PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

ESG & SUSTAINABILITY POLICY
HEG GRAPHITE LIMITED

BACKGROUND

As India's leading graphite electrode manufacturer, we have been committed to positively impact the environment, our customers, employees and the community at large. The sustainable policy of the company depends on the values, social contract, innovation while keeping green environment for a sustainable future.

As a company, we strive to match our ESG strategy with the experience we seek to provide to all of our stakeholders. For us, ESG is a priority and investment area that has changed our perspective in our business.

OBJECTIVE

Our policy reflects our commitment to improving our environmental performance and adopting sustainable practices across all our production operations and business facilities, in production of goods (both new and existing) and in their distribution and logistics. This policy underscores our commitment to address climate change issues. Our board level CSR & ESG committee, which holds the ultimate authority, endorses, acknowledges, and approves our ESG objectives, targets and strategy and monitors the ESG performance and implementation of ESG projects, to guarantee the creation of enduring value for all our stakeholders. The policy also covers our suppliers, key business partners, due diligence, mergers and acquisitions.

DEFINITIONS

- **'Company'** shall mean HEG Graphite Limited.
- **'Board'** shall mean Board of Directors of the Company
- **'Members'** shall mean shareholders of the Company who hold shares of the Company.
- **'Policy'** shall mean ESG & Sustainability Policy
- **'Sustainability'** refers to developing products and solutions that meet current needs without compromising the ability of future generations to meet their needs.

POLICY

To understand the policy, the term ESG can be studied as;

Environment

HEG Graphite Limited is committed to meet the needs of customers and other stakeholders in an environmentally responsible manner, set the ESG targets and objectives to reduce environmental impacts and meet. This can be achieved by:

- **Energy & Emissions**

We measure, externally verify and disclose our GHG (Greenhouse Gas) emissions every year. In our strategy to combat climate change and transitioning to low carbon economy, we will strive to reduce our carbon footprint by taking initiatives to monitor and reduce our energy consumption. Our initiatives will be aimed at:

- Promoting the use of renewable energy whenever and wherever possible.
- Focusing on building energy and water efficient green certified structures that are climate change resilient with fewer emission footprint.
- Improving energy efficiency of centralized as well as distributed IT infrastructure, integrate energy and environmental considerations into the design of new systems, solutions and operating models for customers.
- Retrofitting existing high energy consuming devices and equipment to maximize performance while consuming less electricity
- Tracking our value chain emissions and engage with vendors and partners to manage and reduce them.

- **Water**

We aim to gain a full and detailed understanding of the nature and scale of all water use at our sites. To achieve this, we will:

- Undertake assessment across all our sites to determine how much water is used, how it is used, and sources of water;
- Evaluate the impacts that our water consumption has on the wider community in which we operate and engaging with local stakeholders;
- Develop programs for each site to:

  - **Minimize water demand by maximizing the efficiency of water use within processes;**
  - **Explore alternative sources of water which will reduce the negative impact of our water demands on the wider community;**
  - **Explore opportunities to re-use water within our processes.**
  - **Monitor the volume of water being consumed on regular basis to see how we are progressing and reporting on this progress in our annual reports.**

- **Waste**

The Company shall make efforts to manage and dispose waste in the most responsible manner. Waste generated by the Company should be continued to disposed through authorized personnel. The Company shall ensure that no hazardous waste is sent from the Company to the landfill.

The Company is conscious of paper usage in its operations, transactions and customer communications. Our push to go digital across service and product lines will continue to reduce paper consumption, thereby reducing paper waste. Printing and photocopying operations by

employees across large offices shall also continue to be monitored and regulated in order to reduce wastage of paper.

- **Biodiversity**

We aim to gain a full and detailed understanding of the size and nature of our impacts upon biodiversity, including any planned activities, to do this:

- We will undertake assessment of;

  - **The species, habitats and ecosystems in and around our sites, seeking to understand their unique biodiversity importance;**

  - **Potential changes (positive or negative) in those species, habitats and ecosystems, and to what extent any changes are as a result of our activities;**

- Monitor, on a regular basis, the nature and scale of both the positive and negative impacts our activities have on biodiversity to see how we are progressing and reporting on this progress in our annual reports.

- Sustainable Materials Management: Prioritizing the use of sustainable and recyclable materials in our manufacturing processes and product designs, reducing our environmental footprint.

- Green Procurement: We will favour environmentally friendly products and services in our procurement processes, encouraging suppliers and contractors to align with our ESG standards.

- Environmental Awareness and Training: We will foster environmental consciousness among our internal and external stakeholders on our policy and environmental impacts. We also aim to train our employees to regarding the impact of their work activities on the environment through regular training and engagement initiatives.

- Compliance and Reporting: We will adhere to all relevant environmental laws and regulations, and we will transparently report our environmental performance to stakeholders, demonstrating our commitment to accountability

- **Social**

HEG Graphite Limited is aware of responsibilities towards stakeholders and society at large, the responsibilities include:

- Employee Health & Well-being: The Company is committed to continue to take steps to promote a safe and conducive work environment for its employees and will provide guidance on occupational health and safety, appropriate healthcare benefits and medical cover to all its employees. The Company shall continue to conduct regular health check-up for its employees.

- Employee Ethics & Code of Conduct: The Company has mechanisms to deal with issues related to inhumane treatment including mental or physical coercion or verbal abuse, sexual harassment, sexual abuse and slavery of employees. This is guided by the HEG Graphite Limited's Code of Conduct, an internal document available to all employees.

  Regulations also define good corporate practices, financial transactions & personal account dealings, professional code of conduct and management action that will continue to promote a culture of good integrity and ethics amongst its employees.

- Women Safety: The Company has zero tolerance Policy on Prevention of Sexual Harassment and an Internal Complaints Committee (ICC) that investigates cases of sexual misconduct and investigates them through a fair and transparent process and act against erring employees. The Company will continue to promote and protect the well-being of all women employees, especially women who are required to work late due to business requirements.

- Training & Development: The Company recognizes the importance of having a skilled workforce with necessary competencies to deliver on the Company's strategic and operational plans through well-structured training modules to assist in job specific development as well as personal development of the employees. The Company is committed towards providing an environment that is conducive to and promotes training and development opportunities for all employees. Periodic training and updates on ESG are provided to all employees, especially the ESG committee members.

- Remuneration and career progression: The Company shall continue to create an inclusive culture to ensure representation across gender, caste, creed, religion, region, physical ability and military/veteran status. The Company is making structured efforts on gender diversity initiatives and aim to increase the representation of women employees

- Non-Discrimination & Fair Treatment: Our employees are central to everything we do, and satisfaction of our employees is critical to the long-term success of the Company. We provide fair and equal employment and advancement opportunities to all our employees and there will be no discrimination based on race, caste, color, age, sex, disability and socio-economic status of the candidate. We ensure a fair recruitment process that helps us identify and hire people with the right values, who are then groomed, encouraged and retained through a combination of financial and non-financial incentives.

- Community & Society: Guided by our board governed Corporate Social Responsibility (CSR) policy, Company will continue to create value for marginalized communities in the country, through well-structured programs and interventions. Our CSR program focuses on 5 distinct areas of intervention namely:

- Rural Development, Promotion of Education, Skill Development & Livelihood Enhancement, Healthcare & Hygiene and Financial Literacy & Inclusion.

- **Governance**

HEG Graphite Limited is devoted to acting professionally, fairly and with integrity in all its business dealings. We are committed to building a responsible and responsive culture with strong corporate governance that shall form bedrock for progressing on and meeting our ESG goals and targets.

- **Transparency & Accountability to Stakeholders**

By means of the Whistle Blower policy, the Company will continue to empower and encourage various stakeholders including employees, customers, suppliers, vendors, shareholders and other stakeholders to bring to the notice of the Company, any issue involving compromise/ violation of our code of conduct/ ethical norms, legal or statutory provisions without fear of reprisal, retaliation, discrimination or harassment. Our Chief of Internal Vigilance receives and addresses these concerns by initiating a thorough enquiry conducted by the appropriate authoritative body within the Company.

- **Good Governance practices**

We are committed towards maintaining the highest levels of ethical standards of integrity, corporate governance and regulatory compliance. These parameters form the bedrock of our corporate governance policy. We have proactively upheld good governance practices and are constantly striving to enhance our standards. Our Board of Directors is responsible for setting the course for and evaluating the Company's performance with regards to corporate governance. The parameters of evaluation include compliance, internal control, risk management, information and cyber security, customer service, social & environmental responsibility.

The Company's corporate governance framework complies with the Indian companies Act, the regulations and guidelines of the Securities and Exchange Board of India ("SEBI") and the requirements of the listing agreements entered with the Indian stock exchanges.

We will continue to adopt and adhere to the best recognized corporate governance practices and will continue to benchmark ourselves with best-in-class practices across the globe.

- **Procurement practices**

The Company recognizes the need to work closely with our suppliers to reduce waste, improve efficiency, reduce carbon footprint and engagement with them to understand their commitment towards human rights and labor practices. We will thus continue to work towards greater integration of environmental & social considerations in our procurement practices.

The Company will make efforts to procure products which are –

- Recycled
- Environment friendly
- Energy efficient
- Locally sourced

The Company shall also set clear expectations with vendors and suppliers to abide by labor laws, human rights and regulations in their regions of business. They are expected to adhere to laws addressing child, forced or trafficked labor.

- **Our customers**

We recognize that maintaining the trust and regard of our customers is important for our success and longevity, in a fiercely competitive market. Through our digital platforms and initiatives, we will provide our customers, the flexibility to access and consume our Companying services over any digital platform of their choice. We recognize that product quality and service delivery is vital for our business growth. The Company seeks to achieve this by regularly reviewing service levels and capturing feedback from customers.

Abiding by its Customer Privacy policy, the Company will continue to treat customers' data with utmost sensitivity and privacy. The Company will also undertake initiatives to combat cybercrime and data theft by means of comprehensive mechanism of information and data security.

- **Compliance:**

Adhere to all applicable laws, regulations, and international standards related to ESG and sustainability.

SUSTAINABILITY REPORTING AND CONTINUOS IMPROVEMENT

- Measurement and Reporting: Regularly measure, monitor, and report on ESG performance using established metrics and frameworks.
- Continuous Improvement: Strive for continuous improvement in ESG practices through innovation, collaboration, and setting ambitious sustainability goals.
- Commitment to Excellence: Leadership Commitment: Embed ESG considerations into strategic decision-making and promote a culture of sustainability throughout the organization.
- Employee Engagement: Encourage active participation from all employees in driving sustainability initiatives and integrating ESG principles into daily operations.
- Implementation and Review: Implementation: Implement this policy across all organizational levels, assigning specific responsibilities to relevant departments and personnel.

- Review: Regularly review and update this policy to ensure its relevance, effectiveness, and alignment with evolving ESG trends and best practices.

DISCLOSURES & EXTERNAL STANDARDS

ESG performance must be mentioned in Sustainability Report, following the Global Reporting Initiative (GRI) standards. It shall also be published in annual Business Responsibility Report to highlight our performance against stated principles of the National Voluntary Guidelines developed by the Indian Ministry of Corporate Affairs (MCA).

- Amendment: Any changes to this Policy must be approved by the Board of Directors. The Board reserves the right to withdraw or amend any part or the entirety of this Policy at any time, as it sees fit. Such decisions by the Board are final and binding.
- Compliance: The Chief Sustainability Officer and the CSR & ESG Committee shall be responsible for supervising the Policy. Any queries regarding the Policy should be referred to the Authorized Person, who is responsible for administering, enforcing, and updating the Policy.
- Interpretation: In any circumstance where the terms of this Policy are inconsistent with any existing or newly enacted law, rule, regulation, or standard governing the Company, the said law, rule, regulation, or standard will take precedence over this policy.

Date of approval of the Board: - August 10, 2026