HINDUSTAN COPPER LIMITED

Corporate Social Responsibility [CSR] Policy, 2021

Table of Contents

1. Preamble

For Hindustan Copper Limited (HCL) Corporate Social Responsibility (CSR) is the Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner while recognizing the interests of its stakeholders.

Even much before CSR became mandatory, HCL recognized that its business activities have both direct and indirect impacts on the society and strived to integrate its business processes with the social processes in order to enable creation and distribution of wealth for the betterment of its stakeholders in an ethical and transparent manner. It is committed to sustainable development and to meet the interests of its stakeholders. It is also committed to continuously upgrade its CSR initiatives in order to make a positive impact on the people staying in and around the areas of its mining Units on a continuous basis.

2. Objectives

The objectives of HCL's CSR activities are as follows.

a. In conformity to the provisions of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and the CSR Guidelines issued by Department of Public Enterprises [DPE], including amendments from time-to-time to indicate the CSR projects that HCL plans to undertake.
b. To create value for the stakeholders and society that is fundamentally linked to HCL's core business and operations through its initiatives for their sustainable development.
c. To enhance value creation for the community around HCL's areas of operation by fostering goodwill among the stakeholders towards the Company by enhancing their quality of life.
d. To carry out developmental initiatives in order to meet the calls of the present without compromising the ability of future to meet its needs.

3. Strategy

HCL's CSR philosophy is centered on the idea of *Triple Bottom-line approach* (People, Planet & Profit). The thrust of CSR shall be on capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions as well as upliftment of the marginalized and under-privileged sections of the society.

4. Policy Statement

For Hindustan Copper Limited, the Corporate Social Responsibility is a planned set of activities taking into consideration the Company's capabilities, expectations of the communities living in and around the areas of its operation as well as where it has its

presence, targeted to have a significant positive impact in the long term. The aim is to play a catalytic role in the sustainable socio-economic development in the regions where the industry is located or where its interests lie, attempting to create an enabling working environment for HCL as well as income generation opportunities for the community keeping sight of sustained regional development.

5. Organisation Setup

A. The CSR projects in the Company shall be implemented under the guidance of the Board's CSR Committee and it shall comprise of three or more Directors out of which at least one Director shall be an Independent Director.

B. The CSR Committee of the Board shall have the following responsibilities.

I. Formulate and recommend CSR policy to the Board for approval.

II. The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-

(i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013;

(ii) the manner of execution of such projects or programmes as specified in rule 4 of the Companies (CSR Policy) Rules, 2014;

(iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

(iv) monitoring and reporting mechanism for the projects or programmes; and

(v) details of need and impact assessment, if any, for the projects undertaken by the company:

(vi) Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

(vii) Recommend for approval of the Board the amount of expenditure to be incurred on the activities in a financial year along with projects to be undertaken earmarking funds for broad area-wise projects.

(viii) Monitor from time to time the implementation of the CSR projects undertaken by the Company.

c. A Nodal Officer for CSR at Corporate level - preferably one rank below the Board level - shall coordinate Company's CSR initiatives and shall be assisted by a team of designated officers.

d. A designated Officer for CSR at Unit /Office level shall coordinate its CSR initiatives.

6. Scope of activities

The scope of HCL's CSR programmes shall be governed by the provisions of Schedule VII of the Companies Act, 2013 and shall include the following broad heads.

(i) Eradicating hunger, poverty and malnutrition, promoting preventive health care 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 centres and such other facilities for senior citizens; and measures for reducing inequalities faced by socially and economically backward groups.

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, 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 dependants, 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, Paralympics sports and Olympic sports.

(viii) Contribution to the Prime Minister's National Relief Fund or Prime Minster'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) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in

science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

(x) Rural development projects

(xi) Slum area development.

(xii) Disaster management, including relief, rehabilitation and reconstruction activities.

7. Geographical Span

HCL being a CPSE with pan-India operations, the amount earmarked for CSR activities in a financial year shall be utilized as under subject to the recommendation of the Board's CSR Committee and approval of the Board of Directors.

a. The CSR initiatives shall be taken up primarily in and around areas of HCL Units / Offices, within a radius of 20 Km. At least 75% of the amount earmarked for CSR activities shall be spent in these areas.

b. Of the remaining 25% of the CSR allocation after (a) above, upto 20% may be utilized in areas beyond 20 Km. of the Units / Offices but within the State in which the Unit / Office is located.

c. Up to a maximum of 5% of the amount earmarked for CSR activities may be utilized anywhere in India to be decided by the CMD.

8. Budget

HCL shall, in every financial year, spend at least 2% of the average net profits of the Company made during the three immediately preceding financial years on its CSR activities as per the provision of Companies Act, 2013. CSR Budget shall be allocated for each financial year with the approval of the Board of Directors on the recommendation of the CSR Committee. Every endeavour shall be made to spend the entire annual CSR budget in that year itself. However, the unspent CSR amount, if any, would be carry forward to the next year.

9. Planning

a. The identification of CSR activities at Unit / Office level shall be done by any one or combination of the following methods.
   (i) In-house planned projects.
   (ii) Proposals from District Administration / local Govt. body/public representatives etc.
   (iii) Proposals/Requests from a registered & specialized body for providing financial assistance for carrying out specific CSR initiative subject to the condition that it fulfils the criteria as prescribed in the statute in this regard. (Proposals to be considered only after checking the credibility of the proposing body through evaluation of necessary documents. Site visits may also be made if required).

b. On the basis of identified CSR activities / projects, the Annual CSR Plan shall be prepared by the CSR department of the Units / Offices in advance.

c. The Annual Plan shall be scrutinized and examined by the respective Unit / Office CSR Committee. The Annual Plan recommended by the Unit / Office CSR Committee would then be put up for recommendation of the subsequent level(s) of authorities as per due procedure. The Annual Plan finalized at the Unit / Office level shall then be sent to Corporate CSR

d. After moderation, if any and compilation, it shall be put up to the CSR Committee as constituted under Section 135(1) of the Companies Act, 2013 and Section 5 of the Companies (CSR Policy) Rules, 2014.

e. The CSR Committee shall consider and recommend the comprehensive Annual Plan to the HCL Board for its approval. Attempts shall be made to complete the process before commencement of the next financial year.

f. The plan as approved by the Board shall be communicated to Units / Offices for implementation.

g. The CSR Annual Plan may, however, be amended / modified at any time during the financial year. Units / Offices may propose addition / deletion / modification with proper justification of project / activity after getting it duly recommended from the respective competent authorities for inclusion / modification / removal from the CSR Plan. On receipt of such proposal, following process shall be followed.

   i. <u>Proposal under approved 'heads' and within existing financial outlay:</u>
   CMD, HCL shall be authorized for re-appropriation of funds and projects (existing and new) and fresh approval of similar projects under the 'Head' approved in the Board Sanctioned plan within the existing financial outlay which may be informed to the CSR Committee and Board of Directors.

   ii. <u>Proposal under new 'head'</u>:
   On receipt of proposals under new 'head' within existing financial outlay or requiring additional allocation beyond existing financial outlay, CSR Committee may consider recommending the proposal for approval of the Board of Directors.

The approved CSR Annual Plan shall form part of this policy.

10. <u>Implementation methodology</u>

a. HCL shall ensure that the CSR activities are undertaken by the company itself or through -

   i. a company established under section 8 of Companies Act, 2013, or a registered public trust or registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and 80G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or

ii. a company established under section 8 of the Act, 2013 or a registered trust or a registered society, established by the Central Government or State Government; or
iii. any entity established under an Act of Parliament or a State legislature; or
iv. a company established under section 8 of Companies Act, 2013, or registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or 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

Explanation: For the purpose of clause (iii) above, the term entity shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

b. Every entity, covered under 10 (a) above, who intends to undertake any CSR activity with HCL, shall register itself with the Central Government by filing the form CSR-1 of the Companies (CSR Policy) Rules, 2014 electronically with the Registrar, with effect from the 01st day of April 2021:

However, the rule shall not affect the CSR projects or programmes approved prior to the 01st day of April 2021.

c. HCL may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

d. HCL may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes.

e. HCL shall satisfy itself that the CSR funds disbursed have been utilised for the purposes and in the manner as approved by the HCL's Board and the Chief Financial Officer or the person responsible for financial management shall certify to the effect and shall submit the same at the end of financial year for the information of CSR Committee and Board.

f. In case of ongoing project, the company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and CMD shall be competent to make modifications, if any and the progress shall be reported to CSR Committee and Board.

11. Expenditure

a. HCL shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

b. Any surplus arising out of the CSR activities shall not form part of the business profit of the company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

c. Where HCL spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 of the Companies Act, 2013 up to immediate 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, in pursuance of 11(b) above.

   (ii) the Board of the company shall pass a resolution to that effect.

d. The CSR amount may be spent by HCL for creation or acquisition of a capital asset, which shall be held by -

   (i) a company established under section 8 of the Companies Act, 2013, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4 of the Companies (CSR Policy) Rules, 2014; or

   (ii) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or

   (iii) a public authority:

12. Monitoring Mechanism

The following shall be the monitoring mechanism in this regard.

a. The designated Officer for CSR in each Unit / Office shall be responsible for monitoring of CSR activities at every stage on day-to-day basis. They shall keep track of the progress of the CSR activities on a regular basis through status check from implementing agency, site visits etc. and also obtain feedbacks from the targeted beneficiaries.

b. The progress report of CSR activities at Units / Offices in the format prescribed under Companies (CSR Policy) Rules, 2014 - shall be submitted by the Unit / Offices to the Corporate CSR Nodal Officer on a monthly basis which shall then be submitted to the Board's CSR Committee for information.

13. Reporting

a. The Board's Report of the company pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II of Companies (CSR Policy) Rules, 2014, as applicable.

b. (i) In case HCL is having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Companies Act, 2013, in the three immediately preceding financial years, it shall undertake impact assessment, through an independent agency, of its CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

(ii) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

(iii) HCL shall book the expenditure towards undertaking impact assessment of CSR for that financial year, which shall not exceed two per cent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

c. The report would be signed by CMD and Chairman of the CSR Committee.

14. Display of CSR activities on its website

The Company shall mandatorily disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on their website, if any, for public access.

15. Transfer of unspent CSR amount

a. Until a fund is specified in Schedule VII for the purposes of subsection (5) and(6) of section 135 of the Companies Act, 2013, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Companies Act, 2013.

b. Any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by HCL in pursuance of its Corporate Social Responsibility Policy, shall be transferred by HCL within a period of thirty days from the end of the financial year to a special account to be opened by HCL in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by HCL 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, HCL 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.

16. Miscellaneous

HCL reserves the right to modify, cancel, and / or amend any of the provisions of this policy in accordance with the prevailing statute.

Notwithstanding any clause in this Policy, no action pertaining to CSR activities shall be taken in contravention of the provision of the Companies Act, 2013 and of the Companies (Corporate Social Responsibility Policy) Rules, 2014. This policy has been framed in compliance to the provisions of Section 135(3)(a) of the Companies Act, 2013 and approved by the Board of Directors in its 448th meeting held on 08/02/2025 based on the recommendations of the Board's CSR Committee in its meeting held on 08/02/2025.

This policy shall stand modified by the provisions of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and Government guidelines as amended from time to time and made enforceable.

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