

Business Responsibility Report

The Ministry of Corporate Affairs (MCA), Government of India, released a set of guidelines in 2011 called the National Voluntary Guidelines on the Social, Environmental and Economic Responsibilities of Business (NVGs). This was expected to provide guidance to businesses on what constitutes responsible business conduct. In order to align the NVGs with the Sustainable Development Goals (SDGs) and the 'Respect' pillar of the United Nations Guiding Principles (UNGP) the process of revision of NVGs was started in 2015. After, revision and updation, the new principles are called the National Guidelines on Responsible Business Conduct (NGRBC). As with the NVGs, the NGRBC has been designed to assist businesses to perform above and beyond the requirements of regulatory compliance.

As a responsible corporate citizen, HFCL Limited (HFCL) presents its Business Responsibility Report (BRR), in line with the 'National Guidelines on Responsible Business Conduct' (NGRBC) as released by the Ministry of Corporate Affairs in March, 2019.

The Report has been prepared in accordance with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Established in 1987, HFCL offers fully integrated communication network solutions, manufactures Optical Fiber, Optical Fiber Cables and high-end Transmission and Access Equipment. It is specialized in providing turnkey solutions for Telecom Service Providers, Railways, Defence, Smart City and Surveillance projects. As a telecommunication solutions provider, the

Company has implemented several Greenfield projects, including the setting up of CDMA & GSM networks, OFC and optical transport network, routing network, microwave radio network, satellite communications, wireless spectrum management, fiber monitoring & management system. The Company has implemented over 25,000 2G/3G/4G cell sites and rolled out over 100,000 kilometres of optical fibre cable networks for telecommunication companies, railways, oil & gas industry and high security applications as required by the Defence and internal security establishments.

Having commenced its journey as a telecom equipment and optical fiber cable manufacturer three decades ago, it has fast transformed into developer of highly secure, reliable and modern communication networks for telecom, defence, railway and surveillance systems. HFCL is steadily deepening its telecom expertise while also widening its value proposition in other business domains such as defence, railway communication, smart cities and surveillance areas and global system integration services. HFCL has developed new products by its own R&D for Telecom, Defence, Smart Cities and Surveillance applications. This includes Wi-Fi Systems, Unlicensed Band Radios, Switches, Electronic Fuses, Electro Optic Devices, Cloud Management Systems and Video Management Systems.

The Company has state of the art technology driven manufacturing facilities comprising of Optical Fibre and Optical Fibre Cable manufacturing facility at Hyderabad, OFC manufacturing facility at Goa and a Telecom Equipment manufacturing facility at Solan.

The Company is presenting its fifth Business Responsibility Report (BRR) forming part of its Annual Report 2020-21 hereunder:

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

S. No	Particulars	Remarks								
1.	Corporate Identity Number (CIN) of the Company	L64200HP1987PLC007466								
2.	Name of the Company	HFCL Limited (formerly Himachal Futuristic Communications Limited)								
3.	Registered Address	8, Electronics Complex, Chambaghat, Solan – 173 213, Himachal Pradesh T: +91-1792-230644								
4.	Website	www.hfcl.com								
5.	E-mail id	secretarial@hfcl.com								
6.	Financial Year reported	2020-21								
7.	Sector(s) that the Company is engaged in (industrial activity code wise): [Source: National Industrial Classification Code (NIC)]	Optical Fiber Cable-27310 * Turnkey Contracts and Services-42202 *								
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	The Company is engaged into the manufacturing of Optical Fiber, Optical Fiber Cables and high end transmission and access equipment. The Company is providing turnkey solutions to telecom service providers, railways, defense, smart city and surveillance projects.								
9.	Total number of locations where business activity is undertaken by the Company	National locations: Manufacturing Facilities located at Solan (Himachal Pradesh), Salcete (Goa) and Telangana (Hyderabad). Turnkey contracts and services are provided on PAN India basis. International locations:								
		<table border="1"> <thead> <tr> <th>Branch Office -</th> <th>Mauritius</th> <th>Dhaka</th> <th>United Kingdom</th> </tr> </thead> <tbody> <tr> <td>Representative Office -</td> <td>Dubai</td> <td></td> <td></td> </tr> </tbody> </table>	Branch Office -	Mauritius	Dhaka	United Kingdom	Representative Office -	Dubai		
Branch Office -	Mauritius	Dhaka	United Kingdom							
Representative Office -	Dubai									
10.	Markets served by the Company – Local / State / National / International	<table border="1"> <thead> <tr> <th>Local</th> <th>State</th> <th>National</th> <th>International</th> </tr> </thead> <tbody> <tr> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table>	Local	State	National	International	✓	✓	✓	✓
Local	State	National	International							
✓	✓	✓	✓							

*As per IEM issued by Department of Industrial Policy & Promotion, Ministry of Commerce and Industry, New Delhi.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up equity share Capital (INR)	128.44 Crores (Comprising 128,43,77,194 equity shares of ₹1/- each)
2.	Total Turnover (INR)	4,105.87 Crores
3.	Total profit after taxes (INR)	222.86 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2%
5.	List of activities in which expenditure in 4 above has been incurred:	<ul style="list-style-type: none"> i Running Specialized Mobile Medicare Unit (SMMU) Solan, Himachal Pradesh ii Running Mobile Medicare Unit (MMU) in Goa iii Running MMU at Sardarshahar in Churu District of Rajasthan iv Running Mobile Medicare Clinic (MMC) in Ghazipur, Uttar Pradesh v Running MMC in Hyderabad, Telangana vi Providing Advance Medical Relief through Corrective Surgeries, Delhi vii Providing Medical relief to the underprivileged communities, Gujarat viii Providing Individual Critical Illness Support Grant ix Providing quality education through new age digital learning solutions in Ghaziabad and Ghazipur districts of Uttar Pradesh and Sardarshahar in Churu district of Rajasthan x Sponsoring higher education at IIT, Madras. xi Providing Individual Higher Education Grant xii Supporting Anganwadis to provide basic quality education and nutrition to the children, Gujarat xiii Providing inclusive education to special children, Delhi xiv Providing Grant to enhance Education & Literacy, Delhi xv Providing computer skill training to under privileged youth in Ghazipur, Uttar Pradesh xvi Ensuring environment sustainability by practicing SAY NO TO PLASTIC xvii Redeveloping Ghanga Ghat in Ghazipur, Uttar Pradesh xviii Disaster relief and rehabilitation xix Old Age Care, Delhi

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company / Companies?

As on March 31, 2021, the Company has 06 (six) subsidiary companies, as follows:

- i) HTL Limited
- ii) Moneta Finance Private Limited
- iii) HFCL Advance Systems Private Limited
- iv) Polixel Security Systems Private Limited
- v) DragonWave HFCL India Private Limited
- vi) Raddef Private Limited

Further, the Company has incorporated a new wholly-owned subsidiary company, namely, HFCL Technologies Private Limited, on June 26, 2021.

2. Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary companies:

Subsidiary companies are not directly involved in the Company's BR initiatives.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

Other entities are not directly involved with the Business Responsibility initiatives of the Company.

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1) Details of Director(s) responsible for BR:

a) Details of the Director(s) responsible for implementation of the BR policy(ies)

S. No.	Particulars	Details	
1.	DIN	00052977	07595264
2.	Name	Mr. Mahendra Pratap Shukla *	Mr. Surendra Singh Sirohi **
3.	Designation	Chairman	Independent Director

* Deceased on May 04, 2021.

** Designated w.e.f. September 03, 2021.

b Details of BR head

S. No.	Particulars	Details
1.	DIN (if applicable)	-
2.	Name	Mr. Manoj Baid
3.	Designation	Senior Vice-President (Corporate) & Company Secretary
4.	Telephone Number	011-3520 9400
5.	E-mail Id	secretarial@hfcl.com

2) Principle-wise (as per NGRBC) BR Policy / policies:

The 'National Guidelines on Responsible Business Conduct' (NGRBC) released by the Ministry of Corporate Affairs (MCA) have identified nine thematic pillars of business responsibility which are called Principles. These Principles (P1 to P9) are as under:

P1	Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable.
P2	Businesses should provide goods and services in a manner that is sustainable and safe.
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains.
P4	Businesses should respect the interests of and be responsive to all its stakeholders.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect and make efforts to protect, restore the environment.
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
P8	Businesses should promote inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their consumers in a responsible manner.

a) Details of compliance (Reply in Y / N):

S. No.	Questions	Ethics, Transparency and Accountability	Product responsibility	Wellbeing of Employees	Stakeholders' Engagement	Human Rights	Environment	Public Policy	Inclusive Growth	Consumers' Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies on the BR principles?	Y	Y	Y	Y	N	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	N	Y	Y	N	Y	N	Y	Y
3	Does the policy confirm to any national/international standards? If yes, specify?	Y	Y	Y	Y	N	Y	N	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Y	N	N	Y	N	N	N	Y	N
5	Does the Company have a specified Committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	N	Y	N	Y	Y
6	Indicate the link for the policy to be viewed online?	Code of Conduct (i)	Internal	Internal	CSR Policy (ii)	N	Internal	N	CSR Policy (ii)	Internal
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Business Responsibility Policy has been communicated to all key internal stakeholders of the Company.								
8	Does the Company have in-house structure to implement the policy/policies?	Various Committees of the Board of Directors is responsible for implementation of the BRR Policy at macro level. At micro level the business heads are responsible for its implementation.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	The Company has a vigil mechanism policy which provides redressal mechanism for different stakeholders. The existing Business Responsibility Policy also contains grievance redressal mechanism.								
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

- (i) a. http://www.hfcl.com/wp-content/uploads/2016/02/Code-of-business-conducts-Ethics_Directors.pdf
- b. <http://www.hfcl.com/wp-content/uploads/2017/05/Code-of-Business-Conduct-and-Ethics-Senior-Management-Personnel.pdf>
- (ii) <http://www.hfcl.com/wp-content/uploads/2016/01/CSR-Policy.pdf>

Note: Elements of all above referred 9 (nine) national voluntary guideline principal are enshrined in our Business Responsibility Policy. Business Responsibility Policy is available online for both internal and external stakeholders and has been approved by the Board of Directors of the Company.

b) If answer to the question at S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S.No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principle(s).	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task.	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year.	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify).					*		*		

* Suitable decision for policies will be taken at an appropriate time.

3) Governance related to BR:

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Board / Committee would review the BR performance annually.

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, BRR is published annually as part of the Annual Report. The first BRR was published in the Annual Report of FY 2016-17.

The BRR for all the five years including this FY along with Business Responsibility Policy of the Company can be accessed at <http://www.hfcl.com/archive#corporate-governance-arc>.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable.

HFCL's practices highest standard of ethics, transparency and accountability in its business conduct. Its code of conduct mandates that every directors and senior management shall conduct himself with utmost professionalism, honesty and integrity, while conforming to high moral and ethical standards.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Anti-bribery and Anti-corruption Policy applies to all individuals worldwide working for all affiliates and subsidiaries of HFCL at all level and grades.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has a Grievance Redressal mechanism for receiving complaints from different stakeholders, viz. shareholders, customers, employees, vendors, etc. There are dedicated resources to respond to the complaints within a stipulated time. During the year under review, the Company did not receive any complaints relating to ethics, bribery and corruption from any stakeholders.

Principle2: Businesses should provide goods and services in a manner that is sustainable and safe.

Safety and sustainability guides HFCL across all its business operations. The Company endeavours to minimize the consumption of natural resources and energy in its offices, manufacturing units, transportation of raw material and finished goods and Engineering, Procurement and Construction (EPC) of telecom networks on behalf of its customers. Optimizing copier paper by using the both sides of it, usage of recyclable cardboard or wooden boxes for packaging, route optimization and sharing of vehicles for staff and product transportation, laying of underground OFC cables without removing any tree, etc. depict Company's ethos and sensitivity towards safer and sustainable delivery of its products and services. We have gone paperless in testing of Optical Fiber Cables and all the data is directly recorded from Test equipment to PC via software and there is no physical recording of data on paper formats resulting in conservation of natural resources.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company manufactures Optical Fiber, Optical Fiber Cables (OFC) with various type of designs and always take care of environmental concerns, while designing cables by selecting raw material which meets compliance obligations.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product:

i) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

- a. All the raw materials which are used to manufacture Optical Fiber and Optical Fiber Cables are Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) compliant. HFCL has upgraded its RoHS compliance in line with the latest directives 2015/863 (EU) RoHS that adds four additional restricted substances to the existing list and do not contain substances which are identified in the "candidate List of substances of very High concern" published by ECHA on 19/01/2021 as a part of REACH Regulation. HFCL supplies products compliant with the latest RoHS and REACH directives applicable w.e.f. 22/07/2019 and 19/01/2021 respectively.
- b. HFCL is committed to work for conservation of resources and is continuously working in reduction in diameter of Optical Fiber Cables (Micro Cables). In current year, we have managed to reduce the diameters further and made commercial supplies for reduced diameter products, conventional micro cables are further reduced and developed as ultra-low diameter micro cables. HFCL NPD team is working continuously in development of new products that also considers enhancing performance in terms of environmental aspects. It has developed and made commercial supply of micro module cables which has reduced cable diameters by approx. 20% in comparison to its conventional cables.
- c. HFCL promotes the new designs manufactured with use of no Jelly and reduced level of jelly by using dry water blocking materials and switched to 90% of designs with dry core construction. These dry tube/dry core designs helps in reduction in use of petroleum products.
- d. Water which is used in both the manufacturing facilities at Goa and Hyderabad, is continuously recycled with effective effluent recycling process and hence there is reduction in fresh water consumption.
- e. During manufacturing process in both the plants at Goa and Hyderabad, noise level reduction is taken care of by providing enclosure to all machines which produces noise. HFCL also got CPR compliance for higher fire rating cables and some of its cable are certified for B2Ca and CCa Category along with standard rating of DCA & ECA Class for its popular product

families. HFCL new product development team is working on designs that will enhance the fire performance of the cable. HFCL has worked in developing cables that can withstand a very high temperature of 750 degree for 180 minutes.

- f. HFCL is always looking at ways to reduce scrap generation. The Company is closely working with some of its suppliers to recycle the packing material for the supplied raw materials like empty fiber spools, jelly containers by sending them back to the suppliers for reuse.
- g. Rubber wood used in packaging of finished product and it does not create any hazardous impact to environment as it is a biodegradable material. HFCL also works continuously with re-engineering of wooden drum used as a packing material for OFC. The re-engineering of drums results in reduction of consumption of wood & also saving of transportation fuel due to accommodation of more lengths in same vehicle/Container.
- h. HFCL also has certificate of compliance to Underwriters Laboratory, USA in accordance with its safety standards for some of its Optical Fiber Cables.
- i. HFCL has always been concerned for the safety of its employees and hence fully automatic Fire detection and suppression system of Novec 1230 and CO₂ has been installed at our Goa Factory in UPS rooms, Battery rooms and Server room for human and equipment safety. Oxygen level monitoring system was installed in Fiber Coloring and Ribbon rooms for human safety. New 64-camera CCTV surveillance system installed at Goa plant.

ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

We have total 569 BTS sites in LWE Project. Out of which 422 sites are working on Solar Powers for 24 hours. Each site needs 400 watts of power per hour. Assuming 24 hour consumption of this power per day, we are saving about 288 KWHr energy per month per site.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

We have used Solar Power at all the 569 BTS sites in LWE project thereby avoiding the use of Diesel Generators which are normally used as backup power supply for the BTS and Microwave radios. In our case, we have EB supply at 147 sites and balance sites have no electricity supply from State Electricity Boards so far. We are running the network using mainly Solar Power only.

At 147 sites, approx. 20% charging may be through EB supply (when it is cloudy and no sun shine) and 80% through solar charging.

Each site needs approx. 350 watts of power. Assuming a 12 hour consumption of this power per day, we are saving about 126 KWHr energy per month per site at 422 sites and approx. 100.80 KWHr energy per site at 147 sites.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding the place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

While the Company sources most of its input material and services from the organized sector, it endeavours to deploy localized sourcing whenever possible. In its EPC Division there are requirements of non SoR materials like RCC Chamber of different Sizes and RCC Route Markers which are being required to be installed at the location of work as per the Project requirements. These materials are being procured locally from the manufacturing facilities that are available in the vicinity of the Project. To ensure that these Materials meet the technical requirements of the Project technical knowledge is being shared with the supplier and skills of the supplier's manpower is enhanced by imparting knowledge with them. Apart from that there are requirements of Construction Materials like Cement, Coarse Sand, Aggregate of different Sizes, Bricks, Paint, etc. which is being procured locally. There are different activities undertaken in the Project which requires manpower in the category of Skilled, Semi-Skilled and Unskilled. The skilled manpower is hired and attached with the Professional manpower of the Organization and they are imparted with all the necessary skills required for the Project. Semi-skilled and unskilled manpower is engaged in the Projects undertaken by the Organization through its Service Partners who are predominantly from local community and they are provided with Technical knowhow as per the project requirements.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Packing cardboards	>10%
Waste wooden & plastic pallets	>10%
Empty metal barrels & plastic containers	>10%
Polythene bags	>10%
Plastic bobbins	>10%
Waste cable pieces	>10%

Principle 3: Businesses should respect and promote the well-being of all employees including those in their value chains.

The Company considers its Human Capital as one of the most valuable assets. The Company ensures strict adherence to safety policies by all its employees. The Company celebrates safety/environment week to make the employees aware of safety and environmental norms. In order to achieve a healthy, happy and productive employee pool, the Company extends Annual Health Check-ups, Occupational and Skill Enhancement Training, Maternity/ Paternity benefits, Insurance (Health, Accident, Life), subsidized food, transport facility for late working and night shift working etc.

The Company fosters a spirit of higher camaraderie and higher performance levels through a host of initiatives including celebration of birthdays, bestowing of rewards & recognitions, etc.

1. Please indicate the total number of employees.

As on March 31, 2021, the Company employed 1,753 people on its rolls.

2. Please indicate the total number of employees hired on temporary/contractual/casual basis.

A total of 810 employees were hired on temporary/contractual/casual basis.

3. Please indicate the number of permanent women employees.

As on March 31, 2021, the Company had total 131 women employees, including 07 off-role women employees.

4. Please indicate the number of permanent employees with disabilities.

The Company has no permanent employees with disabilities.

5. Do you have an employee association that is recognized by the management?

The Company has one employee association.

6. What percentage of your permanent employees are members of the recognised employee associations?

Out of the total 1,753 workforce, about 2.45% (43 employees) of the total employees are members of recognized employee association.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.

The Company received no complaints pertaining to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment during the FY21. There are no such pending cases as on March 31, 2021.

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

Safety and skill enhancement training is provided to all permanent employees, contractual/ temporary/ casual employees, from time to time.

Principle 4: Businesses should respect the interests of, and be responsive to all its stakeholders.

In its pursuit of sustainable development of its business and also telecom network of India and the other international geographies of its interest, HFCL recognizes and respects the interest of all its stakeholders, employees, customers, telecom using consumers, shareholders, lenders, vendors, governments, regulators, and community at large. No discriminatory treatment is given to any of the stakeholders. Various social initiatives viz. providing medical facilities to the marginalized person and their communities living around Solan, Goa, Sardarshahar, Ghazipur and Hyderabad have been taken under the Company's CSR activities under the preventive healthcare programs. The Company's CSR activities also

include advance healthcare, education, new age digital learning solutions, supporting under privileged meritorious students, supporting mentally and physically challenged elderly persons and children among others.

1. Has the Company mapped its internal and external stakeholders? Yes/No.

Yes.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Out of its diverse stakeholders, the Company has identified the community surrounding its business operations as the disadvantaged, vulnerable and marginalized stakeholders.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof in maximum 50 words.

The Company has identified the target communities and community-specific empowerment programs, devised an implementation plan, aligned with the implementation partners and has rolled out some community benefit programs with an impact assessment mechanism in place. The details of Company's Community Development Initiatives are provided in the CSR section as an **Annexure 'E'** to the Directors' Report.

Principle 5: Businesses should respect and promote human rights.

The Company respects and promotes human rights.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Clause 5.1 of the Business Responsibility Policy deals with the provision relating to the promotion of human rights. The Company recognized and respects human rights of all relevant stakeholders and groups.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company received no stakeholder complaints in the year gone by relating to human rights violation.

Principle 6: Businesses should respect and make efforts to protect, restore the environment.

The Company conducts its business operations in highly environment sensitive manner with a sharper focus on conservation and restoration of environment.

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?

The said policy is also extended down the line and applicable to our contractors and suppliers.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming etc.? Yes/No. If yes, please give hyperlink for web page etc.

Yes. A safe and healthy working environment is the Company's top priority. The Company shall continuously seek to improve environmental performance by adopting cleaner production methods, promoting use of energy efficient and environmental friendly technologies.

3. Does the Company identify and assess potential environmental risks? Yes/No

Yes. The Company's Environmental Management System is ISO 14001 certified. Environmental impacts are studied for all various activities. All the raw materials used to manufacture optical fiber cables are RoHS complaint. As a part of E-Waste recycling, HFCL always dispose E-waste by safely handing over to the approved E-waste Vendors. Optical Fiber Cable is laid by using Horizontal drilling method thus avoiding damage to the trees and shrubs. The earth is restored wherever pits are dug.

The state of art Greenfield plant set up for manufacturing of Optical Fibre and Optical Fibre Cables at Hyderabad is also in line with the Company's environment policy. All the raw materials used in fibre manufacturing is RoHS compliant. PCB approved vendors do take care and manage Hazardous waste. Rain water harvesting and green landscape development in 5.5 acre of land had been part of the Project. The Company has also supported Telangana State Government's Haritha Haram tree plantation programme.

4. Does the Company have any project on Clean Development Mechanism? If so, provide details thereof, in maximum 50 words. Also, if yes, whether any environmental compliance report is filed?

No

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.

The Goa plant has taken many initiatives towards energy conservation including installation of power efficient LED mid-bay fitting, optimizing natural light through efficient roof sky lighting and rain water harvesting. The Goa Plant has also setup a Sewage treatment plant (STP) of capacity 30 KL per day to recycle all its domestic waste water. The treated water is used for gardening purpose thus saving water. At Goa plant all street lighting has been replaced with high efficiency LED street lights thus reducing power consumption. Conventional lighting in all production areas are replaced with energy efficient LED lighting. Automation in cooling tower fan operation is based on outlet water temperature to reduce power. The Goa plant has also installed high efficiency compressed air suction devices on sheathing lines to reduce consumption of compressed air and noise. The Company use VOC free material in PCB assembly instead of alcohol based material.

As renewable energy is the future of energy, taking a cue out of it, the Projects undertaken by Turnkey Division of the Organization has installed more than 3,350 Nos. of Solar Photo Voltaic System which caters to the energy requirements of the ONT's that are installed in the GPs.

The Company's Hyderabad fibre manufacturing Plant has kept in consideration energy efficient technologies from Plant inception and designing stage. The Plant has designed and installed energy efficient HVAC system with VFD drives for all motors of AHU's, pumps, compressors etc. The Sewage treatment plant (STP) of capacity 15 KL per day recycle and reuse all its domestic waste water for gardening purpose. Energy efficient LED lighting across the plant reduce power consumption. Fibre plant focuses on reduce, recycle and reuse approach towards achieving sustainable manufacturing processes. In view of the same, plant recycles the key packaging material for re-use in the process thus reducing waste generation in the environment.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB (Central Pollution Control Board)/SPCB (State Pollution Control Board) for the financial year being reported?

Yes.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

The Company has not received any show cause/legal notices in relation to emission/pollution from regulators for the FY21.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

The Company practices utmost responsibility in policy advocacy.

1. Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with.

Yes. The Company is a member of several key Indian industry associations namely, The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Federation of Indian Chamber of Commerce and Industry (FICCI), Confederation of Indian Industry (CII), Telecom Equipment Manufacturers Association of India (TEMA), Goa Chamber of Commerce & Industry and Verna Industrial Association.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others, etc.)

The Company actively participates in discussions pertaining to issues/policies related to Telecom and IT.

Principle 8: Businesses should promote inclusive growth and equitable development.

The Company strongly believes in an even and fair distribution of created economic value towards homogenizing socio-economic development in an inclusive and equitable manner.

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes provide the details thereof.

The Company is following a well-defined CSR roadmap and undertakes CSR activities through its registered society i.e. HFCL Social Services Society, which was established in 1996. Preventive healthcare, medical relief and quality education are the key areas of CSR intervention. The detailed CSR initiatives of the Company have been presented in the Annual Report on the CSR activities which is marked as "Annexure - E" to the Directors' Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/ any other organisation?

The Company undertakes its CSR initiatives through its registered Society i.e. HFCL Social Services Society ("HSSS") established in the year 1996.

HFCL and HSSS have joined hands with many NGOs to undertake the CSR Projects of HFCL. Some of the NGOs/ Implementing Agencies with whom HFCL and HSSS have joined hands are HelpAge India, Wockhardt Foundation, St. Stephen's Hospital Patients Welfare Society, IIT- Madras, Extramarks Education Foundation, Saint Hardyal Educational and Orphan Welfare Society (SHEOWS), Balvantray Mehta Vidya Bhavan Anguridevi Shersingh Memorial Academy, Hari Prem Society, Amrutam, Utkal Bipanna Sahayata Samiti (UBSS), Gogirl Foundation, Saha Foundation, The Bhagwan Mahavir Relief Foundation Trust, Foundation for Pluralistic Research and Empowerment and All India Heart Foundation.

HFCL/HSSS has also undertaken following philanthropic activities at its own among others: -

- i) "Say No to Plastic": Under this initiative, HSSS has distributed Cotton Bags to minimize the use of plastic among households and installed a reverse vending machine for the collection and recycle of plastic bottles;
- ii) Provided Education Grant, Critical Illness Grant and Sports Training Grant to the candidates of economically weaker section of the society;
- iii) Organised Blood Donation Camps and Specialized Medical Camps, from time to time, distributed Covid-19 support kits, encouraged Covid testing and vaccination, arranged on-call medical support service to the underprivileged communities in Solan during pandemic of Covid -19; and
- iv) Distributed woollen jackets during winter among employees of Sardarshahar Municipal Corporation, Rajasthan.

3. Have you done any impact assessment of your initiative?

The Company had appointed Innovative Financial Advisors Limited ("Fiinnovation") an independent agency to make an impact assessment for our Mobile Medical Units. As per the report of Fiinnovation, the implementation of MMUs has been effective and met its objective and has created a very positive impact through provision of various services to the beneficiaries. The Company has already directed to concerned implementing partners to implement the improvements suggested by the Fiinnovation. The areas of improvements as suggested by Fiinnovation are being taken care of.

HFCL has put in place a monitoring mechanism for its various CSR activities. HelpAge India/ Wockhardt Foundation has recruited a Social Protection Officer with each of the five SMMU/MMUs to mobilize greater participation of the targeted communities. In digital learning initiative, the Company monitors the development through frequent interactions with the School Principal and also surprise visits of schools. The HFCL/HSSS has been doing regular field visits and obtains progress reports from the implementing agencies on frequent intervals. The HFCL/HSSS also directly interacts with the beneficiaries and other stakeholders.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Necessary particulars in connection with contribution towards CSR activities are provided in the "Annual Report on CSR activities" forming part of this Annual Report, hence not repeated for the sake of brevity.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The effectiveness of CSR Projects of the Company are regularly reviewed and monitored. Based on experience and on-the-ground learning from CSR programmes, we plan to devise specific ways for enhancing participation and adoption of initiatives by the target communities.

Principle 9: Businesses should engage with and provide value to their customers in a responsible manner.

Cognizant of the powerful role that telecommunication plays in unlocking the latent socio-economic potential of any society, HFCL serve all its customers with best in class products and/or services with complete transparency, dependability and responsibility.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

The Company does not have any customer complaints or consumer cases pending as at March 31, 2021.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information).

The Company's products are not meant for direct consumption by the retail consumers. The Company does not display product information over and above those mandated.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of financial year? If so, provide details thereof, in about 50 words or so.

There is no case filed/pending against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour as on March 31, 2021.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

No. The Company's business is of B2B nature and hence does not entail any retail consumer interface. However, the Company seeks structured feedback from its customers from time to time.