HEG GRAPHITE LIMITED

CORPORATE SOCIAL RESPONSIBILITY & ESG POLICY ("CSR & ESG Policy")

Approved by the Board of Directors at its meeting held on August 24, 2026 on the recommendation of the CSR & ESG Committee.

COMPANY'S VISION & PURPOSE

To actively contribute to the social, economic, and sustainable development of the communities in which the Company operates. In doing so, HEG Graphite Limited aims to build a resilient, eco-efficient, and sustainable way of life for society, raise the country's human development index, and uphold the highest standards of corporate governance, environmental stewardship, and ethical conduct.

Making a Difference & Driving Sustainability:

Long before Corporate Social Responsibility and ESG frameworks found a mandatory place in the corporate sphere, these values were woven into the Company's culture. Carrying forward the founding philosophy of Shri L.N. Jhunjhunwala—who advocated sustainable self-reliance over simple charity—and institutionalizing Shri Ravi Jhunjhunwala's vision of triple bottom line accountability (economic success, environmental responsibility, and social commitment), the Company operates under a steadfast ethos: "We Care".

Through the integrated CSR & ESG Committee, the Company reinforces its commitment to balancing long-term commercial creation with ecological preservation, social equity, and accountable governance.

1. BACKGROUND & GOVERNING FRAMEWORK

- CSR Mandate: This Policy is framed in accordance with Section 135 of the Companies Act, 2013 (the 'Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time. The Company shall ensure that at least 2% of the average net profits made during the 3 immediately preceding financial years is spent toward approved CSR initiatives.
- ESG Integration: In alignment with international ESG standards (such as BRSR / SEBI guidelines, GRI, and UN SDGs), the Company systematically embeds Environmental, Social, and Governance goals into its core strategy.
- Committee Oversight: The Board of Directors has constituted a joint CSR & ESG Committee to oversee, monitor, and guide both statutory CSR obligations and long-term ESG integration.

2. OBJECTIVES

The primary objectives of the CSR & ESG Policy include:

- CSR Initiatives: Eradicating hunger, poverty, and malnutrition; promoting education, healthcare, and skill development; enabling climate resilience, rural development, and inclusive growth, particularly across local, rural, and tribal belts in India.
- Environmental Stewardship: Decarbonizing operations, enhancing energy efficiency, conserving water, reducing waste, and promoting biodiversity and circular economy practices.
- Social & Human Capital: Ensuring a safe, fair, diverse, and inclusive workplace, fostering fair labor practices, human rights, and deep community partnership.
- Corporate Governance: Maintaining strong governance structures, operational transparency, business ethics, regulatory compliance, and responsible supply chain management.

3. DEFINITIONS & SCOPE

a) Corporate Social Responsibility (CSR): Projects or programs undertaken pursuant to Section 135 and Schedule VII of the Act.
CSR shall not include:

i) Activities undertaken in the normal course of business.
ii) Activities undertaken outside India (except training of Indian sports personnel as permitted by law).
iii) Direct or indirect political contributions under Section 182 of the Act.
iv) Activities exclusively benefiting employees or their family members.
v) Sponsorship activities aimed purely at deriving marketing or commercial benefits.
vi) Activities carried out to fulfill other statutory obligations.
vii) Administrative overheads exceeding 5% of the total annual CSR expenditure.

b) ESG (Environmental, Social, and Governance): The strategic framework and set of standards used to evaluate the Company's operational impact, sustainability performance, ethical practices, and long-term risk resilience.

c) Ongoing Project: A multi-year CSR project with explicit timelines not exceeding 3 years (excluding the financial year of commencement).

d) Average Net Profit: Calculated in accordance with Section 198 of the Companies Act, 2013.

4. OPERATING & IMPLEMENTATION MECHANISM

- CSR Execution: The Company will execute CSR activities directly or through registered trusts (e.g., LNJ Bhilwara Lok Nyas Trust), Section 8 companies, or eligible implementation agencies registered with MCA and holding valid 12A/80G registrations and track records.
- ESG Execution: ESG initiatives will be embedded across operating departments (Manufacturing, EHS, HR, Procurement, Legal) under executive guidance and monitored periodically by the CSR & ESG Committee.
- Partnerships & Experts: The Company may engage international or technical organizations for designing, monitoring, impact assessment, and capacity building for both CSR and ESG initiatives.

5. PROJECT & ESG FOCUS AREAS

A. Corporate Social Responsibility (CSR) Core Pillars:

1. Education & Skill Development: Running and expanding Graphite Sr. Secondary School at Mandideep; supporting schools with lab modernization, infrastructure, RO drinking water systems, and vocational/skill training.
2. Healthcare & Sanitation: Deploying mobile medical vans, operating dispensaries/OPD centers, conducting regular health checkups, and providing clean water and sanitation facilities.
3. Rural & Community Development: Empowering women, setting up care facilities for senior citizens/orphans, supporting armed forces veterans, and executing infrastructure projects for rural communities.
4. Heritage, Culture & Sports: Promoting national heritage, traditional arts, and training for rural, national, paralympic, and Olympic sports.

B. Environmental, Social, and Governance (ESG) Framework:

1. Environmental (E):
- Decarbonization & Energy Transition: Optimizing energy efficiency in graphite electrode production, expanding renewable energy usage, and establishing targets to lower carbon intensity.
- Water & Resource Management: Implementing rainwater harvesting, Zero Liquid Discharge (ZLD) systems, and promoting resource circularity.
- Waste & Pollution Reduction: Sustainable handling and reduction of hazardous/non-hazardous waste, hazardous emission controls, and extensive green-belt plantation drives.

2. Social (S):
- Occupational Health & Safety (OHS): Maintaining a "Zero Harm" workplace through regular safety audits, employee training, and health management.
- Human Rights & Workplace Culture: Enforcing anti-harassment, non-discrimination, fair wage practices, and promoting Diversity, Equity, and Inclusion (DEI).
- Responsible Supply Chain: Driving sustainable practices across vendors and raw material suppliers.

3. Governance (G):

- Ethical Conduct: Zero tolerance for corruption, bribery, or anti-competitive behavior; strict adherence to the Code of Conduct and Whistleblower Policy.
- ESG Transparency & Reporting: Regular publication of ESG parameters via Business Responsibility and Sustainability Reporting (BRSR) and international frameworks.
- Data Privacy & Risk Management: Robust cybersecurity protocols and comprehensive enterprise risk management (ERM) incorporating climate risks.

6. CAPITAL ASSETS & SURPLUS

- Capital Assets: Any capital asset created or acquired through CSR funds shall be held by a Section 8 Company, Registered Trust/Society with CSR Registration, a Public Authority, or Self-Help Group collectives.
- CSR Surplus: Surplus arising out of CSR projects shall not form part of the business profit of the Company and shall be plowed back into the same project or transferred to designated unspent accounts in compliance with Section 135.

7. GOVERNANCE, ROLES & RESPONSIBILITIES

A. CSR & ESG Committee Scope:
1. Formulate, recommend, and review the CSR Policy and Annual Action Plan (including project scope, timelines, fund utilization, and impact assessments).
2. Formulate and oversee the overall ESG Strategy, roadmap, targets, and key performance indicators (KPIs).
3. Monitor quarterly progress on CSR spending, ongoing projects, and ESG milestones.
4. Review disclosures such as the Annual CSR Report, BRSR disclosures, and sustainability reporting prior to Board approval.

B. Board of Directors:
1. Approve the integrated CSR & ESG Policy and Annual Action Plans.
2. Ensure statutory minimum 2% spend on CSR and monitor ongoing project timelines.
3. Receive CFO certification regarding proper utilization of CSR funds.
4. Oversee climate-related risks, sustainability commitments, and broader corporate ESG strategy.

8. REPORTING, IMPACT ASSESSMENT & DISCLOSURES

- Impact Assessment: Independent impact assessment shall be conducted for eligible CSR projects (outlay of Rs. 1 Crore or more, completed at least 1 year prior) if the average CSR obligation is Rs. 10 Crore or more. Expenditure on impact assessment shall follow legal ceilings (up to 2% or Rs. 50 Lakhs, whichever is higher).
- Website & Annual Disclosures: The Company shall disclose on its website and in the Annual Report:
  i) Composition of the CSR & ESG Committee.
  ii) Approved CSR & ESG Policy.
  iii) Approved projects, quarterly progress, and BRSR/ESG metrics.

9. REVIEW & AMENDMENTS

This Policy will be reviewed at least once every three years or as needed by the Board based on recommendations from the CSR & ESG Committee to remain aligned with evolving statutory requirements, statutory amendments under the Companies Act, 2013, and emerging global ESG standards.