

REPORT ON CSR AND SUSTAINABILITY INITIATIVES

[Forms part of the Directors' Report for the year 2021-22 dated 11-May'22]

CSR AND COMMUNITY INITIATIVES

- 1 The Company has adopted the triple-bottom-line approach in all its operations, i.e., Economic, Environmental and Social, with a view to improving the quality of life of the people, sustaining a healthy and prosperous environment, and optimizing all stakeholders' satisfaction with minimum business risks for the Company and its Business Partners. The above is achieved through its corporate initiatives, employee volunteering, and nurturing the spirit of social entrepreneurship in the areas in which it operates. The Company provides opportunity to its employees to volunteer their managerial, technical, and specialized skills and services, through which it achieves its objectives of building strong communities and creating a sustainable environment in and around its facilities, besides enriching their lives as well.

CSR COMMITTEE AND POLICY ON CSR

- 2 The Board of Directors had at its meeting held on March 4, 2015, constituted the Corporate Social Responsibility (CSR) Committee as a Board sub-committee. During the year 2018-19, the Committee was reconstituted, and is now comprised of two members, namely, Mr. Sandeep Singh, the Managing Director and Mr. S Nakajima, Director. The Committee had formulated the CSR Policy for the Company and reviewed the same on an annual basis for conformity and alignment with its business objectives and dynamic requirements of its identified communities.
- 3 The CSR Policy states the Company's CSR philosophy and lays down the framework of its CSR projects and programs. These were categorized under (a) education and literacy, (b) safety and healthcare, (c) environment and rural development, and (d) skill development and vocational training, with a special emphasis on AA (affirmative action) communities, viz., scheduled castes and tribes. On 2-May'22, the policy was amended to restructure the categories of these projects in alignment with those listed under Schedule VII of the Companies Act, 2013 (the Act), whereby it is now categorized in to (a) Healthcare [and safety], (b) Education [and skill development], (c) Environment, and (d) Others [all other projects including disaster relief, rural development, etc.]. The amended policy is hosted on the Company's website www.tatahitachi.co.in.
- 4 During the year 2021-22, the Company worked extensively in the interest of its identified communities residing close to its plants, besides those in other operational locations too. The employees volunteered in almost all these spheres, despite certain restrictions relating to the pandemic. The Company continued aligning its CSR activities to various social welfare and environmental initiatives promoted by the Government of India, creating an effective linkage with national and global efforts towards nation building.

HEALTHCARE

- 5 Under CSR healthcare initiatives, the Company's focus was to support the local administration and the rural communities. At Dharwad, the Company provided medical equipment to Primary Health Center (PHC) in Garag, and hot /RO drinking water facility to the PHC in Belwadi village. It organized blood donation camp jointly with Government District Hospital and many volunteers from the Company donated blood. It also provided a customized vehicle to serve the old and needy people under Palliative Care initiatives, extending its support to Swamy Vivekananda Youth Movement (SVYM) to this effect. Further, jointly with Tata Motors, it provided an ambulance to the government hospital in Annigeri, benefiting over 3000 patients serviced by the hospital. In Kharagpur, the Company provided infrastructure support to local hospitals, like air conditioners, desktop computers, and printers to Hijli Rural Hospital, and water purifiers to SD Hospital and Midnapore Medical College

Hospital. It organized a blood donation camp on the Founders Day on 3-Mar'22, in which 114 whole blood units were collected from the volunteering employees and contract workforce.

SAFETY AND OCCUPATIONAL HEALTH

- 6 During the year 2021-22, the Company was committed to a sustainable safe, healthy, and clean environment both inside and outside its factories. It continued with all possible measures to prevent the spread of Covid among its employees. Plants were operating accident /incident free since Aug'19. Occupational health and safety ranked No. 1 in the Company's business and quality objectives, with the target of achieving zero accident in all operations. IT complied with all relevant norms and standards, and strictly ensured the use of personal protective equipment within the factories. It also conducted mock drills and focused on capturing near-miss incidents, fire-fighting exercises, third-party safety audits, road safety training, awareness training, health-check programs and general safety training for employees and contractors as per schedule. To create safe working environment across the operations, the Company sustained its KYK (Kiken Yochi) movement whereby operators are involved in risk evaluation and mitigation. It reviewed the route-cause analysis (RCA) of all near-miss cases and deployed preventive measures regularly. It celebrated 51st National Safety Day and Road Safety Week across its locations to promote safety culture and safety mindset among all employees. On this occasion, several competitions were organized like slogans, essays, best KYK, and best 5S.

EDUCATION

- 7 The Company is committed to improve the quality of education in the schools of Kharagpur and Dharwad. Due to the pandemic, the schools and colleges were mostly closed. Hence, the focus was to improve the learning environment in the schools by providing basic infrastructure support, through construction of classrooms and toilets. The Company identified 4 schools in Kharagpur and 8 schools in Dharwad to implement its projects, based on their respective need assessments, and most of these requirements were serviced during the year. At Kharagpur, the Company constructed a classroom and boundary wall for Rupnarayanpur High School. It supported in construction of 5 classrooms for Ramakrishna Mission Sevashram School in Garbeta village, benefiting about 600 students from underprivileged communities. At Dharwad, the Company constructed classrooms for government schools of Yellapur, Garag, Mummigatti, Thanda, and Belur, and toilets for Dharwad Police School and Alnavar Government School. It also prepared and levelled the playgrounds for the schools at Hebballi and Halligeri, benefiting ~1000 students.
- 8 The Company provided drinking water facility, water purifier, and furniture items to Kuchlachati Junior High School, Kharagpur. It also provided mattresses, bedsheets, pillows, mosquito nets, bed tables, stainless steel utensil sets, and sports items to the hostel residents of Sasanka Sekhar Bodh Niketan Special School for Deaf and Dumb at Debra village, benefiting over 200 students from underprivileged communities. It continued providing bus facilities to rural students located around the plant in Kharagpur to enable their access to quality education. At Dharwad, the Company provided classroom desks to the government schools in Neeralkatti, Malligwad, Devgaon, Jodalli, and Hiremalligwad. It provided RO drinking water facility to the government school in Nehru Nagar, and computers to Mangalgatti and Navodaya schools, benefiting over 500 students. It provided CCTV facility in Neeralkatti school and Borewell /drinking water facility to Tadakod Ramakrishna Ashram School, benefiting over 700 students. It provided scholarship support to poor students in Dharwad under Vivek Scholar Program through SVYM, and sponsored books under Vidyasetu scheme to poor students. It also provided infrastructure support to ten anganwadis of Haliyal /Joida Taluks of Uttara Kannada District.

SKILL DEVELOPMENT AND VOCATIONAL TRAINING

- 9 The Company developed the communities that belonged to the scheduled caste and scheduled tribes in the areas of employability, education, employment, and entrepreneurship, and reaffirmed its commitment to the cause of 'affirmative action' (AA). About 15% of the Company's employees at the operative levels belong to AA

communities. Its Operator Training Centers (OTC) at Kharagpur and Dharwad have been training candidates to make them employable. This helped them operate and maintain the Excavators and wheeled equipment and find job opportunities in Construction and Mining industries. At its OTC in Kharagpur, the Company conducted 7 batches of Excavator Operator Training, benefiting 144 rural youth. It donated a Samsung Flip-2 Digital Board to the Additional SP in Kharagpur for conducting online classes for 150 local aspirants for the Civil Services Examinations. At Dharwad, 3 batches of Machine Operator Training were organized wherein around 45 unemployed youth were trained in the OTC. It provided Teachers' Training to those in government schools jointly with Deshpande Foundation through their Early Spark initiative. It also provided educational kits to the schools /students under this scheme.

ENVIRONMENT

- 10 Working towards reduction of environmental load, the Company took several initiatives in the year 2021-22 and achieved the set target of CO2 reduction by more than 5%. For the first time energy savings measures were tracked in WAVE platform. Various energy saving projects were executed, including installation of inverter drive, LED bulbs, heater less vaporizer at LPG bullet. Both factories had maximized the use of solar power in consumption of electricity. Kharagpur factory won the Regional Inspiration of the Year Global Award 2021 (IYGA) from HCM for reducing Carbon Footprint through consumption of solar power. The Company focused on conservation of ground water as well, as various initiatives were taken to reuse treated water and recharge rainwater in the factories. It holds ISO 14001:2015 EMS certification in both factories and ensured compliance to relevant norms /standards through recertification, surveillance, and internal audits. It started measuring volatile organic compound emission and rolled out various measures, like mono coat paint, electrostatic gun, etc., to reduce paint consumption.
- 11 During the year, the Company planted over 1000 trees each at its factories in Dharwad and Kharagpur. It's factory in Dharwad carried out de-silting of tanks and lakes in villages in North Karnataka, including Garag Tuppari Halla, Tuppada Kurahatti, and Jeerigwad, to ensure storage of more water during monsoon, meeting the need for water throughout the year. Small nallas, lakes and water bodies in these villages could not feed the flora and fauna throughout the year. It cleaned the nallahs of rural areas in Hubli and Dharwad to avoid flooding during monsoons.

RURAL DEVELOPMENT

- 12 Under rural development, the Company conducted training programs to poor farmers and women in the field of agriculture with the support of AME foundation, benefiting over 10000 villagers. It provided road barricades to the local police station to ensure road safety. It also installed a police picket near Gate-1 of the Kharagpur plant to protect the local rural communities from criminals lurking in the area after dark.

DISASTER RELIEF

- 13 During the second wave of Covid-19, the Company procured critical bio-medical equipment for SD Hospital, St Joseph's Hospital, and the District Administration, including non-invasive ventilators, multi-channel monitors and oxygen concentrators to aid critical patients affected by the pandemic. It also installed medical oxygen gas pipeline system (MGPS) at Hijli Rural Hospital and SD Hospital, benefiting over 60 critical patients. It administered vaccination camps (2 doses) benefiting over 5000 villagers, including the families of employees and the contract workforce. In Dharwad, the Company provided masks, sanitizers, face shields, Oxygen concentrators, etc., to nearby villages. It distributed over 500 food kits at Garag, Neeralkatti, and Mummigatti villages. Further, it supplied 100 cots and beds to Karnataka Institute of Medical Sciences and Hospital, for Covid-19 patients. During the incessant rains due to cyclone, the Company distributed flood relief kits to 1000 households at Kharagpur-1 and Sabang Blocks of the District Paschim Medinipur, comprising of blanket, mosquito net, bedsheet, etc.

EXTERNAL ALLIANCES

- 14 During the year 2021-22, the Company received active support from reputed institutions and organizations for mobilizing candidates for its initiative for Excavator Operator Training, including Ramakrishna Shilpapitha, Belur Math, Bharat Seva Samiti, Jafala Adarsh Vidyayatan High School in Kharagpur, and Sido Kanhu Memorial High School and St. Robert's High School at Jamshedpur. The local Gram Panchayats around Kharagpur plant and Dasagram Sikha Niketan High School, Sabang supported the distribution of flood relief kits. At Dharwad, the Company worked with the office of the SP in distributing food kits during Covid-19. It arranged vaccination camps with the support from Dt Hospital of Dharwad, and the Primary Health Centers of Garag, Kotur and Mugad villages. It provided ambulance to the Government Hospital in Annigeri village, jointly with Tata Motors and SVYM, with the support from the office of the Dt Collector, Dharwad. With the help of SVYM, it also provided PUC education to 12 meritorious students in a premier college. Village Panchayats in and around Dharwad Dt had extended support to desilting of lakes.

EXPENDITURE ON CSR

- 15 The Company was required to spend Rs.2.97Cr on CSR as mandated by the provisions of section 135 of the Act, being 2% of the average net profits for the preceding three financial years. During the year, the Company spent a sum of Rs.3.47Cr, including Rs.1.12Cr from the Unspent CSR Account, as against the budget of Rs.3.72Cr. The multi-year projects relating to infrastructure support to schools, that could not be executed last year, were fully executed during the year 2021-22. The details of the expenditure are provided in Annexure-1. The excess of Rs.0.50Cr would be available for set off against shortfall, if any, in the next 3 years. The CSR Committee had on 2-May'22, reviewed the average profits for the preceding 3 years at Rs.0.90Cr and approved a budget for Rs.1.00Cr towards CSR projects for the current financial year 2022-23. The annual report on CSR pursuant to section 135 of the Act, read with the Companies (CSR Policy) Rules, 2014 is enclosed as Annexure-A.

Annexure-1

CSR Expenditure for the year ended 31-Mar'22 (Rs.'000)

[Enclosed to the Report on CSR and Sustainability Initiatives dated 11-May'22]

Sl.	CSR Project or activity	Item from the list of activities in Schedule VII to the Act	Projects or programs (1) Local area or other & (2) Specify state and district where the project is undertaken	Amount of outlay (budget) Program wise	Amount spent on projects (1) Direct expenses & (2) Over-heads	Cumulative expenditure up to the reporting period	Implemented Direct or through implementing agency
1	Infrastructure support to hospitals, Medical /blood donation camps	Health Care (and safety)	Hubli-Dharwad (KN), and West Midnapore (WB) Districts	5,600	1,678	1,678	Direct
2	Uniforms, books & scholarships, Infrastructure support to schools, training in Operator Training Centers	Education (and skill development)	Hubli-Dharwad (KN), and West Midnapore (WB) Districts	23,700	23,310	23,310	Both
3	Desilting of lakes, irrigation projects, and repair of tube wells	Environment	Hubli-Dharwad (KN)	2,900	2,010	2,010	Both
4	Covid relief to hospitals, supply of equipment, PP kits, support to local Administration	Others (Rural development, Disaster relief, etc.)	Hubli-Dharwad (KN), and West Midnapore (WB) Districts	5,000	7,789	7,789	Both

Note:

Sl# 2 above includes a sum of Rs.112 lakhs incurred against multi-year (on-going) projects, utilizing the amount transferred to the Unspent CSR Fund Account on 30-Apr'21.