

HHPE Policies and Procedures Manual CSR POLICY

1. PURPOSE AND MISSION STATEMENT OF THE CSR POLICY

HHPE CSR policy document is aimed at providing guidelines for effectively structuring CSR initiatives undertaken by the company, adhering to the Companies Act, 2013 (herein after referred to as "Act").

HHPE strives to contribute to solve social issues through sustainable CSR initiatives. By recognizing, identifying and prioritizing social issues, HHPE aims to implement well-planned CSR initiatives through collaboration with employees, consultation and communication with various stakeholders.

2. DEFINITIONS OF TERMS USED IN THE CRS POLICY

"CSR ACTIVITIES" shall mean the activities undertaken by the company in areas or subjects specified in Schedule VII of the Act by way of activities, projects and/or programmes either directly or through Implementing agency in accordance with this CSR Policy.

"Implementing Agency" means:-

(a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or

(b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or

(c) any entity established under an Act of Parliament or a State legislature; or

(d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

"Ongoing Project" means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

"Rules" means The Companies (Corporate Social Responsibility Policy) Rules, 2014 as may be amended and prescribed, from time to time.

In interpretation of this policy, Words and expressions used in this Policy and not defined herein but defined in the Act or Rules shall have the meaning as assigned to them thereunder.

3. FRAMEWORK

HHPE CSR Policy outlines the framework for ensuring that CSR spends are within the boundaries laid down by the Mission Statement of the Policy and the Act by laying down decision criteria's required to be met by every CSR initiative, the overall CSR expenditure limits and the authority delegations for approving the same.

4. GUIDING PRINCIPLES FOR APPROVING CSR PROJECT, PROGRAMME ACTIVITIES

HHPE will emphasize, focus, select and plan CSR activities in accordance with Act (Twelve areas or subjects outlined in Schedule VII) by referring to the following selection criteria:

- i. The Company shall give preference to the local areas wherein the Company operates or has its offices.
- ii. The CSR initiatives must emphasize Mission, Values and Vision of Hitachi Group Identity. The CSR projects or programmes should be sustainable and capable of evaluation at different phases of execution.
- iii. Mechanism for measuring the impact of CSR initiative must be well defined. Identifiable differences between pre and post implementation of the initiative must be reviewed and corrective measures, if necessary, shall be taken.
- iv. CSR activities should also take into consideration, social values which can be shared and jointly implemented through collaboration and extension with Hitachi group companies in India.
- v. Relevance to Company's theme of Social Innovation business should also be considered.
- vi. The company may undertake any activity, project or programme directly or through implementing agency and shall ensure that the implementing agency meet the criteria specified by the Rules. The company may collaborate with other companies, within the group or otherwise, for undertaking CSR activities in such a manner that the CSR committees or Board, as the case may be, of respective companies are in a position to report separately on such projects or programmes.

The Company shall ensure that all the CSR activities are implemented as per the approved Annual Action Plan, authorised by the Board.

5. APPROVAL OF CSR ACTIVITIES

The CSR Activities to be undertaken by the Company under this Policy shall be approved by way of Annual Action Plan by the Board.

The Annual Action Plan shall contain the following information with respect to each of the CSR Activity proposed to be carried out by the Company:

- i) list of CSR Activities to be undertaken in the relevant financial year;
- ii) local area where the CSR Activities are to be undertaken;
- iii) manner of execution;
- iv) modalities of utilisation of funds;
- v) implementation schedule;
- vi) monitoring and reporting mechanism; and
- vii) details of need and impact assessment, if any

6. ACTIVITIES UNDER SCHEDULE VII OF NEW COMPANIES ACT 2013

The company may undertake CSR activities, projects or programmes in one or more of the following areas or subjects:

- i. Eradicating Hunger, Poverty and Malnutrition, Promoting health care including preventive Healthcare and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- ii. Promoting Education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- iii. Promoting Gender equality, empowering women, setting up homes and hostels for Women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- iv. Ensuring Environment Sustainability, Ecological Balance, Protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- v. Protection of National Heritage, art and culture including restoration of buildings and sites of Historical Importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.
- vi. Measures for the benefit of Armed Forces Veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- vii. Training to promote Rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
- viii. Contributing to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for Socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- x. Rural Development Projects.
- xi. Slum Area Development.

- xii. Disaster management, including relief rehabilitation and reconstruction activities.

7. OVERALL CSR EXPENDITURE LIMIT

- The total amount of CSR spent on all activities, projects and programmes during any financial year should be at least 2% of the average net profits of the immediately preceding three financial years. (Net Profits calculated in the manner provided by Section 198 of the Act).
- The Board of Directors of HHPE is empowered to approve any CSR project, programme or activity under this policy, as long as they adhere to the criteria's and the expenditure limits as listed out in this policy.
- CSR expenditure exceeding mandatory 2% of the average net profits must be presented before the Board of Directors for seeking necessary approvals.
- Any amount of mandatory CSR obligation of the company remain unspent at the end of the financial year, if any, except in case of an ongoing project, shall be transferred to a Fund specified under Schedule VII of the Act within six months from the close of the financial year.
- In case the Company undertakes any ongoing project, any amount remaining unspent and earmarked for the ongoing project, shall be transferred within a period of thirty days from the end of the financial year to a special account to be opened for that financial year in a scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.
- Any surplus arising out of CSR projects, programmes or activities shall not form part of the business profits of the Company and shall be utilized toward the eligible CSR Activities and in accordance with this CSR policy.
- The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- Where Company spends an amount in excess of two percent of the average net profits of the immediately preceding three financial years, such excess amount may be set off against the requirement to spend up to immediately succeeding three financial years subject to the conditions that —
 - i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
 - ii) the Board of the company shall pass a resolution to that effect.

8. MONITORING OF CSR ACTIVITIES

- i. In case of any CSR initiative carried out directly by the Company, the board shall be responsible for monitoring and review so that the initiative is undertaken in accordance with the policy, annual action plan and Act. Under the monitoring and supervision of the Board, the Implementing Agency (in case, the CSR Activities are undertaken through Implementing Agency), shall be responsible to monitor the CSR activities. The Implementing

Agency shall devise a effective monitoring mechanism to ensure that the CSR activities are undertaken efficiently, productively and effectively in accordance with approved Annual Action Plan in compliance with the Act and as per this Policy.

- ii. The CSR Activities will be monitored by using such measures, controls, techniques and procedures that may include certifications from professionals, self-certifications, direct site visits, snaps and other documentary proofs, Audits or reviews by independent bodies including impact assessments, periodical reports and in any other manner as may deem fit by the board.
- iii. The Board shall review the progress on Annual Action Plan preferably on half yearly basis but at least once in a financial year.
- iv. The Board shall satisfy itself that the funds so disbursed for the CSR activities have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

9. DISCLOSURES

The CSR policy, the details of CSR activities and the CSR Activities approved by the Board shall be available on the Company website at <https://www.hitachi-hirel.com>.

The contents of this policy, shortfalls in CSR spend, if any, in any financial year, with reasons of shortfall, CSR Activities and annual report in prescribed form shall be included in Annual Report of the Company.

INTERPRETATIONS & AMENDMENTS

In case of any conflict in interpretation of this policy, the decision of the management shall be final. Management also reserves the right to interpret, modify or discontinue this policy in future at its own discretion.

Effective date: 17/06/2021
