

### **REPORT ON CSR AND SUSTAINABILITY INITIATIVES**

[Forms part of the Directors' Report for the year 2022-23 dated 10-May'23]

#### **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 2022-23, the Committee was reconstituted, and is now comprised of two members, namely, Mr. Sandeep Singh, the Managing Director and Mr. T Onishi, Director. Having formulated the CSR Policy for the Company, the Committee reviews the same from time to time for conformity and alignment with its business objectives and dynamic requirements of its identified communities. The Policy states the Company's CSR philosophy and lays down the framework of its CSR projects and programs. These were categorized under (a) Healthcare [and safety], (b) Education [and skill development], (c) Environment, and (d) Others [all other projects including disaster relief, rural development, etc.] . . The policy is hosted on the Company's website [www.tatahitachi.co.in](http://www.tatahitachi.co.in).
- 3 During the year 2022-23, the Company worked extensively in the interest of its identified communities residing close to its plants, besides those in a few other operational locations too. The employees volunteered in almost all these spheres during the year. The Company continued working on 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. It's a matter of pride for the Company that its CSR initiatives were also featured in the newsletter published by HCM on Sustainability this year.

#### **HEALTHCARE**

- 4 Under Healthcare initiatives, keeping in view the importance of community health, the Company's focus was to support the local administration and the rural communities. At Dharwad, the Company provided medical equipment and air-conditioning to Primary Health Center (PHC) in Garag. It organized a blood donation camp jointly with Government District Hospital and conducted free health screening for women in rural areas. The Company had also organized Blood Donation camps at its Kharagpur Plant and at the Blood Donation Centre in Jamshedpur, and 700 volunteers from the Company had donated blood in these camps. A set of double dome LED lights was installed at the operation theatre (OT) in St. Joseph's Hospital, Midnapore to enhance its capacity and serve more people at the same time. A water purifier was installed at Sasanka Sekhar Shikha Niketan School for the Deaf and Dumb at Baragarh, Debra to provide safe and clean drinking water for the students and the staff. The CSR Healthcare projects of the Company at Kharagpur received HCM President's Special Awards 2022 on 26-Dec'22.

#### SAFETY AND OCCUPATIONAL HEALTH

- 5 During the year 2022-23, the Company was committed to a sustainable safe, healthy, and clean environment both inside and outside its factories. It took many initiatives to scale a new height in Safety and Occupational health. After successfully combating Covid'19, and the return of normalcy, the Company handled the challenges without any major interruption in the plants. Awareness building through training was identified as a key initiative, and a dedicated safety training facility was set up for permanent and contract workers, wherein different training modules were developed for raising awareness level on life saving rules for Height work, Hot work, Road safety, etc. Various departments had taken targets on safety training man days. Improvement in behavioral aspect was also identified as a key initiative, and significant improvement in behavioral changes was achieved amongst the employees, on areas like driving, use of mobile while working /crossing roads, through self-undertaking, training and signages.
- 6 During the year, risk assessment and mitigation movement was further intensified by introducing the concept of KYK (Kiken Yochi) for each work process in all manufacturing areas. Weekly Safety Audit was strengthened by introduction of on-the-spot evaluation (against check list) and feedback in the plants. Proactive actions like Root Cause Analysis of near-miss incidents and their action plans were monitored for horizontal deployment. The Company celebrated 52<sup>nd</sup> National Safety Day, Road Safety Week, Environment Day, etc., in all its locations to promote safety culture and safety mindset among the employees. On this occasion, several competitions were organized for Safety slogan, Safety Kaizen, KYK, 5S, safety observation and their closure.

#### EDUCATION

- 7 The Company is committed to improve the quality of education in the schools of Kharagpur and Dharwad, where its factories are located. The focus was to improve the learning environment in schools by providing basic infrastructure support. The Company identified schools in these locations to implement its projects based on need assessments, and these requirements are being serviced over a period. At Kharagpur, the Company provided school bus facilities to more than 75 rural students to facilitate access to quality education. It sponsored, supplied, and installed a new Physics Laboratory with the state-of-the-art infrastructure in DAV Model School, IIT Kharagpur, to promote science among more than 1,000 students in the school. On 14-Feb'23, the Company launched the Inspire Program at Kharagpur Plant as a volunteering initiative. In this program, the employees volunteered and taught Mathematics, Science and English subjects to the wards of the first-generation employees serving the Company in the operative grades. The program aims at supporting the wards to become the next generation industry workers, creating a unique employee value proposition.
- 8 The Company had through its Dharwad plant constructed classrooms for the Govt School in Alnavar and toilets for the Govt. Girls School in Garag, and it also provided support for a library in the Govt School in Neeralakatti Village. It also prepared and levelled the playgrounds for the schools at Hebballi and Dharwad, benefiting ~2000 students. It participated in Independence and Republic Day celebrations in these schools, along with the rural students. It also provided classroom desks to the Govt Schools in Garag and Dharwad and installed hot water facility to a school hostel at Kalker Village.

#### 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 5 batches of Excavator Operator Training, benefiting 113 rural youth including 3 girls for the first time in the 5<sup>th</sup>

batch, who successfully completed the 20-days training program. This reinforced the Company's commitment to promote diversity and equal opportunity through CSR. It provided English Speaking, Life Skills, and Soft Skills training to 180 Final Year students including 14 girls at local ITI's, including the private ITI at Kharagpur, the Govt. ITI's at Midnapore and Jhargram, in association with SGBS Unnati Foundation, the implementing agency. At Dharwad, the Company had in association with reputed NGO's conducted self-sustainable courses for rural women such as Tailoring, bag making, cooking fast food items, personality development, branding workshop, etc., in 5 batches benefiting over 150 rural women.

#### ENVIRONMENT

- 10 Working towards reduction of environmental load, the Company took several initiatives in the year 2022-23 and reduced its CO2 footprint (scope 1 & 2) by more than 20% despite the increase in manufacturing activities. Kharagpur plant was able to achieve a 12% hike in its solar power generation thereby reducing consumption of grid power. Dharwad plant consumed solar power to the extent of 98% of its total power consumption. In addition to various administrative measures like plant shutdown to optimize production capacity, many other projects were also undertaken to reduce LPG consumption in paint shop operations and replace /reduce heating cycle with suitable chemicals. During the year, the Company reduced its consumption of LPG by 15% and Diesel by 6% as compared to the previous year. Diesel consumption was reduced by switching over to electric fork-lifts and optimizing machine testing activities. Other energy saving projects like installation of inverter drive, LED bulbs, and heater less vaporizer at LPG bullet, had also contributed in reducing consumption of fossil fuel.
- 11 The Company is committed to conservation of ground water as well. It undertook various measures, e.g., MIS on daily water consumption, installing flow meters, replacing fire hydrant lines, which had resulted in leakage reduction. It's plant at Kharagpur started reuse of treated water from effluent and sewage treatment plants, by installing piping network for gardening. Both plants focused on reducing the use of paints and eliminating wastage, to reduce volatile organic compound (VOC). New initiatives like paint sludge recycling reinforced its commitment to sustainability. Kharagpur plant received 5-star rating in Energy Conservation from CII, as a recognition of its Green Initiatives. 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 those in Garag, Tuppari Halla, Sherewad, Madanbhavi, and Tadas villages. Desilting and cleaning of small rivers, lakes, nallas, and other water bodies had increased the storage volume during monsoon, meeting the need for water throughout the year, besides feeding the flora and fauna in the regions and avoiding floods during monsoons. Apart from desilting, the Company had also undertaken the bund work of Tadas Lake that helped over 200 farmers in this region.

#### DISASTER RELIEF /MANAGEMENT

- 12 During the year 2022-23, the Company donated 4 units of DJI Mavic Air-2 drones to Kharagpur Sub-Division Office (SDO) and set up a disaster control room. Training on basic drone operations was provided to the civil defense personnel. This has enabled the SDO to enhance their rescue, relief, and evacuation operations during natural disaster like floods, cyclones, earthquakes, etc. It has also helped them formulate and deploy better strategies for improving the law-and-order situation in all the 10 blocks under the SDO.

#### EXTERNAL ALLIANCES

- 13 During the year 2022-23, the Company received active support from reputed institutions and organizations for mobilizing candidates for its initiative towards Excavator Operator Training including Seva Bharti, Ramakrishna Mission Shilpapitha, Belur Math in Kharagpur, Kharagpur Private ITIs, and other civic organizations. Apart from this, with the help of SGBS Unnati Foundation, the Company has provided their UNXT training program to groom 180 students of 3 local ITIs at Kharagpur, in 6 batches. With the help of Deshpande Foundation, Hubli and VDRM Trust, Haliyal, it conducted self-sustainable courses for rural women in Dharwad.

EXPENDITURE ON CSR

- 14 The Company was required to spend an amount of Rs.85 lakhs 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. However, in view of programs and initiatives already committed and /or scheduled, the Company had as per the budget spent a sum of Rs.100 lakhs, details of which is provided below in Schedule-1. The excess of Rs.15 lakhs, plus Rs50 lakhs brought forward from the previous year, would be available for set off against shortfall, if any, in the next 3 years. The CSR Committee had on 25-Apr'23, reviewed the average profits for the preceding 3 years at Rs.84Cr, noted the mandatory spend of Rs.1.03Cr (after appropriating the excess), and approved a budget for Rs.1.50Cr towards CSR projects for the financial year 2023-24. 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.

Schedule-1

**CSR Expenditure for the year ended 31-Mar'23 (Rs.Cr)**

[Enclosed to the Report on CSR and Sustainability Initiatives dated 10-May'23]

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	0.06	0.05	0.05	Direct
2	Stationaries, Infrastructure support to schools, teaching aids and training in Operator Training Centers	Education (and skill development)	Hubli-Dharwad (KN), West Midnapore (WB) Districts, Nava Raipur (Chattisgarh)	0.67	0.67	0.67	Both
3	Desilting of lakes, cleaning of nallahs	Environment	Hubli-Dharwad (KN)	0.10	0.10	0.10	Direct
4	Setting up of disaster control room, training on basic drone operations, Bund work	Others (Rural development, Disaster relief, etc.)	Hubli-Dharwad (KN), West Midnapore (WB), Leh (Ladakh) Districts	0.17	0.18	0.18	Direct

Annexure-A

**Annual Report on Corporate Social Responsibility**

*(Disclosure pursuant to sec-135 of the Companies Act, 2013*

*read with the Companies (CSR Policy) Rules, 2014)*

[Enclosed to the Report on CSR and Sustainability Initiatives dated 10-May'23]

- 1 Brief outline on CSR Policy of the Company: A brief outline on CSR policy is furnished in the Report on CSR and Sustainability Initiatives dated 10-May'23 (CSR Report), ref sections 1~3.
- 2 Composition of CSR Committee: The composition of CSR Committee is furnished in the CSR Report, ref section 2.
- 3 Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: The weblink is furnished in the CSR Report, ref section 2.
- 4 Details of impact assessment of CSR projects carried out in pursuance of subrule 3 of Rule 8 of the Companies (CSR Policy) Rules, 2014 (Rules), if applicable (attach the report): No such projects were carried out by the Company, and hence not applicable.
- 5 Details of the amount available for set off in pursuance of subrule (3) of Rule 7 of the Rules, and the amount required for set off for the financial year 2022-23, if any:

Sl No	Financial Year	Amount available for set-off from preceding financial years (in Rs Cr)	Amount required to be set-off for the current Financial Year, if any (in Rs Cr)
1	2019-20	-	-
2	2020-21	-	-
3	2021-22	0.50	-

- 6 Average net profit of the Company as per section 135 (5): Rs.42.74Cr.
- 7 (a) Two percent of average net profit of the company as per section 135 (5): Rs.0.85Cr  
(b) Surplus arising out of CSR projects, programs, or activities of the previous financial years: Nil  
(c) Amount required to be set off for the financial year, if any: Nil  
(d) Total CSR obligation for the financial year (7a+7b-7c): Rs.0.85Cr

- 8 (a) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (Rs.Cr)	Amount unspent (Rs.Cr)				
	Total amount transferred to Unspent CSR Funds Account u/s 135 (6)		Amount transferred to any fund specified in Schedule VII as per 2nd proviso u/s 135 (5)		
	Amount	Date of transfer	Name of Fund	Amount	Date of transfer
1.00	-	-	-	-	-

- (b) Details of CSR amount spent against ongoing projects for the financial year: Nil
- (c) Details of CSR amount spent against other than ongoing projects for the financial year: Rs.1.00Cr  
(The details are furnished in Annexure-1 to the CSR Report.)
- (d) Amount spent in Administrative Overheads: Nil
- (e) Amount spent on Impact Assessment, if applicable: Nil
- (f) Total amount spent for the financial year: (8b+8c+8d+8e): Rs.1.00Cr.

(g) Excess amount for set off, if any: Rs.0.15Cr

9 (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs. Cr)	Amount spent in the reporting Financial Year (in Rs. Cr)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs. Cr)
				Name of the Fund	Amount (in Rs. Cr)	Date of transfer	
1.	2019-20	-	-	-	-	-	-
2.	2020-21	1.12	-	-	-	-	-
3.	2021-22	-	1.12	-	-	-	-
	Total	1.12	1.12	-	-	-	-

(b) Details of CSR amount spent in the current financial year for ongoing projects of the preceding financial year(s): Nil, same as specified in 8 (b) above.

10 In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year: NA

11 Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135 (5): NA.

On behalf of the Board of Directors

Sd/-

Sandeep Singh, Managing Director  
and Chairman-CSR Committee (DIN: 01234858)

Sd/-

Toshiki Onishi, Director  
(DIN: 09672267)

Place: Japan

Date: May 10, 2023