

## HEIDELBERGCEMENT INDIA LIMITED

### CORPORATE SOCIAL RESPONSIBILITY POLICY

#### 1. Background

1.1 Corporate Social Responsibility (CSR) was made mandatory under the Companies Act 2013 ("the Act") effective from 1<sup>st</sup> April 2014. Section 135 of the Act requires that the Board of every company to which this Section is applicable shall ensure that the company spends, in every financial year, at least two per cent of its average net profits (calculated as per Section 198 of the Act) in the three immediately preceding financial years, in pursuance of its CSR Policy. Schedule VII to the Act lists the activities that may be included by companies in their CSR policy. The Companies (Corporate Social Responsibility Policy) Rules, 2014 govern the procedural aspects such as reporting, display, etc. Extracts of the relevant provisions are appended to this policy. This Policy has been drawn up keeping these regulatory requirements in view.

#### 2. Introduction

2.1 HeidelbergCement India Limited (HCIL) has been actively supporting local communities towards sustainable development even before the spending on CSR activities was made mandatory under the Companies Act, 2013. HCIL focusses on healthcare, education, drinking water facilitation, women empowerment and skill development benefitting rural communities in the vicinity of HCIL's cement plants and mines situated at Ammasandra (Karnataka), Damoh (Madhya Pradesh) and Jhansi (Uttar Pradesh). In compliance with the provisions of the Act, HCIL now proposes to formalise these initiatives under this CSR Policy.

#### 3. CSR Policy

##### 3.1 Guiding Principles

3.1.1 Setting the objectives: The overall objective of the CSR Policy of HCIL is to promote sustainable, scalable and measurable development of the local communities with set targets and timeframes. HCIL's focus will be on mitigating the adversities faced by the communities and guiding them towards helping themselves.

3.1.2 Sectors and Programmes: Based on its past experience, HCIL takes up CSR activities in key sectors including but not limited to, healthcare, education and environment, giving maximum freedom to the local communities and employees to evolve meaningful initiatives. It is

expected that such local autonomy will lead to a positive cycle of learning and identity.

3.1.3 Supplementing local effort: In HCIL's experience, supporting the development efforts of local communities addresses the felt needs of the community and in return leads to greater ownership and involvement in maintaining the assets created. In selecting the projects under CSR, the relative success or otherwise of the on-going projects will be assessed realistically.

3.1.4 Using agencies: HCIL's CSR initiatives would preferably be implemented through its own employees. However, if required, HCIL may also deploy appropriate agencies based on their proven credentials in the area of rural development to supplement its own efforts.

3.1.5 Monetary contribution / Donations: The Company may also extend its support by way of monetary contributions and donations for the development schemes of local authorities, Non-Government Organizations and/or other agencies.

3.1.6 Involving the beneficiaries: In projects that involve creation of community assets, attempts will be made to rope in the beneficiaries by way of creating user forums / associations and grooming them to undertake the task of maintaining the assets in future.

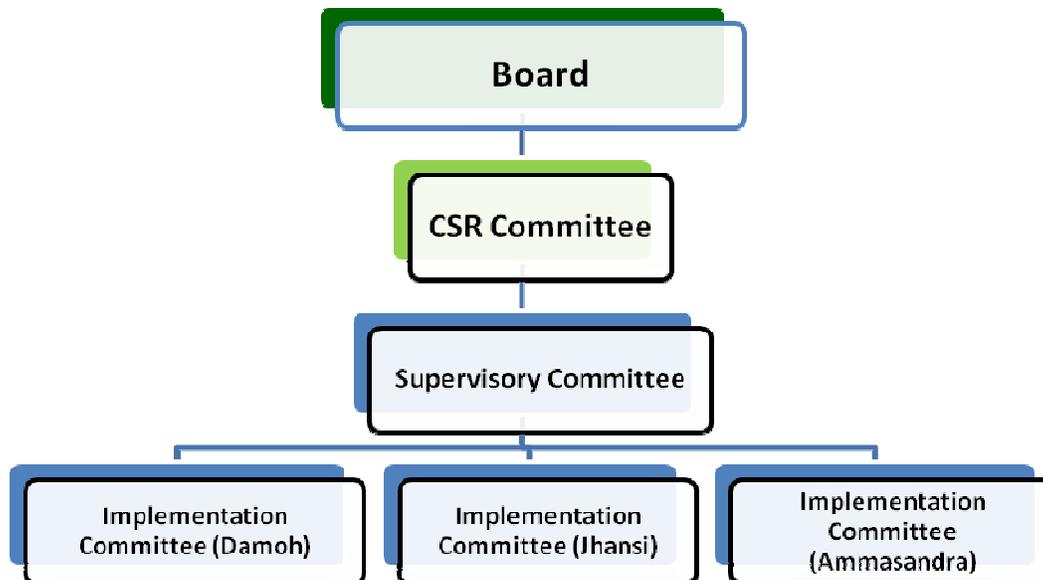
3.1.7 Delegated Implementation: HCIL's officials at its three main locations will be given adequate authority to respond to the felt needs of the local communities. This will go a long way in ensuring speed of implementation and result in the sustainability of the projects undertaken.

3.1.8 Reporting & Accountability: Delegation of authority will be backed by accountability for ensuring proper implementation and timely reporting. Efforts will be made to collect base-line socio-economic data in respect of surrounding communities from agencies of standing so that the impact created over a period of time can be measured and evaluated. Accordingly resources will be allocated by HCIL for each project.

## 3.2 Implementation Mechanism

3.2.1 Implementation Committees: The CSR projects will be implemented through committees of local HCIL officials at Damoh (covering Patharia, Narsingarh and Imlai), Jhansi and Ammasandra. The committees will be chaired by the Plant Heads and have key officials representing HR,

Welfare and Administration functions at the local level as members. The overall structure is depicted below schematically.



3.2.2 Implementation Committees: Implementation Committees will draw up the list of proposed activities, prioritise them and forward them to the corporate office for approval with cost estimates. The mix of projects between those creating durable community assets, supporting income generation and providing services will be decided on the basis of the felt needs of the local communities and their time preferences. The Implementation Committees will indicate the overall cost of the projects, the year-wise allocation/phasing and the benefits expected.

3.2.3 Supervisory Committee: Proposals sent by the Implementation Committees will be vetted by a committee at the Corporate Office consisting of the Director (Technical) as Chairman, the CFO and Director-Human Resources as its members. The proposals cleared by this Committee together with the financial allocation proposed will be placed before the CSR Committee of the Board in the beginning of each financial year for consideration and approval. The Committee will thereafter also supervise the implementation and provide guidance wherever necessary.

3.2.4 CSR Committee of the Board: The CSR Committee of the Board, apart from formulating the CSR Policy, will also recommend the financial allocation for the CSR activities for approval of the Board of Directors and thereafter monitor them from time to time. After approval by the Board, the approved CSR projects and their financial allocations will be

communicated to the Plant Heads and others concerned by the Director (Technical).

3.2.5: Implementation Procedure: Once the CSR activities are finally approved with financial allocations, the officials concerned will implement them diligently. All the systems and procedures laid down for the day-to-day operations of HCIL in matters such as tendering, evaluation, award of contract, verification, payment, audit, etc. will, *mutatis mutandis*, apply to the activities taken up under CSR. Where necessary, the Implementation Committees may issue further specific guidelines.

### 3.3 Monitoring and Disclosure

3.3.1 HCIL will ensure that CSR activities are undertaken in keeping with the letter and spirit of the Companies Act, 2013 and the Rules made thereunder. Reports on the outcomes of CSR activities will be uploaded on the website of HCIL and shared with the local communities through appropriate vernacular publications.

### 3.4 Surplus from CSR Activities

Any surplus arising out of the CSR activities will not be taken into business profits and the same shall be used for the purpose of future CSR activities only.

### 3.5 Updating the Policy

In the light of the experience gained, the above Policy will be revised and updated from time to time as necessary.

---