our objectives, our revised energy management strategy has facilitated the transition to Electric Vehicles (EVs). We have integrated five new EVs into our fleet for employee commuting and operational purposes. We have also introduced battery-powered forklifts for specific plant operations. Moving forward, we plan to fully convert our vehicle fleet to EVs to eliminate emissions from commuting and operations. We have installed a 3 MW solar plant in-house and plan to augment this capacity by another 3 MW next year. Additionally, we aim to procure cleaner energy sources for our operations, exploring innovative technologies such as hydrogen, pumped storage, and

Leadership Message

battery storage. We also intend to harness hydro power from our TAWA hydro power plant, contingent upon supportive policy frameworks in the state. These initiatives are pivotal in achieving our reduction targets, diminishing carbon emissions, and contributing to India's ambition of attaining Net Zero.

Biodiversity: In our commitment to bolstering biodiversity, we've initiated a tree plantation campaign, adding 12,500+ trees to our facility's landscape. We intend to sustain and expand this initiative, reflecting our dedication to preserving biodiversity within and beyond our community.

Waste: Our operational expansion is accompanied by waste generation. Our waste management practices, which involve collaboration with certified vendors, are designed to prevent landfilling wherever feasible. We are also aiming to secure Zero to Landfill certification in the near future.

Social: Our sense of responsibility extends to social welfare. We support community development through initiatives such as the Akshaya Patra mega kitchen in Bhopal and partnerships for sustainable agriculture. Our commitment to education is evident through our support for Ashoka University and the establishment of the Graphite School in Mandideep. Additionally, our collaboration with Apna Ghar Ashram provides shelter to the homeless, affirming our belief in fundamental human rights.

Diversity & Inclusion: Our employees are the bedrock of our achievements. We are devoted to fostering an inclusive, diverse, and empowering work environment.

We strive to create a culture where every individual is valued and respected, irrespective of gender, race, or religion. In an industry where gender disparities are prevalent, we are determined to close this gap through our DE&I initiatives and policies. We have set forth a goal to increase female representation to 10% in non-shop and non-production areas by 2028. Moreover, we aim to boost per-employee training for skill development by 10% annually, ensuring our staff have abundant opportunities for growth. We plan to conduct annual employee satisfaction surveys to gauge the effectiveness of our strategies and policies and to guarantee a fulfilling work environment for our employees.

Safety: The health and safety of our workforce are of utmost importance. We take pride in our ISO 45001:2018 certification, which reflects our comprehensive safety policies. We maintain rigorous safety protocols and wellness programs, and provide annual EHS education to our workforce, with the goal of achieving "Zero Harm" in all operations.

As we forge ahead in expanding our sustainable footprint, I am confident that the collective efforts of our team will make a significant contribution to a healthier planet and a better future for all.

We invite our stakeholders to embark on this transformative journey with us, as we endeavour to generate enduring value for our business, our communities, and our planet. Together, we can forge a more sustainable future, transforming challenges into opportunities for positive change.

Manish Gulati
Chief Sustainability Officer & Executive Director

Section 1

About the Report

About the Report

We are proud to unveil “the first edition of our Sustainability Report” which underscores our ongoing dedication to sustainability reporting. This document highlights the environmental, social, and governance (“ESG”) endeavours and projects associated with HEG Limited (collectively referred to as “HEG,” the “Company,” “our,” or “we”).

Reporting Period and Boundary

The ESG report is for the period between April 1, 2023, and March 31, 2024, and covers information of all operations of Graphite & Thermal Power unit at Mandideep and Hydel Power unit at Tawa Nagar, Narmadapuram. The information and historical data presented in this Report pertain to the financial year 2023-24, except where indicated otherwise. In certain instances, the data and details concerning our corporate responsibility and sustainability focal points may encompass initiatives and activities that commenced or were introduced in 2024.

Following the enhancement of our production capabilities and the inauguration of a new facility midway through the reporting period, we plan to revisit our operational scope in the upcoming fiscal year to reflect the increase in our operations.

Reporting Frameworks

The ESG Report has been prepared with reference to GRI Standards, National Voluntary Guidelines (NVGs), United Nations Sustainable Development Goals (UN SDGs). The Report outlines our commitment to stakeholder value creation, and defines the actions taken and outcomes achieved.

Data Integrity

HEG has meticulously gathered and analysed pertinent data, enforcing rigorous internal controls to substantiate the disclosures presented in this Environmental, Social, and Governance (ESG) Report. Our commitment is to furnish stakeholders with information that is not only precise and reliable but also impartial, consistent, and clear. We have conscientiously identified and disclosed any material limitations to the information provided, ensuring transparency wherever it is deemed necessary.

Management Responsibility

The Report has been meticulously reviewed internally, with oversight from our executives and subject matter experts (“SMEs”). We are open to and encourage feedback and inquiries regarding this Report. For any questions or feedback, please reach out to us at hmdp.comm@lnjbhilwara.com



Section 2

HEG at a Glance



About HEG

HEG Limited, founded in 1972, a member of LNJ Bhilwara Group, is a technological frontrunner in the graphite electrode industry, integral to the steel sector's Electric Arc Furnace (EAF) processes. Our expertise lies in the production of Ultra-High-Power (UHP) graphite electrodes, which are engineered for optimal performance in EAF steelmaking, delivering exceptional thermal and electrical conductivity, and structural integrity under high temperatures.

With a production capacity of 1,00,000 tonnes per annum, HEG operates the world's largest single-site facility, equipped with cutting-edge technology and stringent quality control systems. Our vertically integrated operations encompass the entire manufacturing process, from extrusion, baking and graphitization to machining and inspection, ensuring product consistency and reliability.

50+
Years of
Excellence



~67%
Revenue share
through export



35+
Countries
being served



1,132+
Workforce



Vision

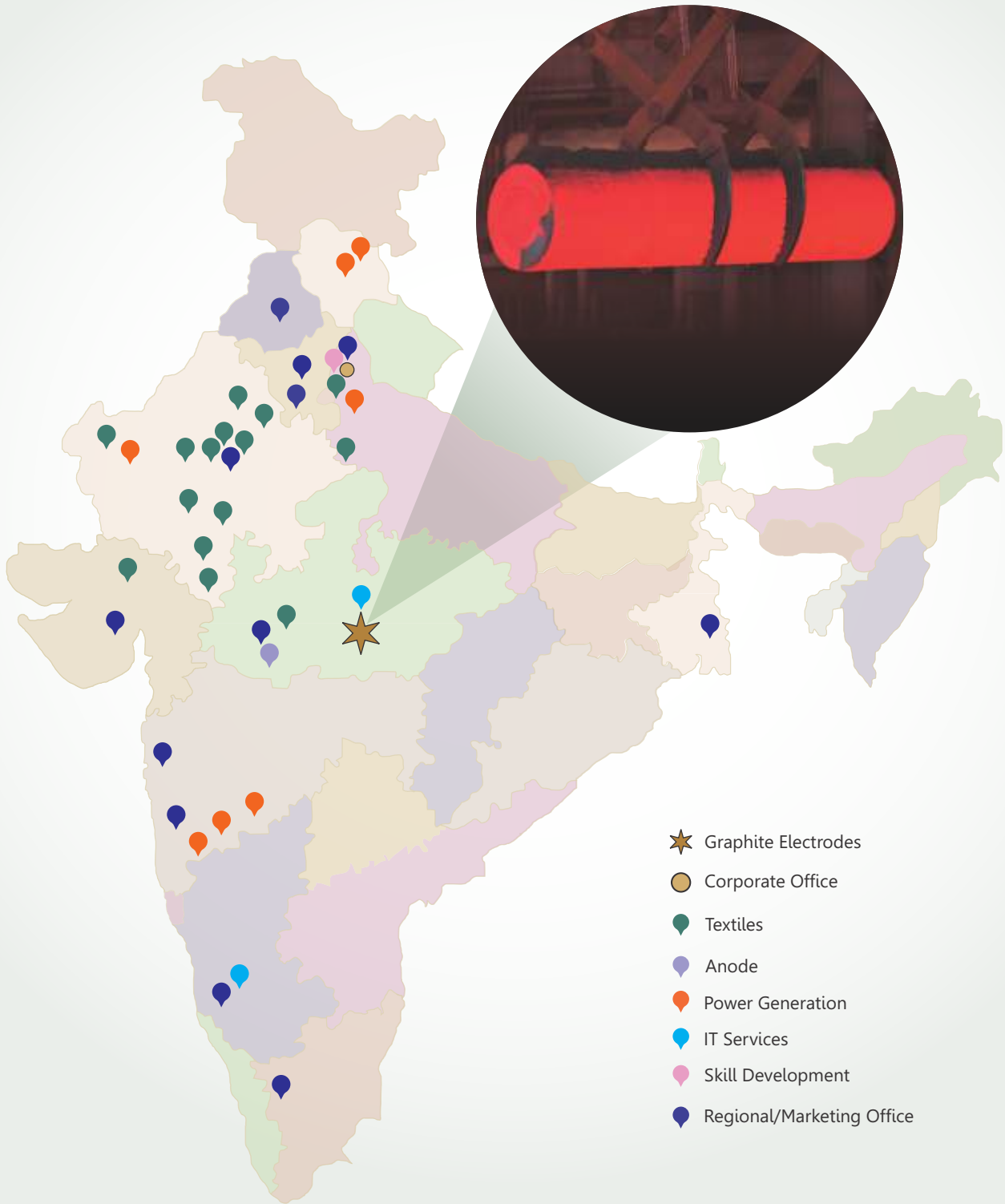
A vibrant globally acknowledged top league player in Graphite Electrode & allied business with commitment to growth, innovation, quality & customer focus.

Mission

To become a leading international player in Graphite Electrodes & related businesses by leveraging our core competence and thereby enhancing value to our customers, shareholders, employees & society.

Our Businesses and Geographical Spread

HEG Limited is a premier company of the LNJ Bhilwara group and in the span of 50+ illustrious years, the Group has expanded from single textile mill in 1961 to multiple manufacturing facilities. Group has skilfully branched out, standing tall as a diversified conglomerate with a wide array of products and services.





Graphite Electrode

Graphite production constitutes the core activity of HEG with operational capacity of 1,00,000 TPA and capacity utilization of 81%.

The company's product line extends beyond electrodes to include specialty carbon and graphite products, which cater to a diverse range of industries including electronics, aerospace, and chemicals energy.

Market Presence

We are a key player in the market for over 50+ years and have established a robust distribution network that spans multiple continents, including North America, Europe, Asia, and the Middle East. Our significant market presence and global customer spread reflects our international acclaim.



World Class UHP Graphite Electrodes

PROVEN CHOICE OF TOP STEEL MAKERS GLOBALLY

HEG's diverse product portfolio caters to an extensive array of sectors, encompassing iron and steel, metallurgy, refractories, aluminium, chemical, electrochemical, power, cement and glass industries. The core clientele of HEG predominantly consists of major steel producers that utilize Electric Arc Furnaces (EAF) in their manufacturing processes.

We also provide specialized graphite products to various other sectors in need of customized and high-quality graphite products.

Our commitment to innovation, quality, and customer service has enabled us to secure a loyal clientele and build a reputation for reliability in a highly competitive market. We are continuously adapting to the dynamic demands of the market and are exploring new opportunities for growth in emerging markets.

Associations & Partnerships

HEG holds a prominent position as a member of several esteemed trade and industry organizations, showcasing its active engagement and influence within the business community. As a member of the Federation of Indian Export Organisations (FIEO), HEG plays a pivotal role in promoting India's international trade. The company's affiliation with the Chemical and Allied Export Promotion Council of India (CAPEXIL) underlines its commitment to the growth and development of the chemical export sector. Participation in the PHD Chamber of Commerce and Industry (PHDCCI) allows HEG to contribute to discussions on economic and industrial policy, while its membership in the Federation of Indian Chambers of Commerce & Industry (FICCI) connects it with a vast network of businesses across India, furthering its opportunities for collaboration and advocacy in various industry-related matters. These memberships not only enhance HEG's reputation but also provide platforms for the company to shape and respond to trade and industry trends.



Awards & Accolades

HEG Limited is proud to be recognized for its unwavering commitment to excellence, innovation, and sustainability. Our efforts have been acknowledged through various prestigious awards and certifications, highlighting our role as a leader in the industry. Below are some of the notable accolades we have received:

CAPEXIL Awards

HEG received the Highest Export Award for 2017-18, 2018-19, and 2019-20, and the Top Export Award for 2020-21 and 2021-22 from CAPEXIL (sponsored by the Ministry of Commerce, Government of India).

Our Executive Director, Mr. Manish Gulati, received the award from the Honourable Speaker of Lok Sabha, Shri Om Birla, on 16th September 2023. HEG has exported 65-75% of annual production to over 35 countries globally for the past 20 years, generating significant foreign exchange for the country.

Dainik Jagran Industry Excellence Awards

HEG Limited received the Industry Excellence Award for 2023-24, presented by the Honourable Minister of Micro, Small, and Medium Enterprises, Madhya Pradesh, Mr. Chetanya Kasyap.

On February 27, 2024, our Executive Director, Mr. Manish Gulati, accepted the award on behalf of HEG Limited. This award highlights our commitment to excellence and innovation in the industrial sector.



Quality Certifications

HEG demonstrates its strong commitment to compliance by adhering to internationally recognized ISO certifications. The company maintains ISO 9001:2015 certification for its robust Quality Management Systems, ensuring it consistently delivers high-quality products and services. HEG's dedication to environmental protection is evidenced by its ISO 14001:2015 certification for Environmental Management Systems, and its focus on employee safety and health is affirmed by the ISO 45001:2018 certification for Occupational Health and Safety Management Systems. These certifications reflect HEG's ongoing approach to upholding the highest standards in compliance.



Section 3 Strengthening Governance

Corporate Governance

At HEG Limited, we envision a future where our steadfast commitment to corporate governance becomes the gold standard within the industry. Our philosophy is rooted in the principles of integrity, fairness, and transparency, guiding us to exceed the highest ethical benchmarks and comply with all relevant regulations.

We have crafted a forward-thinking suite of policies and a stringent Code of Conduct that act as a beacon, illuminating the path for ethical and strategic decision-making across our enterprise. These directives are more than just rules; they are the DNA of our corporate culture, fostering an environment where accountability is not just expected but celebrated.

Our journey towards excellence in corporate governance is a continuous one, with our sights set on not just safeguarding shareholder value but also on enriching our relationships with customers, partners, and the communities where we operate. We believe that this unwavering commitment is the cornerstone of our future growth and the blueprint for a legacy of sustainable success

Policies for Governance	
Code of Conduct	Business Ethics Policy
Supplier Code of Conduct	
Anti-Bribery and Anti-Corruption Policy	Policy on Prevention of Sexual Harassment
Quality Policy	
Whistle Blower Policy	Business Continuity Policy
Board Composition and Functioning	Our Board of Directors is composed of a balanced mix of experienced professionals, including independent directors who provide unbiased oversight. The Board meets regularly to review company performance, set strategic direction, and ensure that management actions align with shareholder interests.
Committees	We have established various committees, such as Audit Committee, Nomination and Remuneration Committee, and Stakeholders' Relationship Committee, Risk Management Committee, CSR and ESG Committee to focus on specific areas of governance and ensure detailed attention to the respective matters.
Code of Conduct	We have a comprehensive Code of Conduct for Directors and Senior Management that outlines the ethical standards and professional behaviour expected from our leadership. This code serves as a guide to avoid conflicts of interest and maintain the integrity of our business operations.
Transparency and Disclosure	We maintain high standards of transparency in our financial reporting and disclosures, providing stakeholders with accurate and timely information about our financial position, performance, ownership, and governance.
Risk Management	We have a robust risk management framework in place to identify, assess, and mitigate potential risks that could impact our business operations and strategic objectives.
Stakeholder Engagement	We actively engage with our stakeholders, including shareholders, employees, customers, suppliers, and the community, to understand their concerns and expectations and to foster long-term relationships.
Compliance	We have processes in place to ensure compliance with all applicable laws, regulations, and internal policies. Regular training and updates are provided to our employees to keep them informed about their compliance responsibilities.

Ethics and Integrity

We promote a culture of ethics and integrity across the organization, encouraging employees to act responsibly and report any unethical behaviour or violations of our policies.

Sustainability and Social Responsibility

Our governance practices also extend to our commitment to sustainability and social responsibility, ensuring that we operate in an environmentally friendly manner and contribute positively to society.



We have fortified our ethical framework with a robust Business Ethics Policy and an Anti-Bribery and Anti-Corruption Policy, which are the cornerstones for guiding our employees and stakeholders. These policies streamline the process for reporting any questionable activities that may contravene our Code of Conduct, our Supplier's Code of Conduct, or legal statutes. In addition, our dedicated Secretarial Department is at the forefront of addressing shareholder inquiries, ensuring swift and satisfactory resolutions.

Zero Cases

of corruption in the last three reporting years

Our Ethics Policy, which is universally applicable to all associated with HEG Limited, establishes a blueprint for conducting business with unparalleled integrity. We rigorously enforce compliance, with a systematic approach to documenting and rectifying any policy violations.

To navigate and mitigate conflicts of interest within our Board, HEG Limited has instituted a comprehensive 'Code of Conduct for Directors and Senior Management'. This code is replete with detailed guidelines and protocols designed to pre-empt and disclose potential conflicts. We also mandate annual declarations from our Board members and Key Managerial Personnel regarding their affiliations with other entities, ensuring transparency. Engagements with such parties are meticulously vetted, securing all necessary consents in alignment with legal mandates and our corporate ethos.

We ensure the operating effectiveness of the our policies across all the business operations We conduct periodic review of risks associated and execute corrective action plans for continuous improvement and adherence to high standards.

Board of Directors



Ravi Jhunjunwala
Chairman, Managing Director and CEO
DIN: 00060972

C C



Riju Jhunjunwala
Vice Chairman, Non Executive Director
DIN: 00061060

C



Manish Gulati
Executive Director
DIN: 08697512



Dr. Kamal Gupta
Independent Director
DIN: 00038490

C



Vinita Singhania
Non Executive Director
DIN: 00042983



Satish Chand Mehta
Independent Director
DIN: 02460558

C



Davinder Kumar Chugh
Independent Director
DIN: 09020244



Shekhar Agarwal
Non Executive Director
DIN: 00066113



Jayant Davar
Independent Director
DIN: 00100801

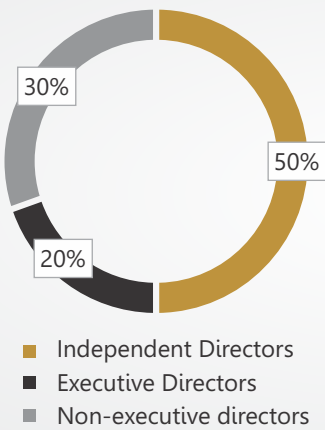


Ramni Nirula
Independent Director
DIN: 00015330

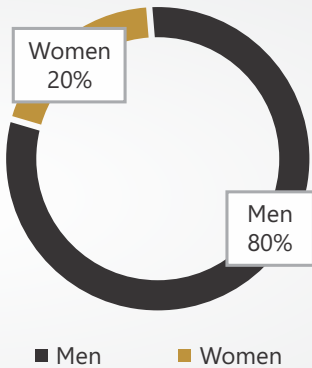
At a glance

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility and ESG Committee
- Chairman

HEG's Board Diversity



Board Gender Diversity



Average of Board Meeting attendance is 91.67% in FY 2023-24
Average tenure of Board Members: 13 years

Board Skill Matrix

Member	Knowledge on Company's businesses, Policies and culture	Behavioural skills – Attributes and competencies to use them knowledge and skills to contribute effectively to the growth of the Company	Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making	Financial and Management Skills	Technical / Professional Skills and specialized knowledge in relation to Company's business	EHS and Sustainability- Knowledge of working on environment, health and safety and sustainability activities
Ravi Jhunjunwala	✓	✓	✓	✓	✓	✓
Riju Jhunjunwala	✓	✓	✓	✓	✓	✓
Manish Gulati	✓	✓	✓	✓	✓	✓
Dr. Kamal Gupta	✓	✓	✓	✓		✓
Vinita Singhania	✓	✓	✓			✓
Satish Chand Mehta	✓	✓	✓	✓		✓
Davinder Kumar Chugh	✓	✓	✓	✓	✓	✓
Shekhar Agarwal	✓	✓	✓	✓		✓
Jayant Davar	✓	✓	✓	✓		✓
Ramni Nirula	✓	✓		✓		✓

Board Committees

Audit Committee	
Nomination and Remuneration Committee	
Stakeholder Relationship Committee	
Risk Management Committee	
Corporate Social Responsibility & ESG Committee	

Audit Committee

The Audit Committee at HEG Limited, led by an Independent Director, plays a crucial role in overseeing the company's internal controls and providing the Board with assurance of their effectiveness. This committee oversees the financial reporting process to guarantee precision, transparency, and adherence to relevant laws and accounting standards. It scrutinizes audit reports and financial policies, reinforcing the company's financial governance and risk management.



Nomination and Remuneration Committee

The Nomination & Remuneration Committee, made up entirely of independent directors, is tasked with establishing HEG Limited's remuneration policy. This committee proposes the compensation framework for Board members and key managerial personnel, considering various elements like salary, benefits, sitting fees, etc. Their goal is to provide fair and competitive compensation that aligns with the Company's objectives. The committee's main aim is to attract, retain, and motivate talented individuals who drive our long-term success.

Stakeholders Relationship Committee

The Stakeholder Relations Committee comprises of independent directors, and is responsible for overseeing HEG Limited's engagement with stakeholders. This committee formulates policies and strategies to effectively manage relationships with shareholders, employees, customers, suppliers, and the community. It evaluates stakeholder interactions to ensure transparent communication, resolve concerns, and cultivate positive relationships. Its primary goal is to establish trust and strengthen collaboration with all stakeholders, which is essential for our long-term success.



Risk Management Committee

The Risk Management Committee, is comprised of independent directors and is responsible for overseeing HEG Limited's risk management framework. This committee identifies, assesses, and monitors potential risks that could impact the Company, including financial, operational, strategic, and compliance risks.

The conveyance of essential issues to the Board of Directors is a fundamental procedure that guarantees the Board remains apprised of key factors that may affect our organization's performance, reputation, or legal position. These critical issues are typically communicated via written reports, executive summaries, or presentations during the Board's committee meetings.



Corporate Social Responsibility and ESG Committee

This year, HEG established a dedicated board-level CSR & ESG Committee to oversee Environmental, Social, and Governance (ESG) initiatives, reflecting our commitment to sustainable and ethical operations. The committee, takes up roles in proactively setting ESG priorities, aligning them with the company's overall mission and business objectives, formulating policies, setting targets, and monitoring performance against established ESG criteria along with existing CSR initiatives. The Board ensures that ESG considerations are embedded into the company's culture and decision-making processes. This is achieved through regular updates, training sessions, and ESG performance goal setting for senior management in their Key Performance Indicators (KPIs). The board meets quarterly to review and provide insights on company's sustainability performance.

The Board level committee is supported by the management level councils, also referred as ESG management council, which is responsible for implementing sustainability goals and strategy. The council is led by Chief Sustainability Officer (CSO) and represented by respective departmental HODs and tasked with cross-departmental collaboration with various functions to integrate ESG into operation. The management council meets quarterly along with the board.

At the operational level, several ESG coordination teams are nominated through departmental SPOCs and are in charge of day-to-day activity and progress of identified tasks. The operational team meets every monthly and compile progress through regular reporting.



Board level:
CSR & ESG Committee*



Management level:
ESG management council
(CSO and HODs)



Operational level:
ESG Coordination team
(SPOCs)

*Note: Board level oversight to include Terms of Reference for ESG with CSR (previous TOR) and to be renamed as "CSR and ESG Committee"



Risk Management

Identifying, assessing, and managing ESG-related risks and opportunities, and integrating them into the company's overall risk management processes.



Stakeholder Engagement

Engaging with internal and external stakeholders to gather insights and feedback, fostering collaboration and partnerships to enhance the company's ESG initiatives.



Training and Awareness

Promoting ESG awareness and understanding within the company through training programs and ESG disclosures.

Risk Management

Managing Risk at HEG Limited

Our risk management objective is to protect shareholder value by mitigating potential threats and capitalizing on opportunities. We employ a comprehensive enterprise-wide risk management framework that aligns with our business strategies, ensuring efficient risk mitigation. The strategy is embedded throughout our organization and articulated through our Risk Management Policy.

Our Risk Management Committee is responsible for overseeing the integrity of our Risk Management framework. As part of our annual strategic planning, we systematically identify, analyse, address, and document principal risks, ensuring their communication to the Board and relevant committees. We conduct regular formal and informal evaluations to assess the efficacy of our risk management strategies, engaging management and process owners in this critical oversight.



Our company's exposure to risk is reviewed at least yearly and an internal audit was also conducted to evaluate the risk management process. Our organization fosters a robust risk culture by providing regular risk management education to all non-executive directors and delivering focused training on risk principles to employees at all levels. Additionally, we embed risk criteria into the development of our products and services to ensures proactive risk mitigation is a cornerstone of our operational ethos.

Risks at HEG are recognized as variables with the potential to negatively impact our operational, reputational, or financial health. Our comprehensive risk management framework involves a detailed analysis of risks, informed by both internal and external factors, and their subsequent prioritization based on likelihood and impact.

Central to our approach is a centralized risk library, a dynamic repository that underpins the development of mitigation strategies and supports continuous monitoring and review. This structured repository enhances our resilience and facilitates informed decision-making.

Our Enterprise Risk Management (ERM) framework is meticulously structured, embodying the principles of risk identification, assessment, and mitigation. It is a dynamic component of our decision-making process. The ERM framework operates on an annual cycle, which includes setting objectives, continuously identifying key risks, formulating mitigation plans, and monitoring indicators and strategic gaps.

Risk	Explanations	Mitigation measure
Business growth risk	Business growth is essential to create shareholder value.	The growth of HEG's business is intimately linked to the performance of the steel industry, especially the Electric Arc Furnace (EAF) steel sector. We expect this segment of steelmaking to experience robust growth in the medium term, as there is an intensified emphasis on reducing the global carbon footprint, which aligns with the environmental efficiency of the EAF method.
Demand risk	Muted demand for the Company's products could adversely impact its business growth.	It is anticipated that the need for graphite electrodes will continue to be robust due to a surge in demand from consumers and a decrease in production capabilities. This is partly because significant production facilities have been permanently closed recently, and there are no upcoming new facilities except for the one planned by HEG.
Funding risk	The Company would need adequate funds for its new capital project.	Our financial statements demonstrate a reduction in debt, along with sufficient cash flow generated from its operations, offer considerable financial solidity. This solid financial footing enables the organization to obtain the necessary funding to carry out the project. Moreover, the enhanced cash flow expected to follow the launch of the new graphite electrode production capacity is set to bolster the organization's liquidity position.
Talent risk	Loss of knowledge capital could impact business operations and performance.	We are dedicated to fostering a dynamic and nurturing work environment that motivates our team to excel. Our investment in employee development through domestic and international training, as well as participation in various conferences and exhibitions, strengthens their connection to the company. We provide clear career progression opportunities for our team members, aligning their personal growth with the company's objectives.
ESG Compliance risk	Regulatory intervention across Globe	HEG's commitment towards adherence of the highest standards of compliance management with respect to ESG criteria. We recognize the importance of ESG factors in our operations and strategic decision-making. Our approach involves rigorous monitoring and evaluation of our practices to ensure they meet or exceed regulatory requirements and industry best practices. We strive to continuously improve our ESG performance, recognizing that it is essential for sustainable business growth and for fulfilling our responsibilities to stakeholders and the wider community.

HEG has integrated climate change risks and opportunities integrated into the company's centralized enterprise risk management program

Risk	Explanations	Mitigation measure
Physical risk	HEG Limited's operations and supply chain could be disrupted by physical risks such as floods, storms, or extreme temperatures, which may damage infrastructure and reduce production capacity.	Implement robust infrastructure protection measures, enhance facility resilience, establish emergency response protocols, and diversify supply chain routes to minimize disruptions from extreme weather events.
Transition risk	As global policies and market preferences shift towards low-carbon alternatives, HEG Limited may face risks associated with regulatory changes, carbon pricing, and evolving consumer demands	Invest in research and development of sustainable products, diversify into markets less sensitive to carbon regulation, and develop strategies to adapt to a low-carbon economy, such as increasing the use of renewable energy and improving energy efficiency.

Risk	Explanations	Mitigation measure
Regulatory Risk	Regulatory bodies may impose strict regulations on carbon emissions, affecting production processes.	Invest in cleaner technologies and processes to reduce emissions and comply with regulations.
Technology risk	Rapid advancements in green technology may render current processes obsolete.	Stay informed about technological developments, and be prepared to adapt and invest in new technologies.
Market risk	Demand for carbon-intensive products may decline as industries seek greener alternatives.	Diversify product offerings to include more sustainable options and invest in R&D for green technologies.

Effective communication of crucial issues to the Board of Directors is imperative for maintaining awareness of matters that may influence the organization's performance, reputation, or compliance. These critical concerns are conveyed to the Board through comprehensive written reports, executive summaries, or detailed presentations during the committee meetings.

Product Quality and Stewardship

Our dedicated quality assurance practice rigorously applies and often exceeds industry standards, ensuring superior quality at every stage. We've instituted a comprehensive Quality Policy that governs not only our internal processes but also extends to our supplier network, fostering a culture of excellence that directly translates to exceptional customer satisfaction. Our ISO 9001:2015 certification—a globally recognized benchmark for quality management systems—further underscores our commitment to maintaining the highest standards in our industry.

As an industry leader, we are dedicated to responsibly managing our product life cycle emissions. This commitment involves the design, production, usage, and disposal of our products in ways that reduce environmental impact, safeguard human health, and optimize the use of resources. This year, we have initiated a comprehensive study to assess the carbon footprint of our graphite electrodes. The study aims to pinpoint emission hotspots within our production chain. The insights from the carbon footprint study equip us to meet forthcoming disclosure obligations, strategize decarbonization efforts, secure a competitive edge, and bolster consumer confidence.

Additionally, HEG actively solicits and evaluates customer feedback to enhance satisfaction. We are committed to promptly and effectively resolve customer issues, with a specialized team in place to manage these concerns. This team works in close coordination with management and provides regular updates on feedback concerning our processes, policies, and personnel. Leveraging such feedback is crucial for continuous improvement within the company and has led to a reduction in complaint frequency.

HEG at Quality Circle Forum of India

At HEG, we strive to maintain the highest quality standards. This year marks another milestone. In September, HEG participated in the 8th Chapter Convention on Quality Concepts organized by the Quality Circle Forum of India (QCFI) on September 30th, 2023. Our three teams: Pragati, Sankalp, and Paryatan represented HEG and emerged victorious, securing three prestigious Gold Prizes. This achievement further affirms our commitment to excellence in quality management practices.



National Level Quality Circle Competition

HEG achieved a significant milestone at the 37th National Convention on Quality Concepts (NCQC) hosted by the QCFI Nagpur Chapter on January 5th 2024. HEG participated in the event with four teams—Pragati, Karma, Sankalp, and Prayatna—all of whom emerged victorious, securing the prestigious Excellent Award. This accomplishment underscores HEG's steadfast commitment to excellence in national-level quality management practices.



We achieved this by implementing a tool centred on ESG (Environmental, Social, and Governance) criteria, which systematically evaluates our suppliers based on their environmental impact, social responsibility, and governance practices. It identifies risks and opportunities related to ESG factors, which can significantly affect our reputation and ESG compliance with regulatory standards. By leveraging this tool, we promote transparency, encourage suppliers to adopt better practices, and make informed decisions that align with our sustainability goals. The assessments, in turn also help our suppliers develop better internal sustainability strategies. We have provided suppliers with detailed information and training on our ESG program, processes, and requirements, along with access to ESG benchmarks as per the industry standards, ensuring they are well equipped to implement corrective actions and improvements. We also offer extensive support as well as technical programs to build capacity and enhance ESG performance among our suppliers.

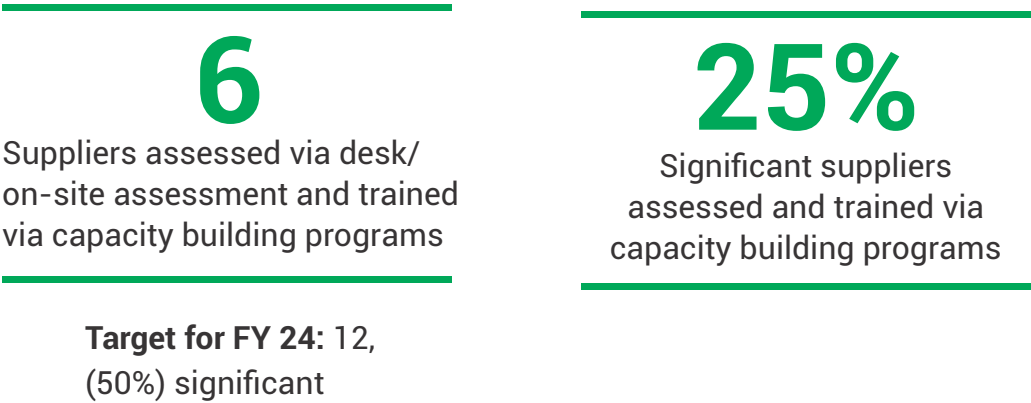
In FY 2023-24, we assessed and evaluated 56.6% of HEG Limited's suppliers.

	Unit	FY 2022-23	FY 2023-24
Percentage of suppliers that were screened using social/environmental criteria	%	43.30%	56.6%

Screening



Assessment



100% (1) suppliers assessed with actual/potential negative impacts were supported by HEG in implementation of corrective action plan to reduce and mitigate the impacts.

Supply Chain Management

Responsible and sustainable sourcing is a cornerstone of our operations, reflecting our commitment to global ESG standards. Understanding the importance of sustainability for reducing risks, elevating our reputation, and appealing to customers, we meticulously evaluate the sustainability profiles of our vendors. This thorough vetting is integral to our procurement strategy and reinforces our dedication to incorporating sustainability into our business practices.

Our company is committed to the effective implementation of supplier ESG (Environmental, Social, and Governance) programs, ensuring that our supply chain operates in line with our sustainability values. Oversight is clearly defined, with the highest accountable decision-making body being the Board of Directors, who regularly review purchasing practices to maintain alignment with our supplier Code of Conduct and ESG standards. We proactively manage supplier relationships by preferring those with strong ESG performance, mandating minimum ESG criteria for contracting, and providing comprehensive training for our buyers and internal stakeholders to uphold these critical programs.

This year, we conducted thorough assessment of our suppliers across all tiers to ensure they meet our sustainability and ethical criteria, with Tier 1 suppliers undergoing scrutiny regarding labour practices, environmental impact, and sustainability compliance.



Economic Performance

The fortunes of the graphite electrode sector are deeply entwined with the performance of the global steel industry. In 2023, worldwide steel production plateaued, echoing the figures from 2022. The US steel market saw no expansion, while European output declined by 7%. In contrast, China and India experienced notable growth in steel production. Consequently, the subdued demand for steel led to a similarly tepid demand for graphite electrodes.



Despite the current challenges, the graphite electrode industry holds a promising long-term outlook, poised for growth as the global steel industry evolves and rebounds. Despite pricing pressure on graphite electrodes, HEG successfully operated its facility at 81% utilisation. The Company had undertaken an expansion project to increase production capacity from 80,000 tons per annum to 100,000 tons per annum. During the third quarter of fiscal year 2023-24, we completed the expansion project, and the new facility is operating smoothly. Due to the long duration of the production cycle of our products, commercial production from our expanded capacity will be in the market during the next financial year.

The operating performance for the fiscal year 2023- 24 primarily reflects the influence of a subdued market environment attributed to various global factors that have introduced economic volatility and impacted global trade. Despite an increase in sales volume, the Company’s overall performance has been affected due to lower realisation compared to the preceding fiscal period.

We ensure transparency in all business operations and are committed to the governance and accountability with the local tax authority.

Direct Economic Value Generated & Distributed (EVG&D)	FY 2023-24 (INR Lakhs)
Direct Economic Value Generated	2,53,657.34
Revenues	2,53,657.34
Economic Value Distributed	2,30,503.04
Operating Costs (Expenses)	2,11,958.26
Employee wages and benefits	9,479.87
Payments to government (Income Tax)	8,369.71
Community Investments (CSR)	695.20
Economic value retained	23,154.3

* All amounts are in INR Lakhs

Data Security and Privacy

HEG places paramount importance on cybersecurity and privacy, demonstrating our commitment to protecting our information assets and the personal data of our stakeholders. We have implemented a robust cybersecurity framework, underpinned by comprehensive policies, advanced technologies, and strict protocols to thwart unauthorized access and cyber threats. Our Information Security Policy is the cornerstone document that delineates our strategy for defending our IT systems and data against a spectrum of cyber risks.



Zero Incidence

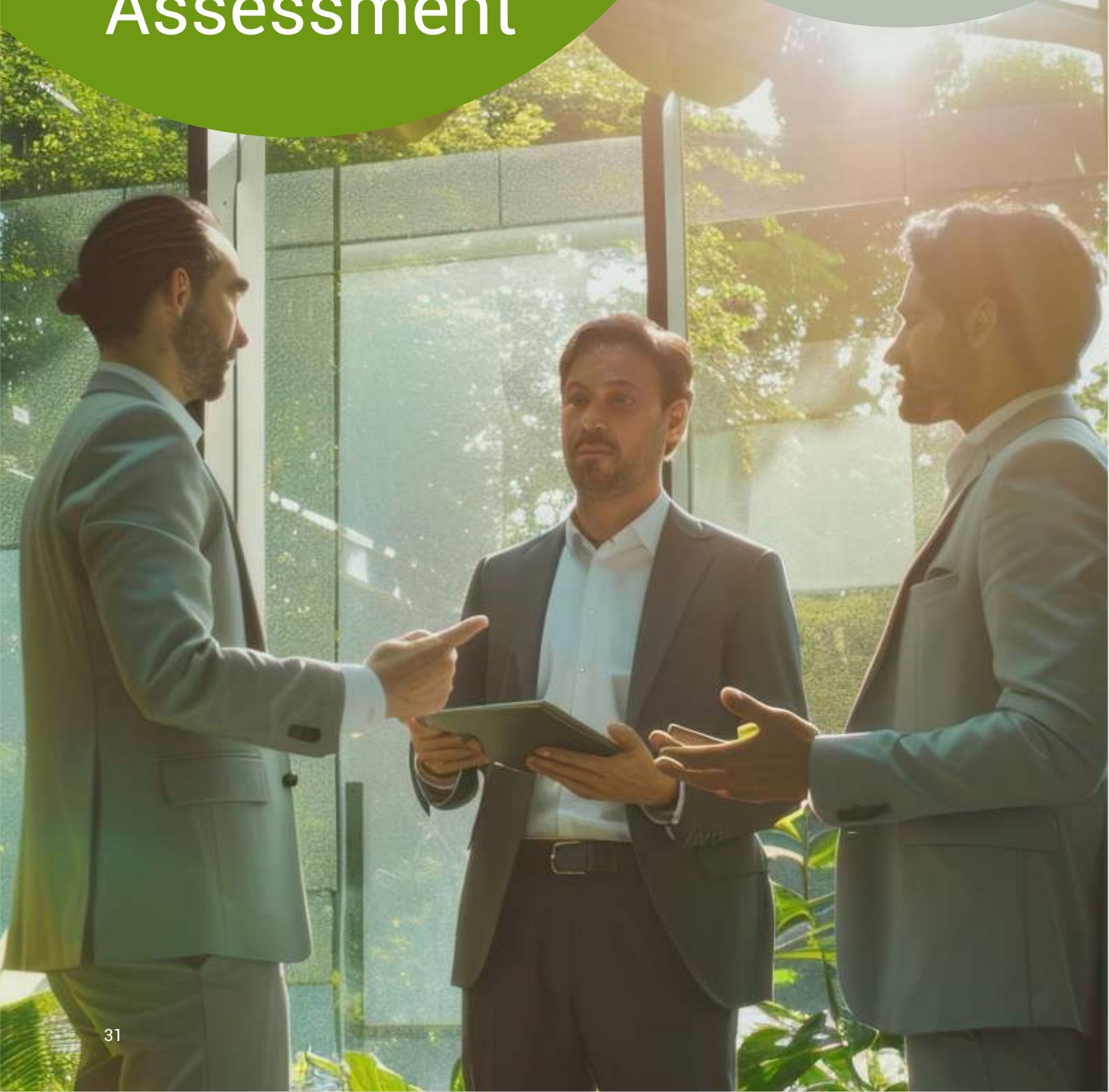
of cyber security or data breach reported in the last three reporting years

Upholding personal data privacy is a critical priority at HEG. We adhere to global data protection standards to ensure a consistent and high level of safeguarding for personal data handled by our Group Companies. Our privacy practices align with pertinent data protection laws, guaranteeing that personal data is collected, processed, stored, and disclosed responsibly, with stakeholder consent and for legitimate purposes. We maintain transparency with stakeholders regarding data usage and empower them with control over their personal information.



Under HEG’s cybersecurity and privacy protocols, we conduct periodic review of risk, security awareness training for employees, swift incident response mechanisms, and ongoing surveillance of IT systems to identify and address potential vulnerabilities. We ensure that our business continuity/contingency plans and incident response procedures are in place and tested at least annually. By emphasizing these measures, HEG strives to preserve the confidence of our clients, partners, and workforce, while safeguarding our operational integrity and sustaining our competitive edge.

Section 4 Stakeholder Engagement & Materiality Assessment

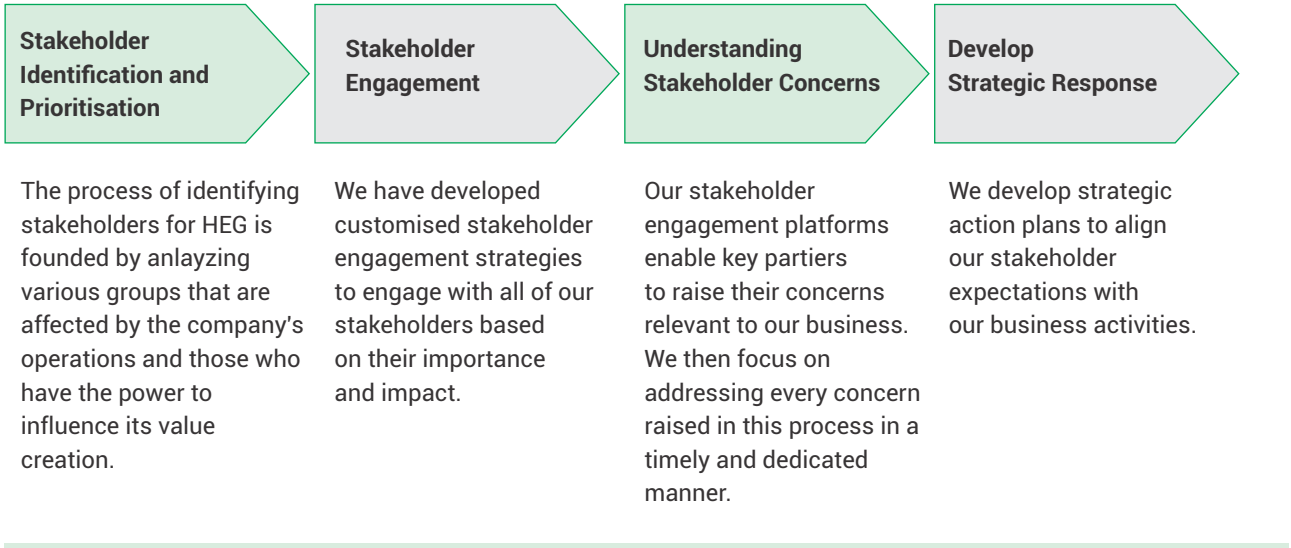


Stakeholder Engagement

Strengthening relationship and creating long-term value

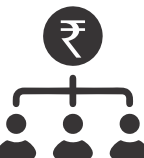
We recognize the critical importance of stakeholder engagement as a cornerstone of our business strategy. Our approach to stakeholder engagement is rooted in the belief that open, transparent, and continuous dialogue is essential for understanding and responding to the needs and expectations of our diverse stakeholder groups.

We have structured engagement process that systematically identifies and prioritizes stakeholders, tailoring engagement strategies to their influence and impact. Concerns are addressed through dedicated platforms, leading to strategic plans that harmonize stakeholder expectations with business objectives.



We lay emphasis on prioritizing meaningful engagement with both internal and external stakeholders across various industries and regions (illustrated in table below). This commitment fosters long-term and enduring relationships that helps in identifying critical issues, emerging risks, opportunities, and challenges

“Our stakeholder engagement is rooted in ethical collaboration and transparency, fostering shared success and sustainable business.”

Stakeholder group	Engagement mechanism	Purpose of engagement	Frequency	Key stakeholder concerns	How we create value for them
Employees & Workers 	• Training programmes, events, seminars, workshops • Awards – plant level reward programmes • Surveys • Employee centric application	• Foster innovation, motivation, and teamwork • Address issues and resolve concerns • Prevention from accidents and health hazards	As needed	• Career growth and progression • Performance management • Employee involvement	Providing competitive pay, training, health, and wellness initiatives
External Stakeholders					
Shareholders /Investors 	• Annual General Meeting • Annual Report • Shareholder meetings • Sustainability report • Grievance redressal mechanism	• Garner stakeholder/investor confidence • Illustrate our market leading initiatives and value creation • Market our sustainability initiatives and disclose our targets	Annually and need based	• Timely dividend payouts • Transparency in reporting • Financial health, growth, and performance • Sustainability disclosures and targets	Delivering our above-average returns and maintaining ethical business practices.
Customers 	• Customer technical services for queries and feedback	Gather feedback to enhance operations, services, and product offerings	As needed	• Product features and benefits • Quality and feedback • Relationship and trust building • New product development	Aim to build close relations with customers and gain their trust in delivering the best product in the market
Suppliers and service providers 	• Supplier meetings • Assessment surveys	Strengthen supplier relationships, receive market feedback, be abreast with supplier challenges	As needed	• Product quality and feedback • Building relationships and trust • Supply chain concerns	Recognizing long-term relationships with loyalty programs and special privileges for our channel partners.

Stakeholder group	Engagement mechanism	Purpose of engagement	Frequency	Key stakeholder concerns	How we create value for them
Government/Regulators 	• Regular compliance reports	Ensure compliance with government regulations	Need base	• Compliance disclosures as required by law	Fulfilling our obligations through direct and indirect taxes and comply with applicable regulations including BRSR.
Media 	• Media meets • Press conference • Management interviews	Share annual progress and enhance brand perception	Need base	• Transparency • Disclosure on compliance	Building through ethical promotions and media engagement to reach a broader audience.
Local Communities and NGOs 	• Regular interactions & field surveys	Gather community feedback on ESG concerns and CSR impact	As needed	• Building relationships • Improving living standards • Direction and deployment of resources • Awareness on social issues	Contributing through various initiatives aimed at enhancing their quality of life.

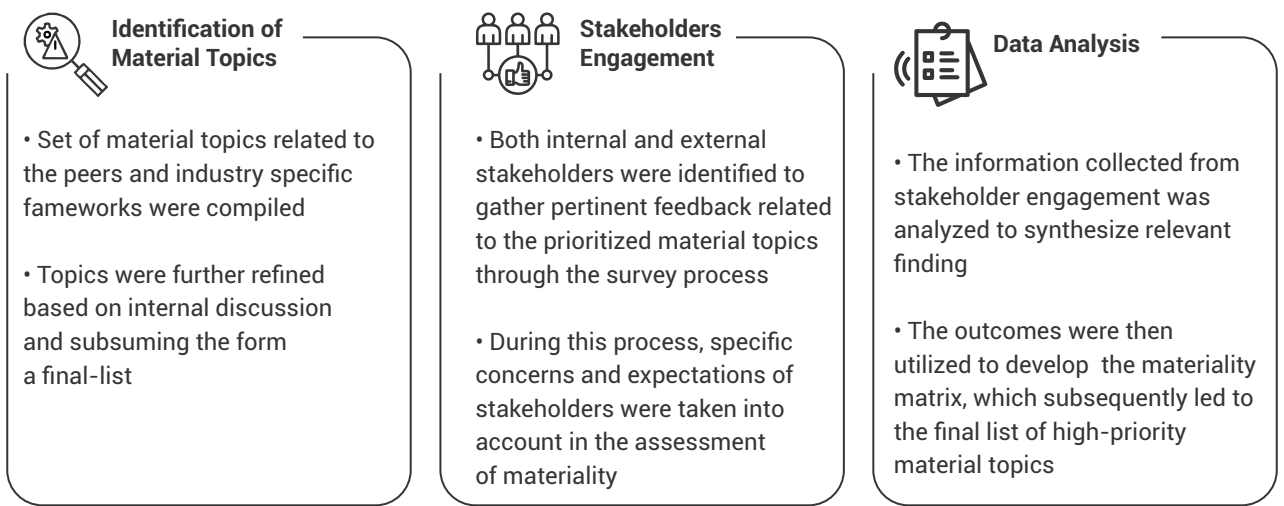


Materiality Assessment

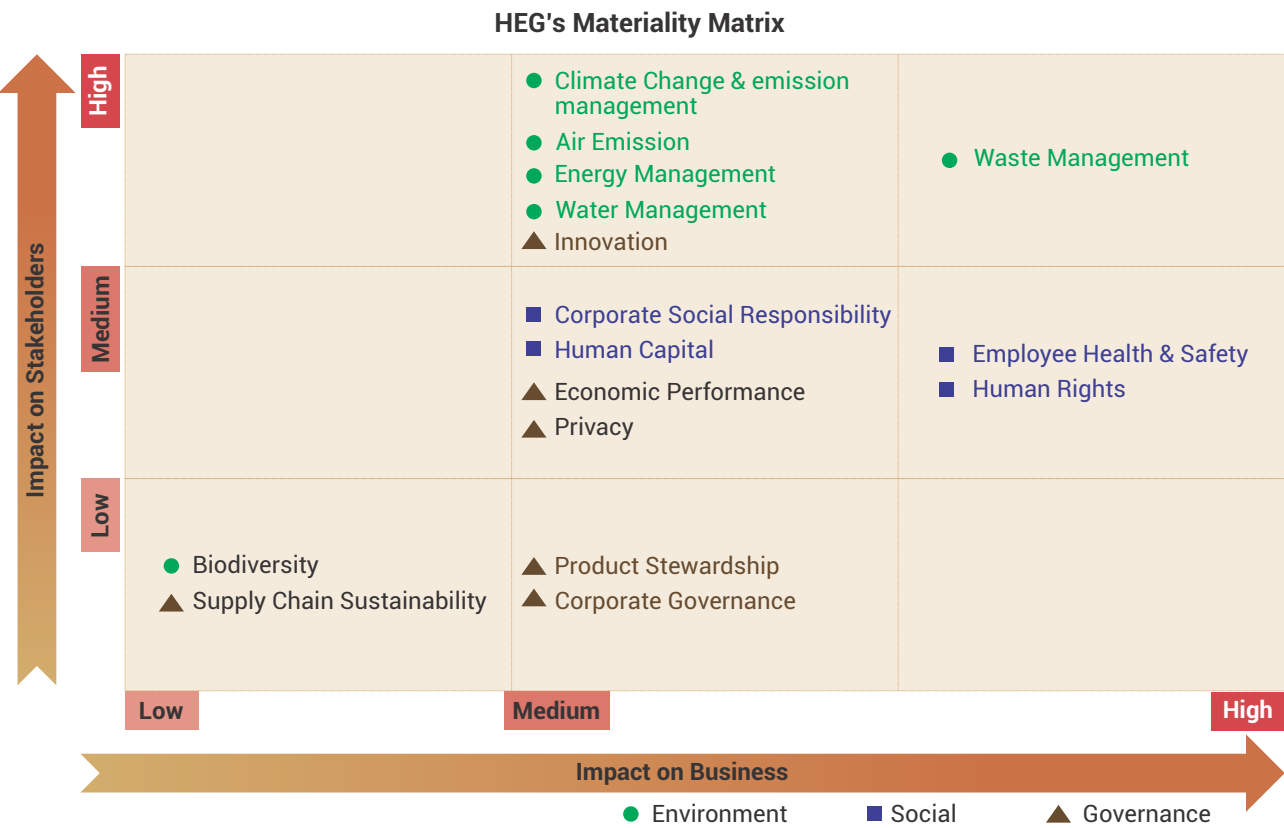
Materiality assessment serves as a critical component in our strategic planning, enabling us to discern and focus on the issues that are most impactful to our business and stakeholders. It guides us in allocating resources effectively and shaping policies that align with our long-term objectives. This process ensures that we remain responsive to the evolving landscape of stakeholder needs and market dynamics.

Our materiality assessment is integrated in our company's ERM process to identify the relevant risk and opportunities. To stay attuned to the evolving landscape of ESG considerations, our company conducts a comprehensive materiality assessment biennially, ensuring our strategies remain relevant and impactful.

A glimpse into our materiality assesement approach



This year we conducted an exhaustive materiality assessment, and engaged over 200 stakeholders—including employees, NGOs, vendors, board members, key management personnel, and suppliers—to gather their perspective on importance of various material issues. The findings of our assessment, measuring both the impact on business and stakeholders, have been consolidated into our comprehensive materiality matrix. This matrix provides a holistic view of the significant issues in our sector along with risks assessment that guides our strategic approach to sustainable business practices.



Environmental		
• Climate Change & emission management • Biodiversity	• Waste Management • Air Emission	• Water Management • Energy Management
Social		
• Human Capital Development • Corporate Social Responsibility		• Employee Health & Safety • Human Rights
Governance		
• Product Stewardship • Supply Chain Sustainability	• Corporate Governance • Privacy	• Innovation • Economic Performance

Material Topic	Relevance for HEG
 Climate Change & emission management	To reduce environmental impact, comply with evolving regulations, meet consumer and investor demand for sustainability, and enhance profitability through energy-efficient practices.
 Waste management	Proper waste management ensures that we can minimize our environmental footprint by reducing pollution and conserving natural resources through recycling and reuse. It also helps in complying with regulations and avoiding legal penalties that can arise from improper disposal of waste.
 Air Emissions	Air Pollutants released into the atmosphere can cause significant harm to ecosystem and contribute to acid rain, smog, and climate change.
 Water management	Water management is a critical component of our operational and environmental strategy, as it directly influences the company's sustainability, compliance, and cost-effectiveness. Our commitment to efficient water uses and stringent treatment of wastewater reflects our dedication to environmental stewardship, helping to safeguard aquatic habitats and preserve water quality for communities and wildlife.
 Biodiversity	Biodiversity holds immense importance for us, as it is fundamentally linked to the company's environmental impact, operational stability, and corporate reputation. By actively supporting biodiversity, we not only ensure compliance with environmental regulations but also strengthens its social license to operate, gaining the trust and support of communities and stakeholders who value conservation efforts.
 Energy management	Graphite manufacturing is an energy-intensive process, and as such, energy costs can constitute a significant portion of the total production expenses. Graphite production typically requires substantial amounts of electrical and thermal energy, particularly during the graphitization stage where temperatures must be precisely controlled and maintained at extremely high levels.

Material Topic	Relevance for HEG
 Human capital development	Human capital is vital for us because it encompasses the collective skills, knowledge, and expertise of the company's employees, which are essential for driving innovation, efficiency, and competitive advantage in the graphite industry. We operate in a specialized and technology-driven market, the ability to continually improve and adapt its production processes and products depends heavily on the talent and proficiency of its workforce.
 Employee/Worker Health & Safety	The graphite manufacturing process involves exposure to high temperatures and the handling of various raw materials, which can pose risks to the well-being of employees if not managed correctly. Ensuring a safe work environment is essential to prevent accidents, injuries, and occupational illnesses, which can have severe human and financial consequences.
 Corporate Social Responsibility	CSR initiatives are integral to building a positive corporate image and fostering trust among customers, investors, and the wider community.
 Human rights	Human rights are a fundamental aspect of corporate responsibility and are particularly important for us, a leading manufacturer and exporter of graphite electrodes. By prioritizing human rights, we ensure responsible business conduct and reinforce our reputation for sustainability and corporate integrity.

Material Topic	Relevance for HEG
 Product stewardship	Product stewardship is a critical aspect of sustainable business practices, emphasizing the responsibility of manufacturers, retailers, and consumers for the environmental impacts of a product throughout its lifecycle.
 Innovation	Innovation is crucial for our graphite production as it drives the company's ability to stay competitive, meet evolving market demands, and address the challenges of sustainability and efficiency.
 Economic performance	Economic performance is fundamental to the success and sustainability of HEG, as it underpins the company's ability to invest, grow, and fulfil its corporate objectives. Strong economic performance enables HEG to reinvest in its operations, driving innovation and efficiency in graphite production.
 Privacy	Privacy is paramount for HEG Limited, due to the increasing reliance on digital technologies in manufacturing processes and data management. Strong cybersecurity measures protect the company's intellectual property, proprietary production techniques, and sensitive customer data from unauthorized access and cyber threats.
 Supply Chain Sustainability	Supply chain sustainability is essential as it extends the commitment to environmental and social responsibility beyond the confines of a single company to encompass all activities associated with the flow of goods and services. A sustainable supply chain minimizes the ecological footprint of products from raw material extraction to end-of-life disposal, ensuring that resources are used efficiently, and waste is reduced.

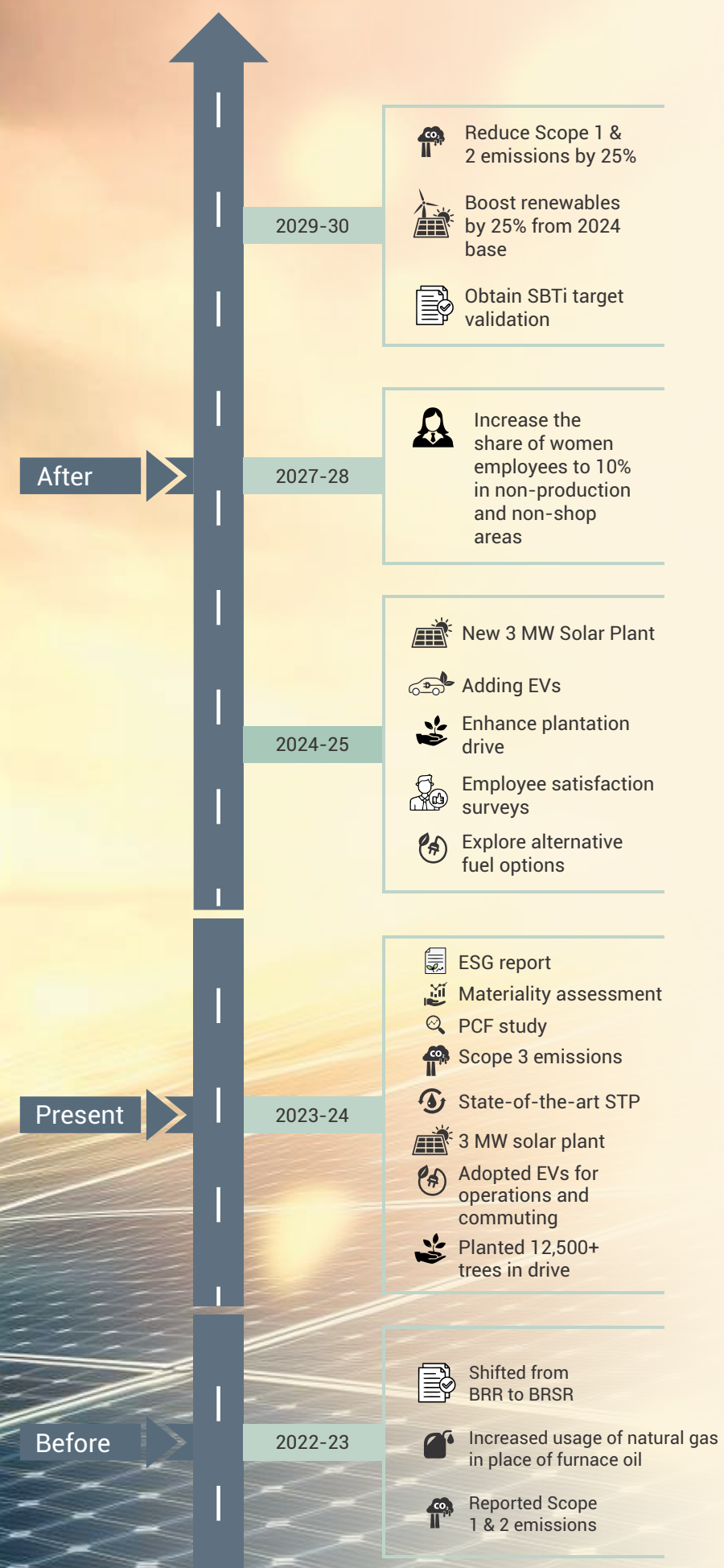
Sustainability Vision and Targets

We have established specific targets for each material topic that align with the UN Sustainable Development Goals, addressing our key ESG concerns. This strategic approach enables effective monitoring of our progress and ensures transparency in our sustainability efforts, fostering stakeholder trust and demonstrating our commitment to global sustainable development.

ESG Pillars	Mapping with UNSDGs	Material Topic	Our Goals	Indicators to be tracked
Environmental Stewardship	   	Climate Change & Emission Management	25% reduction in scope 1+2 by 2030 with respect to baseline FY 2023-24.	- Scope 1 - Scope 2
		Waste Management	Achieve Zero waste to landfill	Total Waste recycled
		Water Management	Maintain Zero liquid discharge facility	Percentage of wastewater recycled
		Air Emission	Committed to maintain zero non-compliance for air emissions	No. of non-compliance recorded
		Biodiversity	Continue to have tree plantation drive as on and in future	Number of trees planted
		Energy Management	25% contribution of renewable Energy sources in total energy mix by 2030 from 2024 baseline	Percentage mix of renewable energy of total
Social Responsibility	    	Health & Safety	- Achieve Zero-harm - Ensure annually, all plant personnel are to be given Health, and Safety (EHS) training	- Lost Time Injury Frequency Rate (LTIFR) - Fatality - Major and minor injuries - Number of staff provided with EHS training
		Human capital development	- Increase per employees' trainings for skill development by 10% YOY - Increase in share of women employees to 10% in the employees' categories (non-shop areas/non-production facility) by 2028 - To conduct YoY employee's satisfaction surveys	- Coverage of employees' trainings done - Total number of women employees as on 31st March 2025, 2026, 2027, 20XX. - No. of employees participated in satisfaction survey

ESG Pillars	Mapping with UNSDGs	Material Topic	Our Goals	Indicators to be tracked
		Corporate Social Responsibility	Continue to adhere with the CSR Laws	Total Expenses made for CSR activities
		Human Rights	Ensure 100% human rights training for all the employees and workers annually	Coverage of employees and workers for the Human Rights trainings done
Corporate Governance	  	Corporate Governance	To comply with SEBI's mandate and ensuring that at least half of our Board members are Independent Directors	Percentage of Independent Directors on the Board
		Product Stewardship	Ensure annual customer satisfaction survey	Annual customer satisfaction score
		Supply Chain Sustainability	Ensure 100% assessment of key suppliers on ESG parameters	Suppliers assessed for Environmental and Social Impact
		Risk Management	Integrating managing ESG parameters in Enterprise risk management (ERM) framework	Total number of highly prioritized ESG parameters in the ERM framework
		Economic Performance	Ensuring that financial growth and profitability are achieved responsibly and sustainably	R&D, Capex and Opex contribution towards Environmental and Social KPIs
		Privacy	Continue to maintain zero cases of information breaches	Total number of breaches

Our ESG Journey and Aspirations



This year signifies a pivotal enhancement in our dedication to sustainability, as we have meticulously charted out our ESG roadmap.

Through FY 2022-23, we consistently met regulatory mandates, shifting from Business Responsibility Reporting (BRR) to the more comprehensive Business Responsibility and Sustainability Reporting (BRSR), while also earning scores in market indices. We transitioned from furnace oil to Liquefied Natural Gas (LNG), furthering our commitment to transparency by disclosing our Scope 1 and 2 emissions.

For FY 2023-24, we are releasing an ESG report that includes a thorough materiality assessment, providing disclosures beyond the standard BRSR requirements. We have also undertaken evaluation of our Carbon Product Footprint to gain a more precise understanding of our product-related emissions.

We are expanding our emissions reporting to include Scope 3 emissions and are assessing our suppliers' ESG readiness to understand its impact on HEG. We continue to uphold an impeccable record of compliance with air pollution standards as part of our commitment to environmental leadership. In response to our facility's recent expansion and to further our commitment to water management, We are equipped with state-of-the-art STP and ETP facilities. Additionally, we have installed a 3MW solar plant, integrated Electric Vehicles (EVs) into our operations and commuting fleet and planted 12,500 trees to reinforce our dedication to sustainable practices.



Moving ahead, we are committed to enhancing our renewable energy capacity by adding additional 3MW solar plant and completely transitioning our fleet to Electric Vehicles (EVs) to reduce our carbon footprint. We are exploring the integration of alternative fuels such as hydrogen to further decrease emissions. Our tree-planting initiatives will intensify, aiming to significantly increase greenery within and around our facilities. Additionally, we will introduce annual employee satisfaction surveys to reinforce our commitment to the social aspects of our ESG goals. We are setting a target to increase female representation in our workforce to 10% in non-production and non-shop floor roles by 2028, promoting diversity and inclusion.

Targeting, 2030, we aimed to reduce our Scope 1 and Scope 2 emissions by 25%. We also strive to achieve zero waste to landfill by the same year, demonstrating our dedication to environmental stewardship and sustainable practices.

The strategic integration of ESG into our core business not only aligns with global sustainability trends but also strengthens our competitive advantage and business resilience, ensuring that we remain at the forefront of industry leaders committed to a sustainable future.

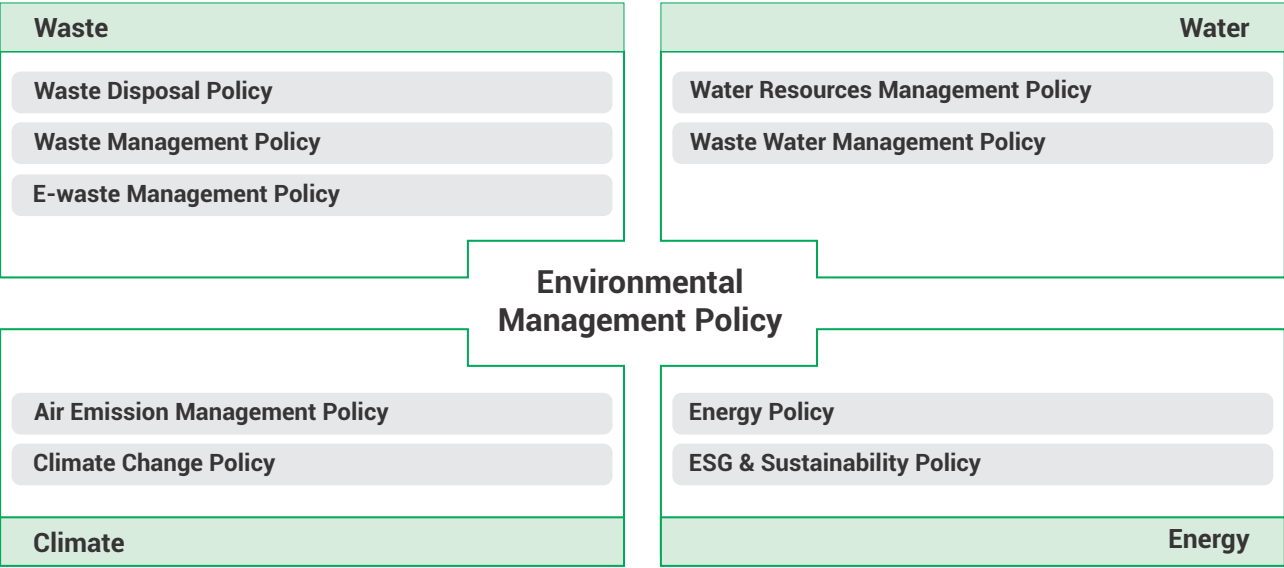
Section 5 Environmental Stewardship

Environment Stewardship at HEG

Our position as a leader in the graphite electrode industry is anchored by a profound dedication to environmental stewardship. We actively engage in sustainable practices that aim to significantly lessen our ecological impact. Our comprehensive Environment Management Policy, in line with the ISO 14001 standard, directs our operations to not only minimize our environmental footprint but also to generate positive outcomes for the environment and surrounding communities.

HEG's Environment Management Policy

Our Environmental Management Policy serves as a thorough framework that guides our organization in the proactive identification, evaluation, and management of environmental risks, impacts, and opportunities. It covers key focus areas such as waste management, water conservation, climate change mitigation, and energy efficiency, ensuring a holistic approach to our environmental responsibilities.



Climate Change

Our collective initiatives in response to climate change are steered by a detailed climate change policy. This policy is focused on meticulously tracking and reducing greenhouse gas emissions, enhancing energy conservation measures, mitigating climate-related hazards, and diminishing our overall ecological footprint. The tracking of greenhouse gas (GHG) emissions stands as the pivotal component within the policy framework. This critical task has been carried out autonomously and consistently over the past several years.

GHG Emissions Criteria

This year the annual GHG emission inventory, has been prepared in line with **GHG Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (published by the World Resources Institute and the World Business Council for Sustainable Development)**

Direct & Indirect Emission - Scope 1 & 2

Adhering to the GHG Protocol standards, the Mandideep plant's operational direct emissions have been categorized under Scope 1. Concurrently, emissions attributed to the consumption of procured electricity are accounted under Scope 2.

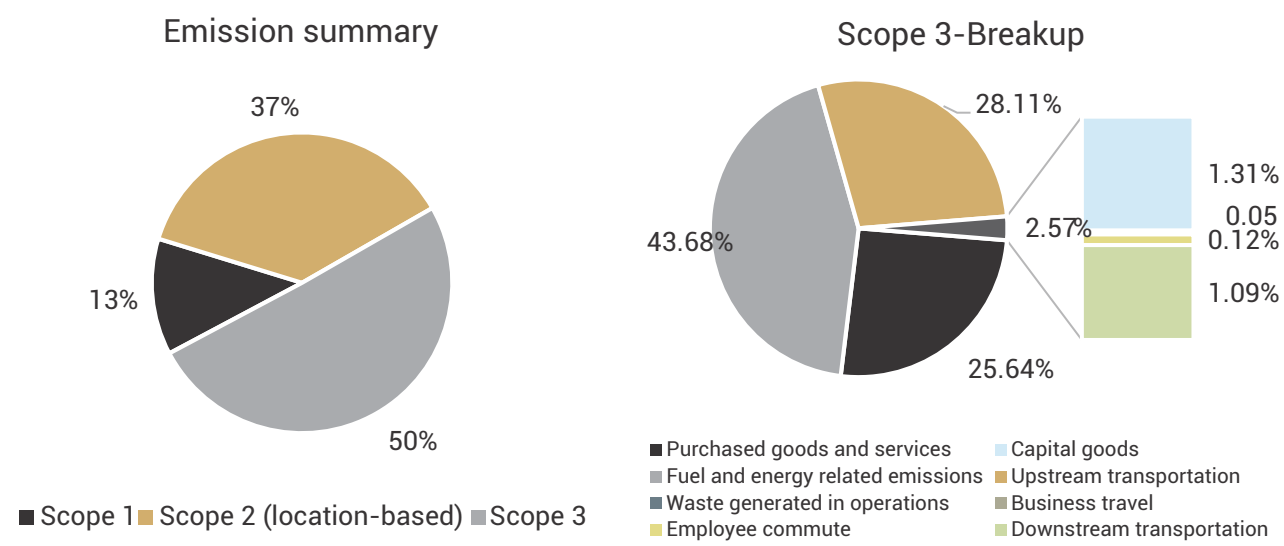
Scope 1 + 2 GHG emissions	FY 2022-23 (tCO ₂ e)	FY 2023-24 (tCO ₂ e)
Scope 1	48,415.01	90,300.97*
Scope 2 (location-based)	2,68,385.85	2,66,838.54
Boundary: Operations from Mandideep manufacturing plant and Tawa Hydro plant facility.		

* In FY 2023-24, we expanded our Scope 1 emissions inventory to encompass process emissions.

Upstream & Downstream Indirect Emissions - Scope 3

We are currently, taking steps to transparently measure, manage, and identify opportunities to reduce energy consumption and GHG emissions generated from our manufacturing process and throughout our value chain in the short, medium, and long-term.

GHG Emissions	Unit	FY 2023-24
Scope 3	tCO ₂ e (Mt)	3,60,255
Total GHG Emissions (Scope 1+ Scope 2++ Scope 3) *location-based	tCO ₂ e	7,17,395
Scope 3 as a % of Total GHG Emissions	%	50%



Scope 3 categories reported in FY 2023-24 (tCO2e)

Category	Scope 3	FY 2023-24
C1	Purchased goods and services	89,216
C2	Capital goods	4,775
C3	Fuel and energy related emissions	1,59,243
C4	Upstream transportation	1,02,437
C5	Waste generated in operations	50
C6	Business travel	112
C7	Employee commute	444
C9	Downstream transportation	3,977
Total		3,60,255

Carbon Product Footprint – Calculating Carbon Content in Graphite Product

Acknowledging the growing demand for sustainability and heightened regulatory expectations, we have proactively conducted an extensive carbon footprint analysis for our graphite electrodes, in line with the **WBCSD GHG Protocol's Product Life Cycle Accounting and Reporting Standard**. This analysis is instrumental in identifying key emission sources, refining operational efficiency, and advancing reduction strategies, at a product level. Our commitment to reducing greenhouse gas emissions is in step with global climate targets and bolsters the transparency of our environmental initiatives.

Air Emission Management

We have implemented a dedicated air emission policy that governs the management of emissions across all operational sites. It delineates procedures for tracing emission origins, evaluating potential pollutants, and establishing a comprehensive, up-to-date monitoring program. The policy considers the vulnerability of local environments to air pollution and includes proactive engagement with community stakeholders. It also incorporates a detailed Air Quality Management Plan and adherence to standards through accredited methods and qualified professionals.

In alignment with this policy, we have integrated cutting-edge emission control technologies such as electrostatic precipitators, baghouse filters, and advanced scrubbers. The deployment of Continuous Emissions Monitoring Systems (CEMS) facilitates the real-time oversight of emissions. We have a perfect record of zero non-compliance, showing our strong commitment towards regulatory compliance. We regularly check air quality around our operations to ensure our emissions meet all required standards, which our fiscal year 2023-24 results confirm.

Air pollutants	UoM	FY 2022-23	FY 2023-24
NOx	MT per annum	32	34
Sox	MT per annum	108	113
PM	MT per annum	141	160

Biodiversity

Biodiversity is a cornerstone of our commitment to environmental stewardship, and we acknowledge its critical role in maintaining ecological balance and advancing sustainability. Although our operations are not situated in biodiversity-sensitive areas, and we have not conducted formal biodiversity assessments to date, we are planning to evaluate the pssotential impacts of our activities on biodiversity in the future.

Despite the lack of direct interaction with biodiversity-rich habitats, we actively engage in environmental conservation initiatives. Our annual tree planting campaigns are a testament to this commitment. In our continuous pursuit of ESG excellence, we are expanding our tree planting initiatives to enhance our environmental impact. Our aim is to proactively address any indirect biodiversity impacts and affirm our commitment as a responsible corporate leader dedicated to promoting sustainability and a greener environment.

Greening Our Future: Tree Plantation Drive

At HEG, our commitment to nature preservation is reflected in our actions. This year, we have planted more than 12,500 trees within our plant premises. This significant effort contributes to carbon sequestration, offsetting a portion of our greenhouse gas (GHG) emissions. Additionally, this initiative enhances biodiversity and improves the ecological balance in the area surrounding our plant.

Energy Management

HEG Limited's energy management framework is meticulously structured to thoroughly assess and curtail energy consumption throughout our operations. We prioritize the adoption of best available technologies for energy efficiency and are developing a long-term strategy focused on renewable energy. Our framework includes regular monitoring and reporting of energy consumption, continuous efforts to minimize energy use, and the implementation of leading operational practices. We conduct energy audits for ongoing improvement and work with our supply chain to reduce energy consumption. Additionally, we promote energy conservation awareness and encourage research into innovative energy-saving technologies.

Our forward-looking energy roadmap sets ambitious targets to enhance our commitment to energy efficiency. Key objectives for the upcoming year include doubling our renewable energy capacity with an additional 3MW solar power plant and conducting - energy audit to optimize usage. We're also exploring renewable energy options, such as harnessing power from the Tawa Hydro plant and integrating hydrogen as an alternative fuel for operations. The table below depicts energy consumption from different sources during this reporting period.

Energy Consumption Breakdown at HEG

Parameter	Units	FY 2022-23	FY 2023-24
Electricity consumption (Renewable Source)	GJ	15,133	14,310
Electricity consumption (Non-Renewable source)	GJ	13,49,508	13,41,646
Total electricity consumption	GJ	13,64,641	13,55,956
Total fuel consumption (Non-renewable sources)	GJ	6,71,803	6,23,304
Energy Intensity in terms of physical output	GJ/MT	28.8	28.9

Tawa Hydro Electric Power Plant



The Tawa Hydro Electric Power Plant owned by HEG Limited and situated in Tawanagar, Narmadapuram, Madhya Pradesh, India, occupies a 100-acre site and boasts a generation capacity of 16.8 MW across its two units. Technically, the Tawa HEP project is distinguished by its location at the dam toe and the base of an irrigation canal, serving a large catchment area of approximately 6,000 square kilometres. The power plant maintains high operational standards with two turbo generators, each with a rated capacity of 8.4 MW and designed to handle a continuous 20% overload, which indicates a high Plant Load Factor (PLF) and efficiency.

The utilization of hydroelectric power is instrumental in reducing GHG emissions as it reduces the demand for electricity generated from carbon-intensive sources like coal or natural gas. Currently, the Tawa hydroelectric power plant's output is being fed into the grid and traded on the exchange at competitive market rates. The associated renewable energy certificates (RECs) from the energy supplied are available for HEG's disposal for transactions or surrender. To date, HEG has accumulated an unsold REC stockpile of 146,056 MWh, representing a substantial quantity of clean energy credits at its disposal. Looking ahead, as part of our decarbonization strategy, we are exploring options to direct a portion or all the energy produced to our Mandideep facility, contingent upon favourable state and federal policy frameworks. Our goal is to optimize the use of our renewable resources to meet our emission reduction objectives in the forthcoming period.



Installation of 3 MW Solar Power Plant: Steps Towards Reducing Emissions

We have implemented a 3 MW solar PV Rooftop system to reduce our operational emissions and complement our switch towards green energy. This initiative has resulted in the generation of approximately 3.6 Million units of annual green power. Moving forward, we plan to add another 3 MW Solar Power Plant. We are also evaluating options for green open access power procurement through group captive and third-party models, in the near future. We anticipate renewable energy generation will play a key role in meeting our emission targets and related commitments.

Transition to Battery-Operated Forklifts

We have taken a significant step towards reducing our environmental impact by replacing two diesel forklifts with two 3-ton battery-operated models with a battery capacity of 377.4 Ah. This transition has resulted in an annual reduction of ~22,200 litres in diesel consumption, effectively eliminating the associated CO₂ emissions from fuel combustion.

Beyond the quantifiable reduction in calculated carbon emissions, this change has notably improved local air quality in our operational areas. These measures are pivotal in addressing our Scope 1 emissions, which help us make tangible progress in lowering our overall environmental impact.



Adoption of Electric Vehicles



In a move to further reduce CO2 emissions in operations, we have replaced three of our passenger cars with Electric Vehicles (EVs). This shift has annually reduced our diesel consumption by ~15,600 litres, significantly lowering associated CO2 emissions. Transitioning to EVs not only reduces our environmental impact but also supports cleaner transportation solutions globally. The initiative demonstrates our dedication to greener technologies across all facets of our business, including employee transportation, underscoring our holistic approach to sustainability.

Waste Management

HEG is dedicated to advance circularity, ensure environmental compliance, protect health and safety, fulfil corporate responsibility, recover resources, and meet market expectations for eco-friendly practices. Our waste management framework is accompanied by a suite of comprehensive policies that navigate us through the complexities of the environmental landscape.

Our **Waste Management Policy** helps us commit to minimizing waste generation, promoting reuse and recycling, and ensuring the responsible disposal of all waste types. We adhere to legislative requirements, engage with certified recyclers, maintain safe waste handling practices, and foster environmental awareness across our facilities.

Our framework also includes an **E-Waste Management Policy** that tackles the environmental and health hazards associated with the disposal of electrical and electronic equipment. We ensure responsible E-Waste handling, compliance with leading practices and standards, and adherence to the life cycle management of electronic items as mandated by the E-Waste (Management) Rule 2016 and its updates.

Moving forward, our objective is to maintain the **status of Zero waste to landfill**. We provide training to our employees on waste minimization and recovery methods. In addition, we have implemented integration of recycling programs to prevent the waste disposal in landfill.

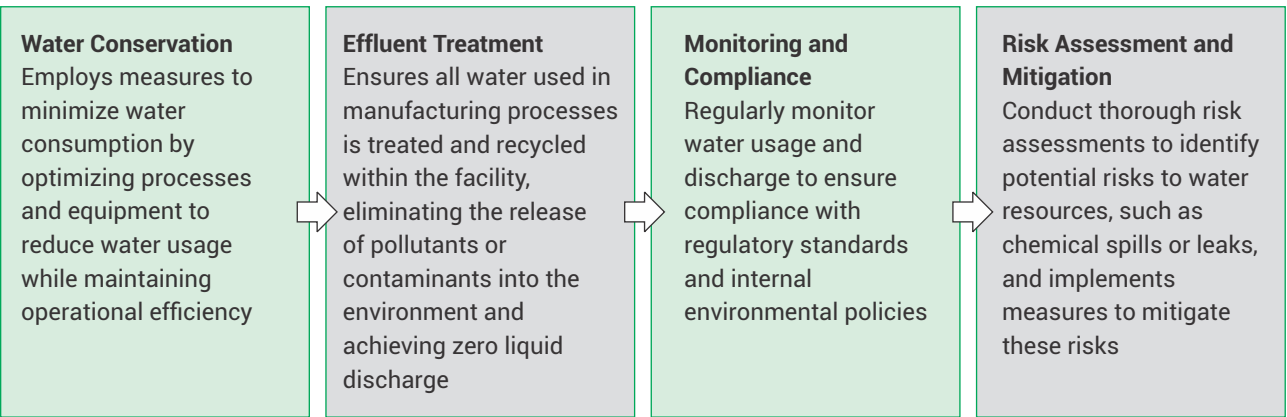
Parameter	FY 2022-23	FY 2023-24
Total Waste generated (in metric tonnes)		
Plastic waste (A)	332.97	208.14
E-waste (B)	5.19	2.32
Bio-medical waste (C)	0.00572	0.003312
Construction and demolition waste (D)	63.58	5
Battery waste (E)	2.82	0
Radioactive waste (F)	Nil	Nil
Other Hazardous waste (G) (Oil waste, oil drums waste, cotton waste & Chemical waste)	59.34	40.44
Other Non-hazardous waste generated (H). (Garbage, paper waste, process waste, metallic scrap, electrical waste, old machinery, refractory waste, wood waste, horticulture waste)	4,911.98	9,160.50
Total (A+B + C + D + E + F + G + H)	5,375.88	9,416.41
Waste intensity in terms of physical output (Metric Tonnes/ Metric Tonnes)	0.08	0.14

Total Waste Recycled, Re-used or Other Recovery Operations (in metric tonnes)		
Category of waste	FY 2022-23	FY 2023-24
Recycle	2,135.60	1,332.77
Re-use	2,772.22	7,728.87
Other recovery operations	2.82	0
Total	4,910.64	9,061.64

Total Waste Disposed (in metric tonne)		
Category of waste	FY 2022-23	FY 2023-24
Incineration (Offsite)	0.00572	0.003312
Landfill (Offsite)	401.66	349.76
Other disposal operations (Offsite)	63.58	5
Total	465.25	354.76

Water Management

Our water management strategy is guided by our Water Resource Management Policy and Wastewater Management Policy that ensures responsible use and conservation of water resources. Water is a critical component in our graphite electrode manufacturing for cooling, lubrication, and dust control. We have implemented key measures such as efficient Effluent Treatment Plants (ETPs) for water recycling and upgraded Sewage Treatment Plant (STP) to handle increased demand from our expansion. These state-of-the-art treatment systems enable us to meticulously treat and repurpose all wastewater for various non-potable purposes, including gardening, thereby achieving Zero Liquid Discharge status and reducing our freshwater dependency.



Parameter	Unit	FY 2022-23	FY 2023-24
Water Withdrawal	Kilolitres	3,99,537	4,28,531
Water Consumption	Kilolitres	3,99,537	4,28,531
Water intensity in terms of physical output	Kilolitre / Metric tonne	5.6	6.3



Section 6 Social Responsibility

At HEG, we are deeply committed to social responsibility, recognizing its importance not only in our operations but also in enriching the communities and environment around us. Our strategy for social responsibility is multifaceted, focusing on increasing workforce diversity, particularly female representation, regularly assessing employee satisfaction, prioritizing safety and well-being through training, and enhancing skills development.

Our governance is underpinned by specific policies, including those on Human Rights, Anti-Human Trafficking, Health & Safety, and Equal Opportunity, which are integral to our CSR framework. These policies support our sustainability goals, demonstrate our commitment to long-term value, and foster a healthier, fairer future for all.

Policies for Social Responsibility

**Equal Opportunity Policy**

**Human Rights & Trafficking Policy**

**Health & Safety Policy**

**Prevention Of Sexual Harassment Policy**

**Corporate Social Responsibility Policy**

**Whistle Blower Policy**

**Ombuds Policy**

Human Capital Development

Human capital development is fundamental to HEG's philosophy, cultivating a proficient and committed workforce. Our dedication to continuous education and career advancement equips our team to adeptly handle the evolving demands of our industry. Central to our achievements, this development ensures our employees' goals are in harmony with HEG's strategic direction.

We employ robust practices to cultivate talent, promote engagement, and enhance productivity, surpassing traditional HR methods to create an environment that supports our staff's development and meaningful contributions to our corporate goals. Our HR professionals are dedicated to improving employee welfare and the overall efficacy of the organization through targeted strategies. They focus on many areas and aspects such as:

Recruitment and Selection	Training and Development	Performance Management	Compensation & Benefits
Job Analysis and Design: Understanding the requirements of each role and designing job positions accordingly	Orientation: Introducing new employees to the company culture, policies, and their specific roles.	Goal Setting: Establishing clear performance objectives aligned with the organization's goals.	Salary Structure: Developing a fair and competitive compensation system.
Talent Acquisition: Attracting and hiring the right candidates through various channels such as job postings, recruitment drives, and headhunting.	Skill Development: Providing training programs to enhance the skills and knowledge of employees.	Appraisals: Regularly evaluating employee performance against set objectives.	Incentives and Rewards: Implementing bonus schemes and non-monetary rewards to motivate employees.
Selection Process: Conducting interviews, assessments, and background checks to select the most suitable candidates.	Career Pathing: Assisting employees in their career progression within the organization.	Feedback Mechanisms: Offering constructive feedback and coaching to improve performance.	Employee Benefits: Providing benefits such as health insurance, retirement plans, and paid leave.

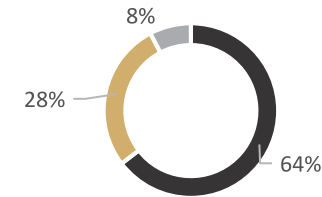
Employee Relations	Health and Safety
• Conflict Resolution: Addressing workplace conflicts and facilitating resolutions. • Employee Engagement: Fostering a positive work environment and high levels of employee satisfaction. • Legal Compliance: Ensuring adherence to labour laws and employment standards.	• Workplace Safety: Implementing safety protocols and training to prevent accidents. • Wellness Programs: Promoting health and well-being initiatives for employees. • Ergonomics: Designing a comfortable and physically safe work environment.

Workforce Bifurcation - Age and Gender-wise (Employees)						
	Male			Female		
Category	< 30 years	30 to 50 years	> 50 years	< 30 years	30 to 50 years	> 50 years
KMP	-	2	2	-	-	-
Leadership	9	110	20	1	3	2
Officer	83	63	21	7	5	-
Technical Staff	172	67	11	-	-	-
Staff	2	9	8	1	-	-

Workforce bifurcation - Age and Gender-wise (Workers)						
	Male			Female		
Category	< 30 years	30 to 50 years	> 50 years	< 30 years	30 to 50 years	> 50 years
Workers	18	332	128	-	-	-

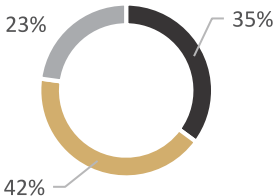
Employee Turnover

Total number of employee turnover
FY 2023-24



- Below 30 years
- 30 to 50 years (including 30 and 50)
- More than 50 years

Total number of employee turnover
FY 2022-23

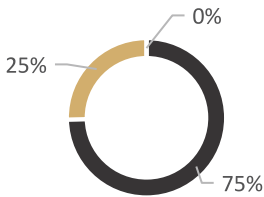


- Below 30 years
- 30 to 50 years (including 30 and 50)
- More than 50 years

Voluntary Turnover Rate
Males - 6.15% Females - 10.5%

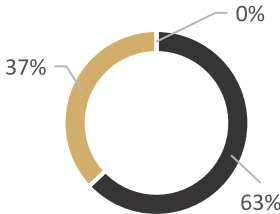
Employees Hired

Total number of new employee hires
FY 2023-24



- Age Group Below 30 years
- Age Group 30 to 50 years (including 30 and 50)
- Age Group More than 50 years

Total number of new employee hires
FY 2022-23



- Age Group Below 30 years
- Age Group 30 to 50 years (including 30 and 50)
- Age Group More than 50 years

	FY 2021-22	FY 2022-23	FY 2023-24
Percentage of open positions filled by internal candidates (internal hires)	43	42	15
Average hiring cost/FTE Currency (INR - Indian Rupee)	2549.69	2326.02	2412.80

Employee Level	Average Women Salary	Average Men Salary
Executive level (base salary only)	-	193726.54
Executive level (base salary + other cash incentives)	-	193726.54
Management level (base salary only)	-	89522.78
Management level (base salary + other cash incentives)	-	89522.78
Non-management level (base salary only)	27502	36793.89

Performance and Career Development

Performance and career development reviews stand as pivotal component within an organization's talent management framework. These reviews perform twofold function, they not only gauge an employee's current performance levels but also map out a trajectory for future growth and advancement within the company.

The evaluation process at HEG Limited gathers extensive feedback from a diverse range of sources, such as supervisors, colleagues, and cross-departmental contacts, to assess each employee's leadership capabilities comprehensively. Insights into their strengths and improvement areas are used to tailor individual development plans (IDPs) that foster the necessary skills for leadership excellence.

Our performance appraisal cycle takes place on an annual basis. Our performances management system integrates Management by Objectives (MBO), Agile Conversations, 360 degree feedback and Team-based Performance Appraisals to drive individual accountability, enhance team synergy, and align with organizational goals, to foster a culture of continuous improvement.

Employees and workers who got performance and career development reviews:

Category	FY 2022-23		FY 2023-24	
	Male (%)	Female (%)	Male (%)	Female (%)
Employees	97	100	88	84
Workers	100	-	100	-

Training and Development

We proactively adapt to the changing business environment by continuously upskilling our workforce to meet market demands. Through regular training and workshops for all employee levels, we maintain an agile and industry-savvy team. We closely monitor training effectiveness and participant feedback to optimize future programs, directly benefiting our employees. This investment in our team's growth bolsters both their individual proficiency and HEG's competitive edge in the marketplace.

Average hours per FTE
of training and development is **5.92 hours**

We provide a diverse range of learning opportunities, including on-the-job training, conventional classroom education, and various other programs designed to enhance the skills of our employees and workers consistently.

Employee Well-being

We prioritize building robust employee relationships, recognizing their critical role in our company's success and aligning with our strategic vision and culture. Our dedication to employee well-being is reflected in our sustainable practices and supportive work environment that fosters both professional and personal development.



We are committed to the well-being of our workforce, offering comprehensive support for new parents, job security, and financial stability through a robust benefits package that includes health, accident, and life insurance, as well as parental benefits and retirement benefits. Our proactive approach to health includes various wellness programs, preventive camps, and screenings to foster awareness and preventive care among our employees. At our company, we emphasize on the well-being of our employees by offering comprehensive workplace stress management programs and encouraging a healthy lifestyle through various sport and health

initiative. Understanding the importance of work-life balance, we provide flexible working hours and the option for working-from-home arrangements, ensuring our team can perform at their best while managing personal commitments.

Note: In FY 2023-24, None of our female employees took parental leave.

HIV/AIDS Awareness Session

On December 1, 2023, HEG Limited, Mandideep, launched an HIV/AIDS awareness program attended by 52 employees from all levels. To maximize visibility, informative posters were strategically placed throughout the plant. Additionally, a detailed awareness session was conducted in the company's auditorium, focusing on educating employees about HIV/AIDS prevention and support. This initiative aimed to enhance awareness and understanding while fostering a supportive workplace environment.

Other Activities



In addition to prioritizing professional well-being, we place a strong emphasis on the physical and mental health of our employees, recognizing its significant impact on workplace dynamics. We foster a sense of community and celebration by organizing a variety of events that bring together our employees and workers as integral parts of our company. This year, we've continued this tradition with events such as Diwali, New Year's Eve, Ram Lalla, Vishwakarma Puja, marathons, and more.

We have also established amenities that contribute to our employees' well-being. Our new cafeteria and fully equipped gym provide spaces where employees can relax, recharge, and prioritize their health.

These facilities foster team connections and build stronger relationships among colleagues outside of their regular work settings.



Employee Engagement Activity

Recognizing the critical role of employee engagement within an organization, we have integrated Employee Engagement Activities into our HR strategy to bolster team building and foster trust among cross-functional teams.

The purpose of organizing this event was to concentrate on several key factors, including communication, team building, morale boosting, and other important aspects.



Long Service & Excellence Award Ceremony

We strive to ensure the hard work and dedication of our employees do not go unnoticed. To maintain the dedication and enthusiasm of our employees, we have established an awards and recognition system. As employees reach significant milestones of 10 and 25 years of service with the company, it is with great pride that we present the Long Service Awards.



Annual Sports Day

At HEG, we organized our annual Sports Day, an event that extends beyond our employees to include their children and spouses as active participants in the festivities.

The employees' families can take part in various activities and games, fostering a sense of joy and togetherness. As an employee-centric firm, we believe that these activities serve a dual purpose: they provide a much-needed respite for our employees and help in forging strong relationships that transcend the boundary of the office.



"HEG is more than just a workplace, it's a community".

This inclusive and engaging environment, aims to enhance the well-being of our employees and their loved ones, reinforcing the idea that Overall, our commitment to these initiatives is a testament to our dedication to building inter-team relationships and ensuring the well-being of our employees, covering the physical, mental, and emotional aspects of their lives.

Diversity, Equity & Inclusion (DE&I)

We recognize that diversity drives innovation, creativity, and competitive advantage. This creates an environment that fosters an inclusive work environment where employees feel respected, trusted, and empowered to excel is a key strategic priority for us.



The graphite electrode sector faces low female participation due to structural and geographic barriers, compounded by stereotypes and few role models. To address this, we've recently intensified our DE&I initiatives, supported by policies on Equal Opportunity, Human Rights, and Prevention of Sexual Harassment (POSH), all anchored by a strong Code of Conduct to foster a respectful workplace.

Our commitment to DE&I is reflected in our zero-tolerance approach to discrimination of any kind, whether based on age, disability, race, ethnicity, gender identity or expression, sexual orientation, or religion. We strive to provide a professional, healthy, and safe work environment for all.

We have implemented an Ombuds Policy, offering an independent forum and vigil mechanism for employees and stakeholders to voice concerns or report violations of the Code of Conduct. Sexual harassment is specifically addressed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and our company's, " Prevention of Sexual Harassment" policy. We take these matters seriously, with consequences for harassment potentially resulting in immediate termination and legal action.

As part of our ongoing efforts, we've set a target to increase women's representation across all employee categories to 10% by 2028. We also ensure that all employees annually declare their adherence to the Code of Conduct and participate in mandatory POSH & Code of Conduct training sessions. Through these measures, we aim to create a diverse, equitable, and inclusive workplace that reflects our values and drives our success.

Zero Complaints

Sexual harassment or discrimination, in FY23-24

Women's Day Celebration

HEG Limited demonstrated its commitment to gender equality and women's empowerment through a thoughtful celebration of International Women's Day. Recognizing the vital contributions of women to both the company and society at large, a special event was organized to honour our female employees and the teachers of the Graphite School. The celebration, spearheaded by the HR Department, showcased the company's appreciation for women's roles in driving innovation, fostering growth, and shaping the organization's future.



Collective Bargaining

Apart from building skills, we also recognize the importance of collaboration in the workplace. We actively engage in collective bargaining processes, working together to negotiate terms that are fair and mutually beneficial for both our employees/workers and the organization.

The aim of our collective bargaining approach is twofold: to comprehensively address all aspects of the employment relationship from a legal standpoint, and to foster a culture of trust, transparency, and shared purpose.

As a result, we have facilitated the formation of unions at the workers' level, representing 100% of our workforce. These unions advocate for the interests of the workers, negotiating collective bargaining agreements to ensure fair wages, safe working conditions, and the protection of workers' rights. The presence of unions facilitates dialogue between management and the workforce, helping to resolve workers' disputes and develop policies that benefit all parties involved. We believe that through these practices, we will not only ensure fair working conditions but also drive innovation, productivity, and long-term organizational success.

Health and Safety

We highly prioritize the safety and well-being of our personnel as a core responsibility. To uphold the highest standards of workplace safety, we rigorously comply with the legal requirements set forth in the Factories Act, 1948. This commitment extends to the maintenance of the ISO 45001:2015 (Occupational Health and Management System), an international standard that specifies requirements for an Occupational Health and Safety (OHS) management system. This enables us to create a framework that consistently identifies, and controls health and safety risks, reduces potential accidents, aids legislative compliance, and improves overall performance.



Employee Training	FY 2022-23		FY 2023-24	
	Male (%)	Female (%)	Male (%)	Female (%)
Health and safety measures	54	43	84	79
Skill upgradation	65	57	64	21

Worker's Training	FY 2022-23		FY 2023-24	
	Male (%)	Female (%)	Male (%)	Female (%)
Health and safety measures	73	-	70	-
Skill upgradation	24	-	33	-

Going forward, we have undertaken target to achieve
100% Health & Safety Training
 for both of our employees and workers.

Safety Incident	Category*	FY 2022-23	FY 2023-24
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	9.71	0
	Workers	5.99	2.48
Total recordable work-related injuries	Employees	1	0
	Workers	3	1
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	1	0

*Including the contract workforcess

First Aid Training Program

At HEG, the safety of our employees and workers is our top priority. In line with this commitment, we organized a First Aid Training program. This specialized program was meticulously crafted to equip individuals with the essential knowledge and skills needed to respond effectively in emergency situations. This comprehensive training aims to empower participants to administer immediate medical assistance and care to injured or ill individuals until professional medical help arrives. We believe that First Aid Training can play a pivotal role in saving lives, mitigating further injury, and expediting the recovery process.

Detailed Safety Policy

We have established a comprehensive Safety Policy that serves as the cornerstone of our commitment to ensuring a secure work environment. This policy outlines our approach to managing safety risks, setting clear objectives for continuous improvement, and defining the roles and responsibilities of all employees in upholding our safety standards. The policy is communicated throughout the organization and is readily accessible to all employees, ensuring that everyone is aligned with our safety objectives and practices.

To reinforce our commitment to a safe and healthy workplace, we conduct regular safety audits and inspections at all our sites. These audits are crucial for identifying safety issues and ensuring adherence to safety protocols, driving continuous improvement in our safety practices. Preparedness is also paramount, and we conduct frequent mock drills for fire and other emergency scenarios. These drills ensure that our employees are well-trained and equipped to respond effectively in real emergencies.

Human Rights

We are committed to safeguarding human rights across our operations, supply chains, communities, and business relationships. We hire based on qualifications and prohibit discrimination on any grounds including race, colour, age, gender, sexual orientation, ethnicity, religion, disability, and family status.



We conduct regular internal due diligence assessments on human rights, beginning with the employee onboarding process. This includes verifying age and other criteria to ensure new hires meet our rigorous employment standards. All employees, including security personnel, undergo regular training to remain compliant with our norms on human rights, and Code of Conduct.

In the FY 2023-24, our comprehensive human rights risk assessment across company operations identified key strengths and pinpointed areas for improvement. We respond to identified risks with targeted corrective actions, ensuring diligent monitoring of their resolution. For risks emerging in our operations or supply chain, we execute tailored mitigation strategies across all the sites. These range from preventive measures such as educational sessions, to risk reduction initiatives like capacity building and the introduction of safeguards and, where necessary, complete risk elimination through strategic alteration to our business processes. Our company periodically reviews the risk mapping of potential issues as well.

Zero Cases
of violation of human rights in FY 2023-24

Grievance Redressal

HEG has a robust grievance resolution framework to ensure that the voices of all stakeholders are acknowledged and appreciated and that we promptly and effectively address any issues or concerns of theirs. This framework includes:

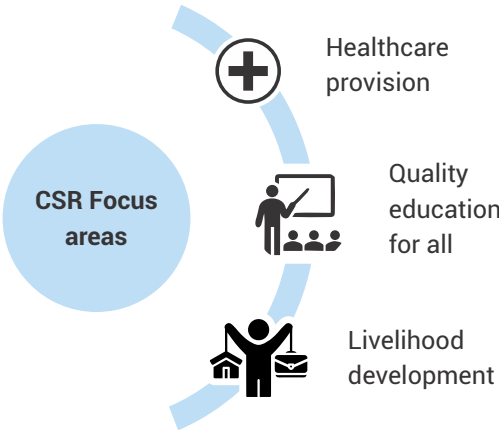
Code of Conduct for Employees	Prevention of Sexual Harassment (POSH) Policy	Union Representation and Weekly Meetings	Anti-Discrimination Policy
Our Code of Conduct sets out the principles and standards of behavior expected from all employees, emphasizing the importance of respecting human rights.	Our POSH Policy provides guidelines and procedures for preventing and addressing instances of sexual harassment in the workplace, ensuring a safe and respectful environment for all employees	Union representatives can raise concerns related to human rights through several committees, and weekly meetings are held at the shop floor to address grievances promptly and effectively	We have implemented an Anti-Discrimination Policy to prohibit discrimination based on factors such as race, gender, religion, or disability, and to promote equality and diversity within our workforce
Whistle-blower Policy	Grievance Register and Boxes	Protection against Retaliation	Integration of Human Rights in Business Agreements
Our whistle-blower Policy encourages employees to report any unethical or illegal behaviour without fear of retaliation, providing mechanisms for confidential reporting and investigation of complaints.	We maintain a Grievance Register and install Grievance Boxes at various common places to facilitate the reporting of grievances related to human rights issues.	We are committed to protecting individuals who raise concerns about discrimination and harassment from retaliation. Our Grievance Redressal Policy, Whistle-blower Policy, and POSH Policy ensure confidentiality for complainants and protect them from adverse consequences when reporting legitimate concerns in good faith.	While human rights requirements do not explicitly form part of our current business agreements and contracts, we are actively working towards integrating human rights considerations into these agreements in the near future. We recognize the importance of aligning our business practices with human rights principles and are committed to continuous improvement in this regard.

#All the new joiners are mandated to undergo this training as a part of their onboarding.

As part of our commitment to protect the human rights, we have ensured during the FY 2023-24, 100% of our security personnel are provided with Human rights trainings

Empowering Local Communities

HEG's core identity is rooted in the principles of environmental stewardship and community engagement. Our inclusive and collaborative corporate culture prioritizes partnerships that generate shared value, reaching beyond our organizational boundaries to positively impact society at large.



Our Corporate Social Responsibility (CSR) initiatives are driven by agile teams operating at local and corporate levels, dedicated to promptly addressing community concerns through active dialogue with stakeholders and their representatives. We employ thorough need based assessments before launching any program and conduct regular impact evaluations to ensure our interventions are effective, relevant, and sustainable. In the fiscal year 2023-24, we have committed ~ 6.59 crores from our CSR budget to support community development projects.

CSR	FY 2023-24
CSR Expenditure & Initiatives	
Total no. of CSR Initiatives	4
CSR Obligation (INR)	6,59,17,016
Total no. of people benefited through CSR	~73,000

No Child Should Sleep Hungry

HEG's partnership with Akshaya Patra has culminated in the launch of a mega kitchen in Bhopal. This kitchen, is set to deliver nutritious meals to approximately 50,000 children across 900 schools in Bhopal and Raisen districts. We prioritise the safe handling, preparation, and delivery of food, ensuring the highest quality and hygiene standards.

With an annual spent of Rs 7.5 crore from HEG, this project complements government efforts under the midday meal scheme, reinforcing our commitment to improving the lives of underprivileged children by ensuring access to quality nutrition and education. As of March 2024, the kitchen has served over 50 Lakh meals, improving school attendance and empowering low-income families. Through this initiative, HEG is enhancing nutrition, fostering education, and contributing to national development.



Empowering Farmers and Transforming Rural Landscape



HEG takes pride in its partnership with Global Vikas Trust (GVT), a non-profit organization, which is committed to improving the livelihoods of farmers and promoting holistic development throughout India. GVT's dedicated efforts have significantly improved the lives of more than 21,000 farmers across 27 districts in Maharashtra, Madhya Pradesh, and Gujarat. By enabling farmers to shift to horticulture with access to subsidized high-quality saplings and a supportive infrastructure, GVT has laid the groundwork for enduring agricultural advancement.

Additionally, GVT's work in establishing forward linkages has improved market access and increased income for the farming community. Remarkably, GVT's initiatives have led to the planting of over 442 lakh trees in Madhya Pradesh and Maharashtra, marking a major leap in environmental conservation and the enrichment of agricultural practices.

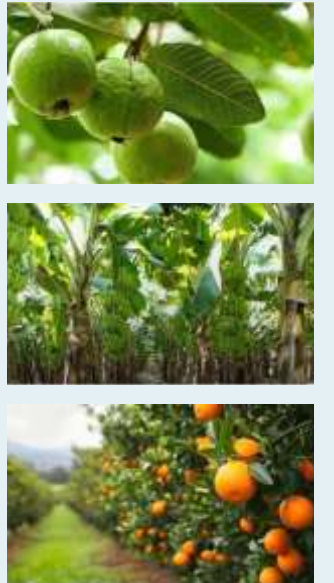




IMPACT ASSESSMENT STUDY OF AGRICULTURAL DEVELOPMENT INITIATIVES OF GLOBAL VIKAS TRUST (GVT)



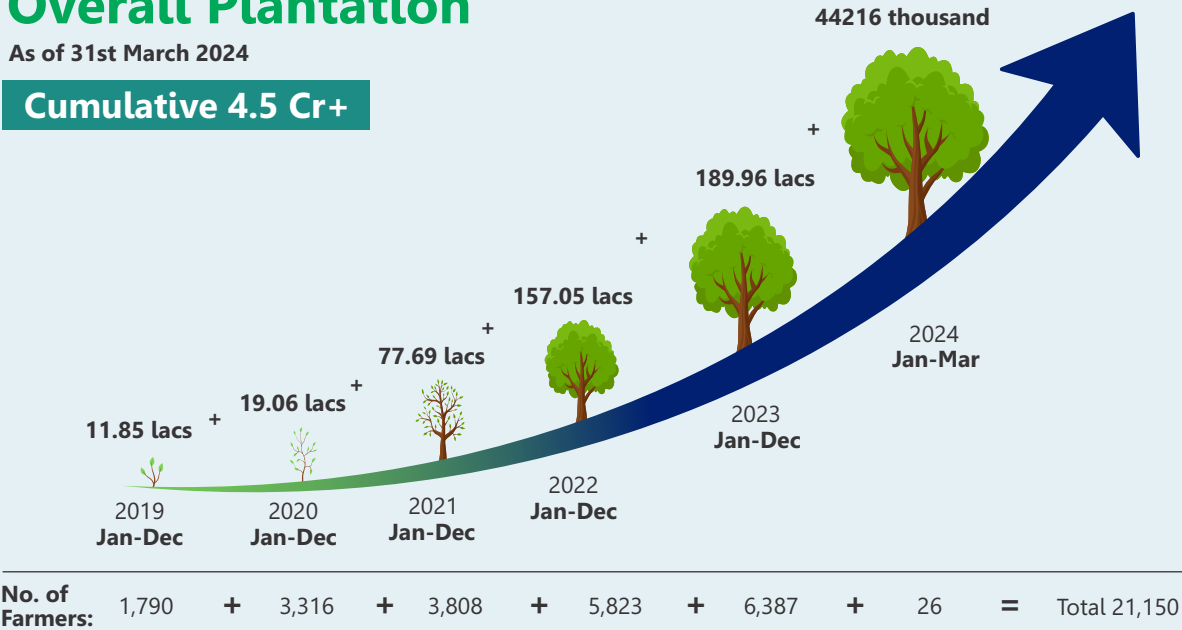
CENTRE OF EXCELLENCE IN CSR
TATA INSTITUTE OF SOCIAL SCIENCES MUMBAI
(Synopsis)
2024



Overall Plantation

As of 31st March 2024

Cumulative 4.5 Cr+



Strengthening India's Foundation

Graphite Higher Secondary School, funded by HEG Limited, is a testament to our commitment to education and community welfare. With an investment of Rs 22 crores, we have established a modern facility that offers a superior educational environment for approximately 1,800 students. The school features a auditorium, advanced playgrounds, and laboratories that adhere to CBSE standards.



Our aim is to provide quality education that elevates both individuals and families, recognizing that such investment is key to societal development. The school's management and staff are dedicated to nurturing not only academic excellence but also the values and life skills essential for students' futures.

With a commitment to providing holistic education, the school employs the latest teaching techniques and focuses on skill development following the CBSE curriculum. HEG believes in the fundamental right of every child to quality education and is dedicated to contributing to the education and empowerment of the future citizens of the country.

Scholarly Aspirations

Empowering Access to Premier Liberal Arts Education

HEG proudly backs Ashoka University, India's pioneering liberal arts and sciences institution. Rooted in the values of community-driven philanthropy, Ashoka, university is dedicated to delivering top-tier education. The university provides scholarships to talented students lacking financial resources, reflecting HEG's dedication to fostering educational opportunities and empowering future leaders.



Apna Ghar Ashram

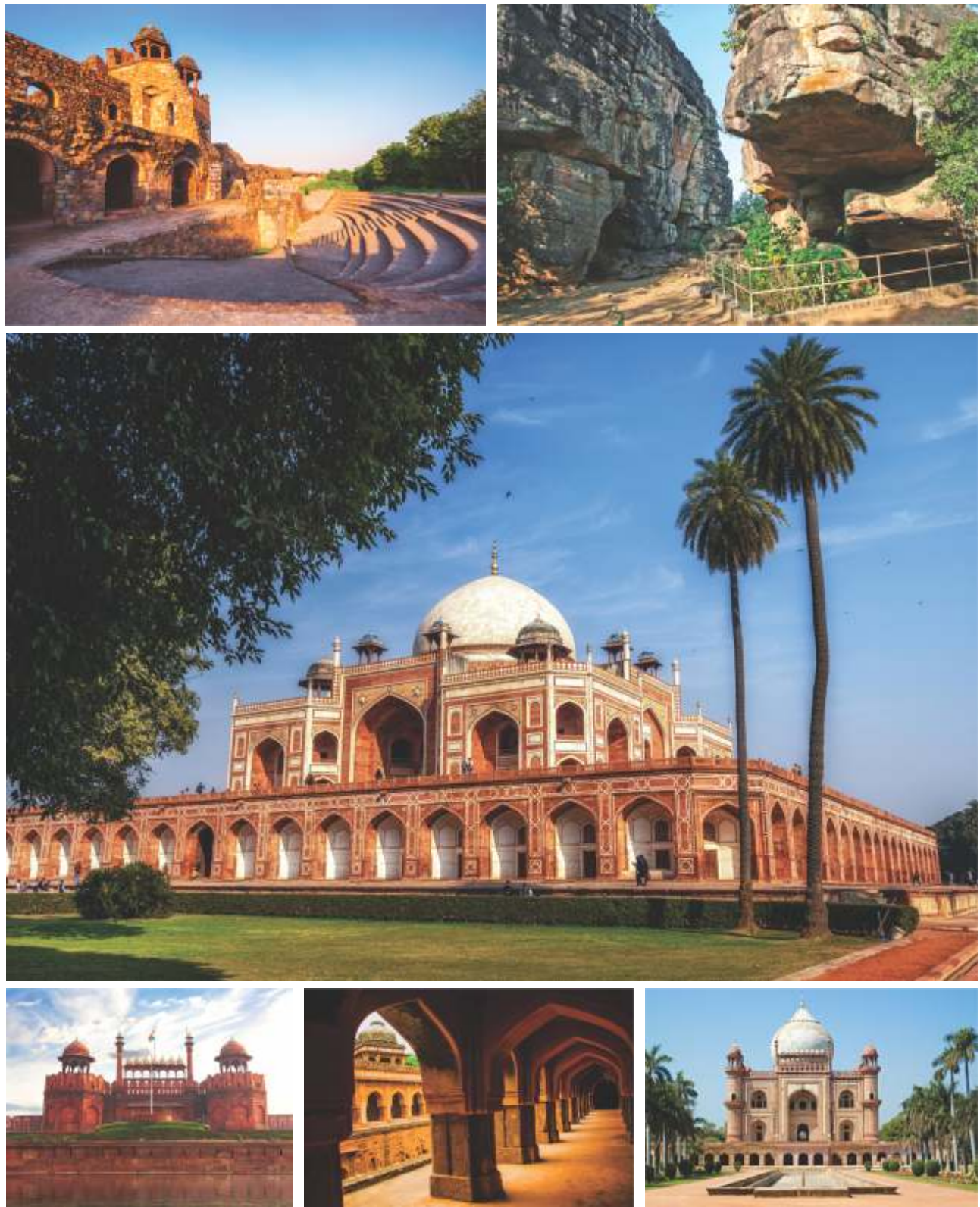
Home for the homeless

HEG has provided sponsorship to APNA Ghar, an ashram in Bhopal, catering to the destitute and homeless. The ashram offers refuge to neglected and ill individuals found in dire conditions on the streets, railway stations, and other public places. APNA Ghar provides accommodation, food, medical assistance, and care for these individuals. Initially accommodating 48 people, known as Prabhuji, the ashram expanded to accommodate up to 120 individuals Over the past four years, APNA Ghar has rescued 1500 Prabhujis, successfully reuniting 150 of them with their families.



Revitalizing History: Strategic Alliance with Sabhyata Foundation

HEG has partnered with the Sabhyata Foundation to safeguard and enrich India's cultural legacy, targeting pivotal heritage sites like the Red Fort, Bhimbetka's rock caves, Safdarjung Tomb, Purana Qila, Humayun's Tomb, Mehrauli Archaeological Park and Gandhi Kota Fort. This initiative represents a deliberate effort to bolster the integrity and allure of these monuments, ensuring their preservation for future generations. The collaboration is set to implement cutting-edge conservation techniques and enhance visitor engagement, thereby reinforcing the cultural fabric of the nation.



Looking Forward

Planting the seeds for the new horizon

At HEG, we recognize the imperative of sustainability in securing a viable future for our planet, future generations and the industries we serve. As a premier producer of graphite electrodes, we are at the forefront of enabling the steel industry's shift towards electric arc furnace technology, enabling a cleaner alternative to traditional steelmaking. As we navigate this journey ahead, our primary areas of concentration encompass.

Innovation and Efficiency: Our investment in R&D aims to pioneer advanced graphite electrodes that enhance energy efficiency and extend operational longevity. Our objective is to diminish the carbon footprint of production and utilization, and aid steel manufacturers in their pursuit of eco-friendly production methods.

Renewable Energy Integration: We are actively pursuing the incorporation and maximization of renewable energy sources



such as solar, wind, and hybrid systems into our manufacturing operations, and exploring avenues to curtail our dependence on fossil fuels and reducing greenhouse gas emissions.

Resource Optimization: By embracing the principles of circular economy, we strive to maximize resource efficiency across our enterprise. This encompasses the recycling and repurposing of materials, alongside minimizing waste through refined process controls and robust waste management protocols.

Collaborative Sustainability: We acknowledge that sustainability is a collective endeavour and are thus engaging with our supply chain,

from suppliers to customers and industry peers, to foster sustainable practices. Our collaborative efforts are aimed at establishing and meeting ambitious sustainability benchmarks that propel the entire steel industry forward.

Transparency and Reporting: We are dedicated to transparently disclosing our sustainability metrics, ensuring accountability and fostering continual enhancement of our practices. Regular updates on our advancements, obstacles, and insights will be communicated to all stakeholders, nurturing a culture of trust and collaboration.

Community and Environmental Stewardship: Our commitment extends to the communities we operate in and the environment at large. We are actively involved in community development and environmental conservation initiatives that contribute to societal well-being and the preservation of natural habitats.

Future Commitments: As we look to the future, our efforts are channelled towards setting forward looking sustainability targets in the coming decade. We are resolved to be a catalyst for positive change, not only within the steel industry but also in the broader context of global industry practices.



Our journey towards sustainability transcends regulatory compliance; it is about fostering innovation, generating enduring value, and ensuring a prosperous legacy for generations to come. We are steadfast in this pursuit and extend an invitation to all stakeholders to join us in actualizing a sustainable future.

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Notes



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