

Corporate Social Responsibility (CSR) Policy

THE COMPANY

Tata Hitachi Construction Machinery Company Private Limited (the Company), the leader in Excavators Industry in the country, aims at enhancing the operational performance of its customers, leading to improving their profitability and competitiveness, by offering constructive solutions to their construction, earthmoving and mining complexities. Promoted by Tata Motors Limited (erstwhile Tata Engineering or TELCO) in 1998, the Company is a subsidiary of Hitachi Construction Machinery Company Limited, Japan (HCM) holding 60% of its share capital, with 40% held by Tata Motors. It commenced manufacturing of construction equipment way back in 1961, while a division of TELCO. In 1984, it entered into a technical collaboration with HCM for manufacturing of state-of-the-art hydraulic excavators. Today, the Company is one of the largest manufacturers of construction equipment in the country with three manufacturing plants - at Jamshedpur (Jharkhand), Dharwad (Karnataka) and Kharagpur (West Bengal). It has a full-fledged Design and Development Unit duly equipped for developing indigenous and collaborated equipment. HCM is actively participating in creating a new R&D facility at Kharagpur with the objective of developing it in to Hitachi's global R&D hub. Since its inception, the Company has identified Corporate Social Responsibility (CSR) as one of its key business processes, even before it was recognized in the statutes.

THE PHILOSOPHY

The Company is committed to improving the quality of life of its identified communities, located in and around its manufacturing locations. It shall strive to achieve this through periodical assessment of the needs of such communities and the continuous enrichment of the initiatives, which are designed to facilitate a process through which the Company and its communities shall work as equal partners of social development. It shall also strive to provide opportunities to its employees to volunteer their managerial, technical and specialized skills and services, in order to enrich their lives, as well as to enable the Company achieve its stated objective building strong communities, in creating a sustainable environment in and around its manufacturing locations and such other places.

THE POLICY

The Company will take concrete steps to promote its CSR initiatives in the areas of education /literacy, healthcare, infrastructure / rural development and skill development for the members of those communities located within 20-25kms radius of its operating factories. The CSR efforts will be aimed at improving the quality of life and the employability of the youth, which shall be inclusive and sustainable.

THE INITIATIVES

As part of the Company, we understand that our initiatives are closely linked to the communities we operate in. Therefore it is imperative to make a positive contribution to those communities by judicious investments in initiatives, like literacy, health, infrastructure, and skill development. Whilst we believe that our initiatives must be able to contribute towards building social, economical and environmental capital on the one hand, on the other these initiatives must be able to create a sustainable livelihood to those communities, coupled with education, employment and entrepreneurship.

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THE INITIATIVES: EDUCATION AND LITERACY

The Company has in its operational areas around all its manufacturing locations identified schools which are catering mainly to underprivileged section of the society. Children from these schools are selected on merit-cum-need basis for receiving scholarships (50% of school fees), books and uniforms. The Company also provides infrastructure support to these schools in the form of building libraries, computer laboratories, boundary walls, vocational training workshops, drinking water facilities, etc, in order to enhance the quality of education to these children. The Company's Graduate Engineer Trainees (GET) conduct an annual inter school competition called JAGRITI for students of these schools, along with events like debate, quiz, extempore speech, singing, creative design, dancing and drawing. These events provide a platform for these children to unleash their talent, and help them in developing their leadership quality, self confidence and personality.

THE INITIATIVES: HEALTH CARE

The Company conducts medical check-up camps in sponsored villages and schools, providing treatment to the people for various ailments. It also undertakes repairing of tube wells and open wells for safe drinking water in sponsored villages.

THE INITIATIVES: INFRASTRUCTURE AND RURAL DEVELOPMENT

The Company conducts various training programs in the villages to enhance the agricultural income of the communities through modern techniques. It assists the villagers in reclamation of their barren land to bring it under cultivation. It also helps the villagers in creating the infrastructure for water harvesting and storage of rain water, for their future use, for both in household activities and other activities like pisciculture, duck farming, vegetable farming, etc.

The Company has provided the pipes and cable connection for lift irrigation projects in villages, which has enabled the villagers to bring the land under multiple cropping. Further, high yield hybrid seeds of good varieties were also provided to the farmers for vegetable cultivation.

THE INITIATIVES: SKILL DEVELOPMENT AND VOCATIONAL TRAINING

The Company has set up Operator Training Schools at Dharwad and Kharagpur, that rest on multiple pillars like skill building, social entrepreneurship and training. The schools impart driving and servicing skills for excavators and backhoe loaders to the unemployed youth, to enhance their employability as operators of construction equipment, both in India and abroad. As a policy 50 per cent of the seats in these schools are kept reserved for SC and ST candidates. The schools have modern hostel and multiple class rooms supported by electronic visual aids. The Company has also deployed its state-of-the-art machines to impart world class training to the students and to facilitate practical sessions. The programs include theory on equipment, practical sessions and hands on training for aggregates. A team of well trained and experienced personnel from the Company's training field leads the initiative.

In addition to training, the above schools also help the trained students find their employment, by maintaining /sharing their profile with the Company's dealers and customers, especially the new entrepreneurs. This has ushered in a supply chain management system connecting supply of trained resources to its demand, with a view

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to making a sustainable contribution to the hugely growing infrastructure sector in the country. Going beyond the provision of the training, the engagement process at these schools sets up a corporate sustainability program aimed at creation of human capital, leadership, and skill building. Ultimately this will focus on positive economic value creation and entrepreneurship flanked by the twin pillars of growth and sustainability.

With a view to enhancing the employability arena further, the Company is also providing training to the village youths and women's groups in four-wheeler driving and tailoring respectively.

THE OBJECTIVES

- a) To ensure that all communities connected with and identified by the Company are able to benefit from its CSR initiatives that create environmental, economic and social capital.
- b) To take strides towards fostering and upholding the spirit of volunteering and mentoring amongst the employees of the Company that has come a long way in reinforcing its CSR initiatives.
- c) To ensure long term sustainability of all CSR initiatives and with a special emphasis on employment and entrepreneurship.
- d) To remain committed to the skill development and vocational training programs, aimed at creating the human capital and thereby contributing to the Nation's growth.
- e) To align the CSR initiatives closely with the Company's Affirmative Action (AA) Policy with a view to infusing the spirit of Education, Employment, Employability and Entrepreneurship amongst the AA community.
- f) To constitute the CSR Committee, as a sub-committee of the Board of Directors, to function as the Company's internal regulator to oversee all its CSR activities and to advise appropriate suggestions and corrections wherever necessary, including with respect to creation of a trust or society to channelize its CSR spends, support to an existing trust or society constituted with similar objectives and philosophy, and contribution to any Central or State Government Fund notified to be qualifying as CSR Spend.
- g) To educate all its employees involved in CSR directly or indirectly, especially on the new provisions of the Companies Act, 2013 relating to CSR with a view to ensuring compliance to the regulations.
- h) To report the Company's CSR initiatives on annual basis, as part of its annual Directors' report, and to constantly strive and benchmark the Company's initiatives with global best practices in CSR.

THE ACTIVITIES

A list of various activities /projects undertaken by the Company under CSR is enclosed vide Annexure-1. The CSR Committee will review the Annexure on an annual basis, and finalize the projects and their budgets, upon which the Annexure will be revised accordingly.

