



# Pioneering Sustainability Building a Stronger Future

SUSTAINABILITY REPORT 2023-24

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# AN INTRODUCTION TO OUR REPORT

It gives us immense pleasure to present to you our sixth sustainability report. It comprehensively covers our non-financial disclosures from 1st April 2023 to 31st March 2024, highlighting our commitment to sustainable practices and innovation in speciality chemical manufacturing space. Our journey towards sustainability is guided by our aspiration to **"Be World Class and Shape the Future"**.

During the previous year, we have made significant strides in our sustainability initiatives. Our focus has been on making ourselves energy efficient, reducing our carbon

footprint, understanding the environmental footprints of our products, resource efficiency improvement, waste reduction, creating a safe, healthy and empowering workplace for our employees and workers. We have implemented several initiatives and projects to achieve our objectives, these are highlighted in the report we are presenting to you.

As we progress on our sustainability journey through unwavering dedication, innovation and collaboration we believe that through continuous improvement and stakeholder engagement we can achieve our ambition of "**Pioneering**

## Sustainability and Building a Stronger Future".

Our previous sustainability report (FY 2022-23) can be accessed [here](#)

## Reporting boundary and scope

This report covers all Environment, Social and Governance (ESG) initiatives, activities, and operations within our speciality chemical business. We have identified material topics through a structured stakeholder engagement process and included relevant disclosures to enhance the comprehension of our sustainability initiatives and



performance. The report covers the business activities of Aarti Industries. This report covers sustainability performance of manufacturing plants located across five locations, including Vapi {Divisions – Acid (including Fertilizer and DMS), Amine, Alchemie, Organic (inclusive of R&D center), and Nascent; Pilot Plant – Apple}, Tarapur (Division – Topaz), Jhagadia (Divisions – Pearl, Ruby, Jade and Gold), Dahej (Divisions – Neo, Diamond and Saffron), Kutch (Division – Anushakti), Navi Mumbai (ARTC- Aarti Research and Technology Centre), Corporate offices at Mumbai and Vadodara and all the subsidiaries. We aim to focus on the identified material topics that have the potential to influence our business operations and long-term value creation for our stakeholders. Furthermore, in FY 2023-24, we have strengthened our long-term strategy with the alignment of defined sustainability goals and targets with UN Sustainable Development Goals (UN-SDG).

**Exclusion:** We have excluded the project sites, constructions, commissioning activities and trading.

## Frameworks referred

Our Sustainability Report has been developed in reference to Global Reporting Initiative (GRI) 2021 standards in consideration, with linkages to India's National Guidelines on Responsible Business Conduct (NGRBC) on business's social, environmental, and economic responsibilities. The report also provides linkages to the United Nations Sustainable Development Goals (UN SDGs), United Nations Global Compact Principles (UNGCG), and Sustainability Accounting Standards Board (SASB).

## External Assurance

The non-financial information disclosed in this report has been independently assured by TUV Nord. An independent third party conducted a limited assurance process in accordance with the requirements of the ISAE 3000 'Limited assurance', and the Global Reporting Initiative (GRI) Standards. The independent assurance statement can be accessed on page 205 of this report.

## Feedback

Your valuable insights and feedback on our sustainability approach would help us strengthen our future initiatives. Please feel free to reach out to us at [sustainability@aarti-industries.com](mailto:sustainability@aarti-industries.com)

## Forward-looking statements

Certain elements of this report contain forward-looking statements. These may be typically identified by terminology used, such as 'believes', 'expects', 'may', 'will', 'could', 'should', 'intends', 'estimates', 'plans', 'assumes', and 'anticipates', or negative variations. These forward-looking statements are subject to particular risks and opportunities that could be beyond the Company's control or currently based on the Company's beliefs and assumptions of future events. There could be a possibility of the Company's performance differing from expected outcomes and performance implied in this report. With a varied range of risks and opportunities facing the Company, no assurance can be provided for future results to be achieved as the actual results may differ materially for the Company and its subsidiaries.

## Restatement

We have identified errors in the calculation of Scope -3 for upstream and downstream transportation categories due to incorrect decimals in the emission factor. A double accounting error in the waste data for the FY 2022-23 was also identified, which impacted the disclosure of the previous financial year. These values have been corrected in this year's report.

## PIONEERING SUSTAINABILITY AND BUILDING A STRONGER FUTURE

For over 40 years, Aarti Industries Limited (AIL) has been a pioneering force in the chemical sector. Our commitment to innovation has propelled us to rank among the top four globally for 75% of our product portfolio, establishing a robust presence both nationally and internationally. Our actions towards integrating sustainability in our strategy are as below:

### OUR VISION AND ACHIEVEMENTS



#### Global Leadership:

Leading the way in chemical manufacturing with a strong global footprint, supplying to over 60+ countries.

#### Sustainable Development:

Balancing industrial growth with environmental stewardship to ensure a greener future.

### COMMITMENT TO SUSTAINABILITY



Sustainability is more than a business imperative; it is a fundamental responsibility. We focus on:

#### Resource Efficiency:

Optimising the use of natural resources to minimise waste and reduce environmental impact.

#### Innovation and Green Chemistry:

Investing in R&D to develop eco-friendly products and processes.

#### Operational Excellence:

Streamlining operations to enhance productivity and sustainability.

#### Workforce Agility:

Cultivating a flexible and skilled workforce to adapt to evolving sustainability challenges.

### INTEGRATING ESG PRINCIPLES



We seamlessly integrate Environment, Social, and Governance (ESG) principles into our decision-making process. Our comprehensive ESG strategy addresses:

#### Occupational Health and Safety:

Implementing rigorous safety protocols and health programmes to ensure the well-being of our workforce.

#### Climate Change Impacts:

Reducing carbon emissions and enhancing energy efficiency through innovative technologies and renewable energy sources.

#### Data Security

Protecting sensitive information with robust cybersecurity measures.

#### Human Rights:

Upholding human rights across our operations and supply chains, ensuring fair labour practices.

#### Supply Chain Management:

Promoting transparency, ethical sourcing, sustainable procurement practices, and sustainability throughout our supply chain.

### REFLECTING ON OUR JOURNEY



We are proud of our progress in understanding and managing ESG risks, leading to:

#### Reduced Environmental Footprint:

Achieving significant reductions in water usage, waste generation, and greenhouse gas emissions.

#### Enhanced Social Responsibility:

Supporting education, healthcare, and community development through our CSR initiatives.

#### Economic Growth:

Driving economic growth by creating jobs, supporting local economies, and fostering innovation.

#### Corporate Social Responsibility Initiatives:

Positively impacting over 150,000 individuals through various community programmes.

### FUTURE PLANS AND INITIATIVES



Looking ahead, we have set ambitious goals to further enhance our sustainability efforts:

#### Carbon Neutrality:

Aiming to achieve carbon neutrality through increased use of renewable energy, and implementing advanced emission control technologies.

#### Circular Economy:

Implementing circular economy principles to recycle and reuse waste materials, reducing landfill impact.

#### Biodiversity Conservation:

Initiating programmes to protect and restore natural habitats in areas surrounding our operations.

#### Employee Engagement:

Launching training programmes to empower employees with the knowledge and skills needed for sustainable practices.

### LOOKING FORWARD



In this Sustainability Report, we invite you to join us on our journey of pioneering sustainability and building a stronger future. Our report is built upon:

#### Collaboration:

Partnering with stakeholders, communities, and industry leaders to drive collective impact.

#### Transparency:

Maintaining open communication about our sustainability practices and progress.

#### Accountability:

Holding ourselves responsible for our environmental and social commitments.

Together, we create long-term value for our stakeholders and the planet. Our commitment to our people, partners, and the environment remains unwavering as we evolve and integrate responsible practices for a greener future.

## OUR JOURNEY



## AARTI INDUSTRIES AT A GLANCE

Aarti Industries Limited (AIL) is one of the pioneers in manufacturing of speciality chemicals in India and have fostered positive relationships with its customers to become trusted partners of choice. Through our innovation and creativity-driven approach, we have earned credence from our customers and clients. Our success stems from a unique blend of process chemistry expertise and advanced scale-up engineering, enabling us to drive sustainable solutions for the future.

We bring more than three decades of experience to the chemical sector with the vision of propelling innovation and contributing towards a

wide variety of products. As a leading manufacturer, 75% of our product portfolio ranks among the top four globally. Over the past few decades, we have established our presence across the breadth and depth of geographies, both nationally and internationally. Being conscious of the intricate interplay between chemistry and the environment, we conduct our operations in a socially, environmentally, and ethically responsible manner.

Commitment to sustainability is not merely a choice; it's a responsibility we owe to our planet and future generations by promising to not compromise their future needs. This asks for a holistic approach while

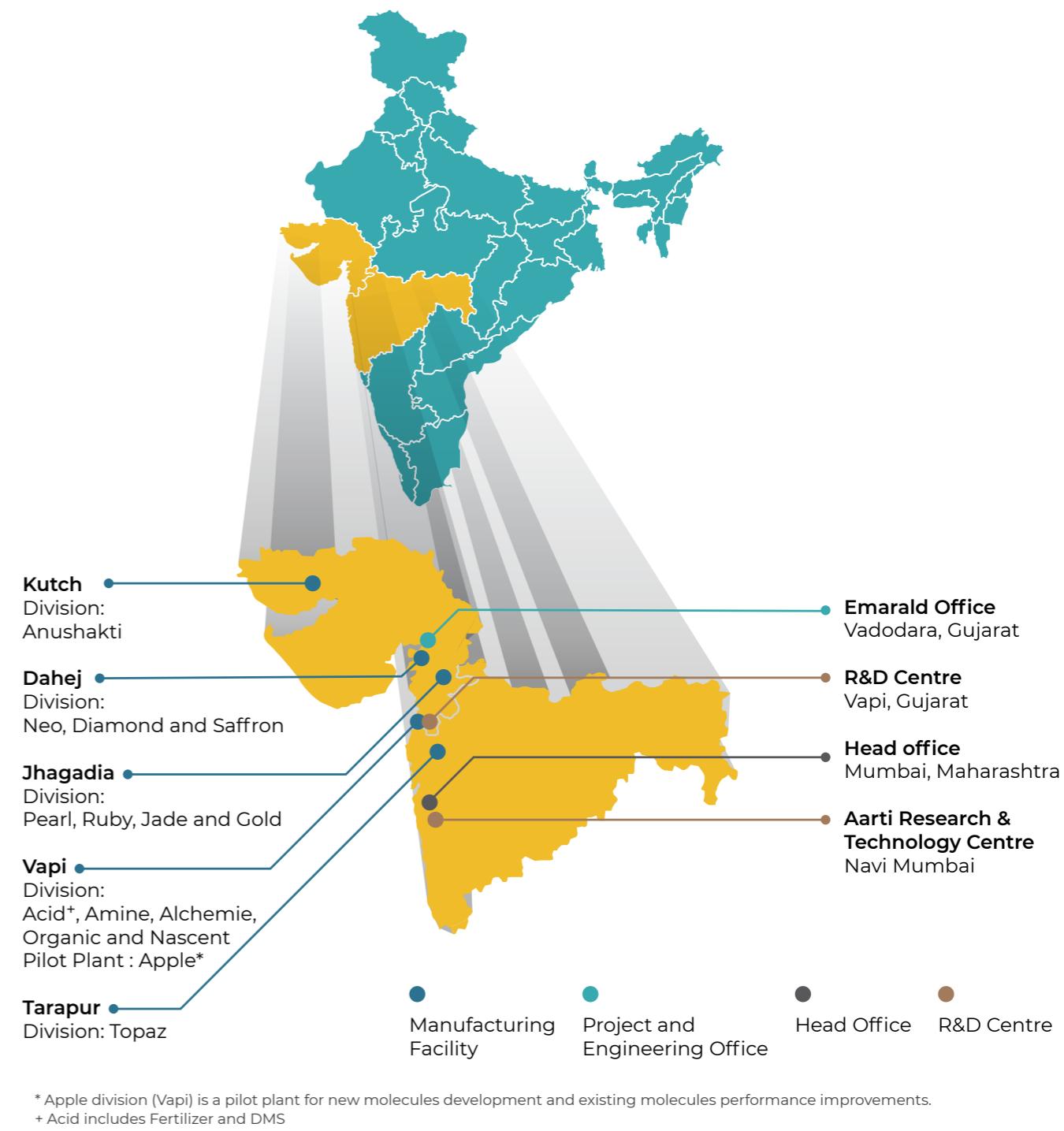
addressing environmental, social, and economic factors. From reducing carbon emissions and conserving natural capital we also commit to promote social equity and fair practices, prioritising quality, safety, and compliance with regulatory norms. Our focus on sustainable R&D excellence promises for a future that is responsible, sustainable, and filled with promising innovations. We have a workforce of 250+ workforce working on R&D. We are rated as a 5-star rated export house. By committing to sustainability, we can pave the way for a healthier, more resilient planet and a brighter future for all living beings.

overall operational efficiency, reduce energy consumption, and minimise waste generation. Our commitment to producing and supplying world-class speciality chemicals extends across over 60 countries. Our global presence demonstrates our dedication to unlocking opportunities and building a stronger future.

During the reporting period, our total production increased by 7% on a year-on-year basis from 8,64,600 metric tons in FY 2022-23 to 9,26,166 metric tons in FY 2023-24.

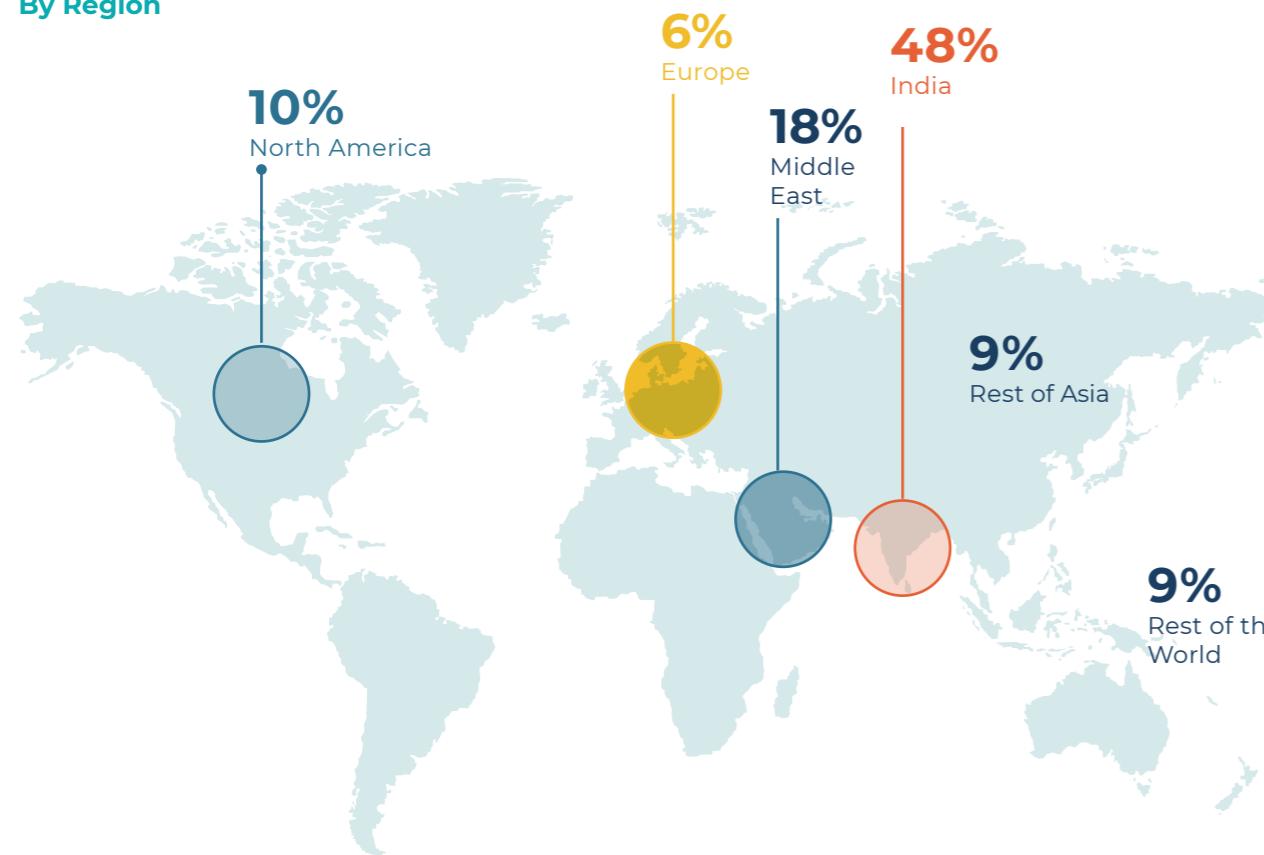
## MANUFACTURING CAPABILITIES

Our operations are primarily located in the Indian states of Maharashtra and Gujarat. Our manufacturing facilities are spread across three zones – Vapi and Tarapur (Zone I), Jhagadia (Zone II), Dahej and Bhachau (Zone III). We also have two R&D facilities situated in Vapi and Navi Mumbai, respectively. Our facilities and systems are strategically located to optimise logistics and reduce transportation costs and emissions. Furthermore, we are also continually assessing and strengthening our infrastructure to enhance

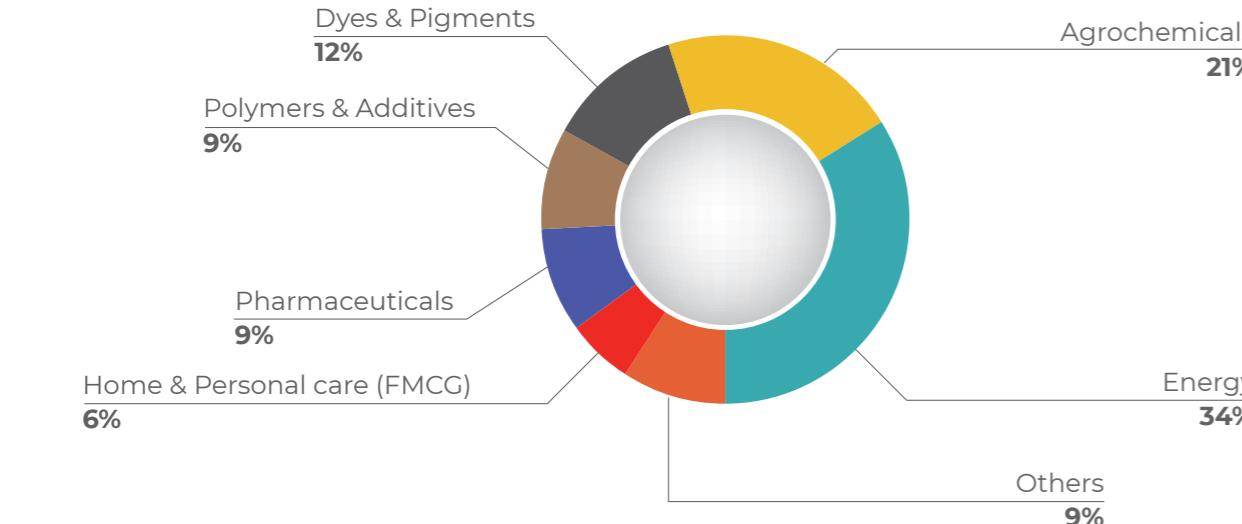


## REVENUE BREAK -UP

### By Region



### By Segment



## KEY NUMBERS

**100+**

Products

**1,100+**

Domestic and  
global customers

**42,000 TPA**

Chloro Toluene  
Base Capacity

**16**

State-of-the-art  
manufacturing  
facilities

**05**

Co-generation  
power plants

**11**

Zero-liquid  
discharge plants

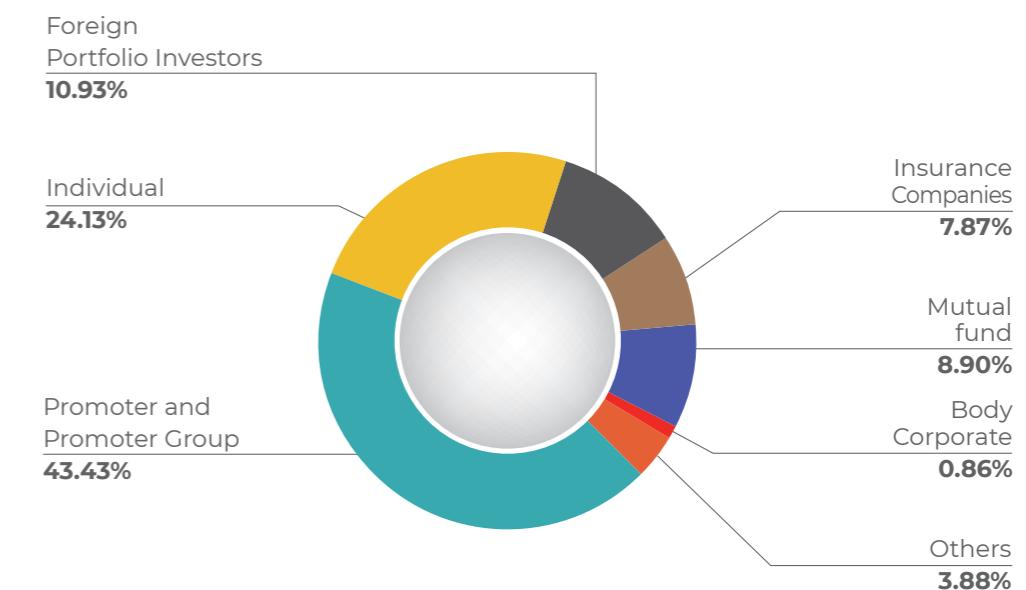
**60+**

Countries where  
we export

**6,000+**

Employees

## Our Shareholding Pattern

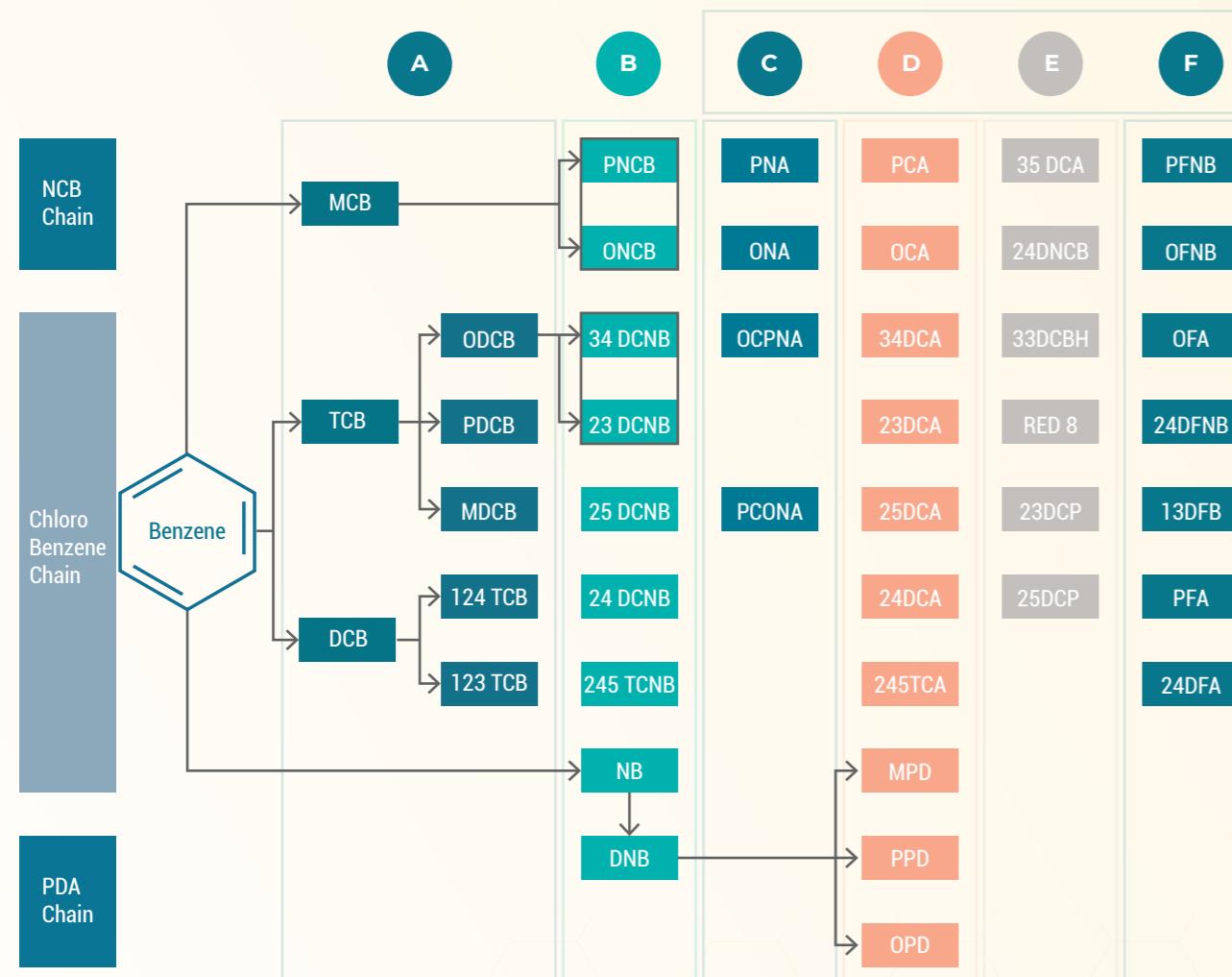


We have enlisted our securities at the National Stock Exchange of India Limited (NSE) and BSE Limited (Formerly Bombay Stock Exchange). Currently, AIL is categorised under Group A and is amongst top 500 Companies with market capitalisation ~ ₹24,155 Crores as on March 31, 2024. Our promoters hold a controlling stake with 43.43% shareholding.

## PRODUCT PROFILE AND VALUE CHAIN

Our portfolio of 100 diverse products is meticulously crafted to meet the needs of our customers. Driven by our robust research and development efforts, we deliver cutting-edge solutions that keep us at the forefront of the industry. Our diversified product range not only shields us from market fluctuations in speciality chemicals but also ensures consistent profitability.

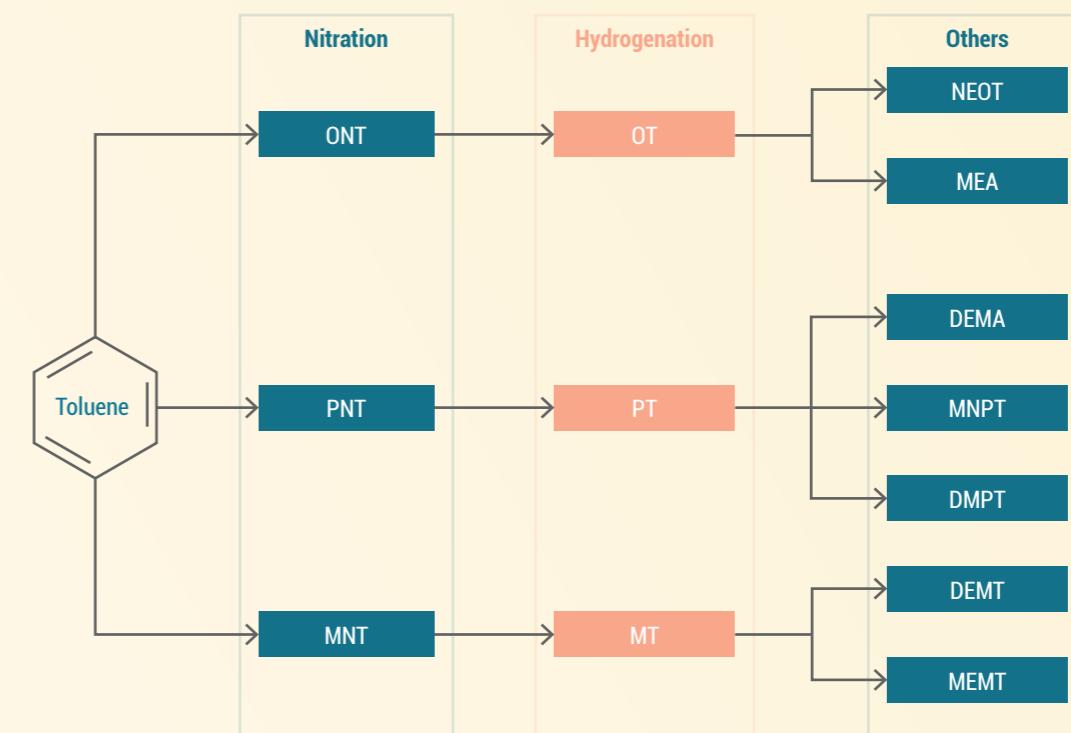
## Benzene Product Chain



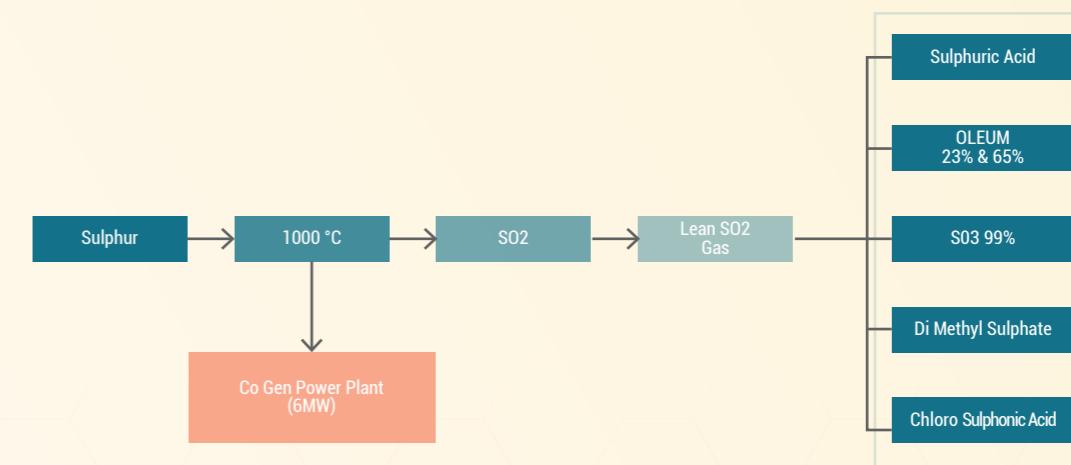
Global Ranking		Domestic Ranking	
<b>NCB</b>	Among top 3 Globally	<b>DCB</b>	#1 Globally



## Toluene Product Chain



## Sulphuric Acid Chain



## Other Speciality Chemical Products

- Single Super Phosphate (SSP)
- Export Grade Calcium Chloride Granules (for oil exploration & De-icing)
- Fuel Additives
- Phthalates
- Integrated operations across product chain of Benzene and Toluene
- Co-products/Isomer balancing
- Optimizing product mix
- Ability to meet stringent specifications
- Supply chain not linked with China
- Diversified end uses

## OUR GROWTH STRATEGY

Over the past few years, we have invested substantially in various initiatives, including long-term contracts, scale-up activities, asset restoration, and debottlenecking projects. These strategic investments aimed to expand our manufacturing capabilities, broaden our market reach, and strengthen our industry position.

We have identified key areas of strategic emphasis to capture immense prospects and adeptly manoeuvre through the constantly evolving market landscape. This strategic perspective drives us toward an exciting path of substantial expansion, enabling us to grow sustainably.

### Focus area

1. Expanding existing capacities
2. New Product development
3. Collaboration with leading global companies
4. Sustainable Chemistries and Sunrise sector

### Expanding existing capacities:

The focus is on bolstering capabilities and meeting demand through manufacturing expansions and investments in advanced facilities. Our Expansion plans include

- New chemical value chains
- Capacity expansion benefits
- Debottlenecking
- ₹908 Crores planned for Zone IV Projects
- ₹1,050 Crores for ongoing projects across all zones in FY 24-25
- ₹1,500 Crores capex investment approved; strategic procurement and engineering designs are at advanced stages
- Joint Ventures (JV) with UPL: 50%-50% partnership for manufacturing and marketing speciality chemicals
- Progress at Tarapur and Dahej SEZ
- Development at Jhagadia Site Projects

### New Product Development:

- Prioritise green chemistry in process development and optimisation to design sustainable and scalable processes
- Developed 45+ products in-house with successful pilot scale-up of 20+ products
- Lab development of new chemistries like Balz-Schiemann, vapor phase chemistries, isomerization, Henry reaction, Hoffman degradation, and Grignard reaction

## Collaboration with leading global companies

As a key business growth strategy, we continuously explore possibilities of collaboration with our business partners for engaging in long term partnership either in supply of critical raw materials, product manufacturing or any other association that adds value and also brings social benefits. Pursuing this growth strategy has led us to forging key partnerships with leading manufacturers of downstream chemicals worldwide.

Recently we have formed a joint venture with a leading agrochemical company in India for production of downstream speciality chemical intermediates for Indian and global markets. This groundbreaking collaboration marks the first of its kind between two major Indian companies, aiming to develop, manufacture, and market downstream and value-added chemical intermediates for global markets.

## Sustainable Chemistries and Sunrise sector

- Develop capabilities and infrastructure for new chemistries such as electronic chemicals, energy chemicals, and sustainability chemicals.



### Electromobility

- Membranes for extraction of rare earth elements from Brine



### Climate Change

- Materials for Bulk Energy Storage Batteries
- High temperature superconducting materials
- High purity salts for energy storage
- Membranes and materials for carbon capture



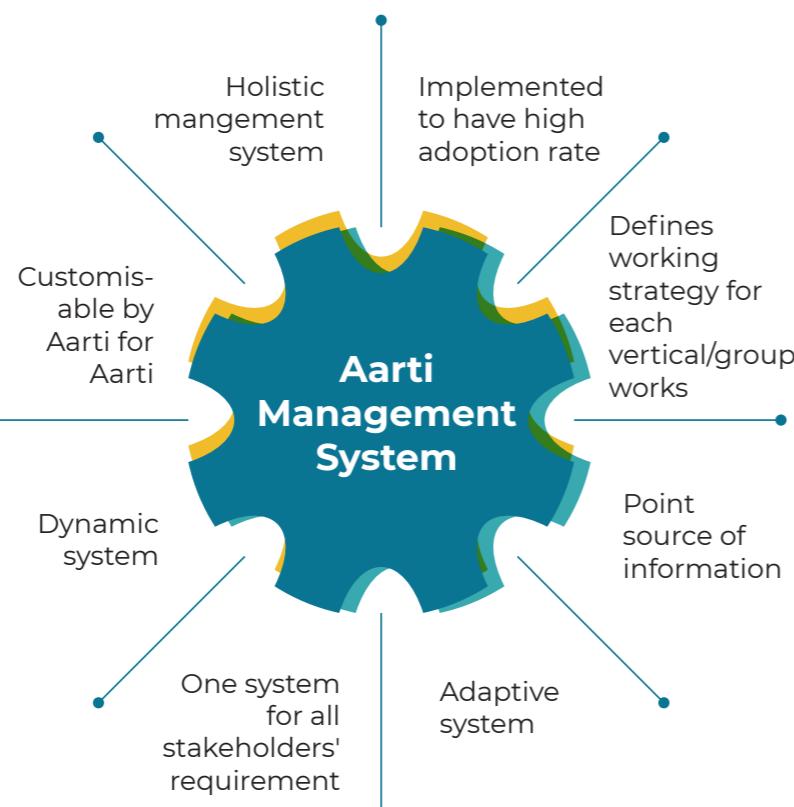
### Circularity

- Polymer additives for high performance and recyclability of Polymers
- Exploring to produce HVO and SAF from renewable feedstocks such as used cooking oil
- Focusing to utilize end-of-life plastic waste for petrochemical feedstocks



## AARTI MANAGEMENT SYSTEM

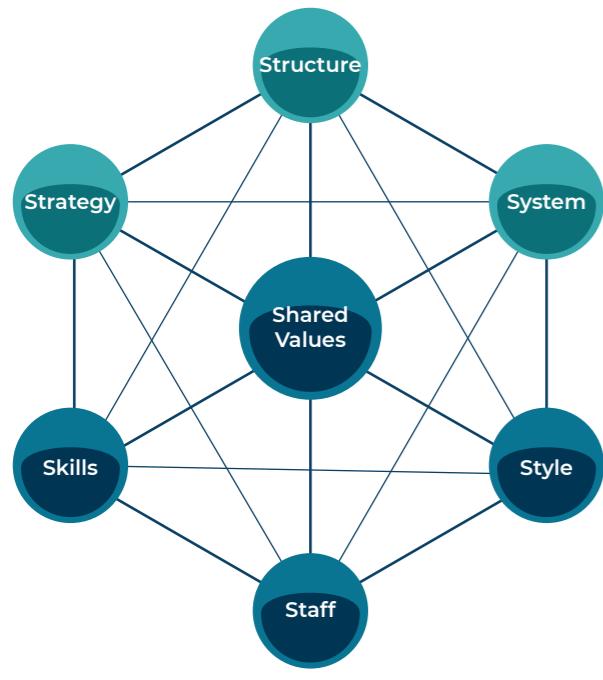
At Aarti Industries, our purpose, vision, mission and values effectively outline our commitments towards our stakeholders. As a prominent manufacturer of specialty chemicals, we embrace our responsibility to deliver value to all our stakeholders. To guide our actions in a responsible manner, we have adopted a '7 S' framework which comprises Shared Values, Structure, Systems, Style, Strategy, Skills, and Staff. To execute our strategy effectively, we have adopted Aarti Management System (AMS), an integrated management system that caters to the needs of all stakeholders effectively. AMS enables identification of associated risks with our products and processes and thereby adopts mitigation measures.



We have defined performance dimension of Sustainability, Prosperity, People well-being and Partner delight under AMS. To ensure the successful execution of our strategy and shared values, we have established the Aarti Management System (AMS). This integrated approach diligently addresses the needs of all stakeholders, with a focus on strategic objectives, including Sustainability, Prosperity, Partner delight, and People well-being.



## 7s Model



## 7 Pillars of AMS



# MESSAGE FROM CHAIRMAN



Dear Stakeholders,

As we establish a prominent milestone of completing four decades as a responsible chemical manufacturer, I am pleased to share our remarkable journey of achievements and the exciting challenges we've overcome across our diverse business portfolio. With immense pleasure and honour, I present our sixth

Sustainability Report, highlighting our performance for responsible business practices, sustainable growth and actions towards ESG (Environment, Social and Governance) commitments throughout the year.

During the last few years, businesses and individuals have faced unprecedented disruption. However, this period has provided us with opportunities to reflect, learn, and adapt. As a responsible company, we firmly believe that our success is intertwined with the planet's well-being, our communities, and the diverse range of stakeholders we serve. In line with this belief, we have conducted a detailed risk assessment and identified key ESG risks that could potentially impact our operations and the wider community. We have a robust mitigation plan to address these risks and ensure business continuity and resilience.

Our approach to sustainable development at AIL is based on our dedication to "Pioneering Sustainability and Building a Stronger Future". We recognise the significance of aligning our actions with the greater goal of sustainability as we continue to propel ESG stewardship. In this endeavour, we have comprehensively analysed our stakeholders' perspectives and reviewed our key material topics

from the financial and impact materiality lens. Our financial and impact materiality (double materiality) assessment has formed the foundation of this Sustainability Report as we progress to highlight our initiatives across the myriad ESG aspects. We remain steadfast in our efforts to create shared value for all. Our teams are cognisant of this and have collaborated to formulate a roadmap for achieving our ESG goals and targets. Through our progressive goals and targets around water security, human rights, supply chain sustainability, workforce empowerment, cyber security, etc., we strive to grow as leaders in the chemical industry and become "A Global Partner of Choice".

As we further magnify our vision of building a stronger future, we recognise the need for systemic changes to address the unexpected challenges created by climate change. We have committed to setting emission reduction targets through the Science Based Targets initiative (SBTi) and are in the process of ratifying these targets. Focusing on building a cleaner and greener future, we have co-invested and commercialised 13.20 MW of hybrid renewable energy. Based on these efforts, we have achieved a reduction of 17.5% in specific energy consumption and a 16% reduction in specific GHG emissions from the base year of FY20. Additionally, our efforts in innovative waste disposal methodologies have enabled us to recover (recycle, reuse and co-process) 92% hazardous waste. Furthermore, 11 out of our 16 manufacturing units are zero liquid discharge (ZLD) which represents our commitment towards water security. Through our efforts of judicious water management, we have enhanced our rainwater harvesting by 26% compared to

the previous financial year and recycled 44% of the water used in operations, further reducing specific water consumption by 4.7% year-on-year.

The safety and security of the workforce is the top priority of our business. In this regard, our robust EHS policy provides guidance on the implementation of our health and safety management system. It also ensures that we adhere to the highest standards of excellence and safety across our manufacturing and business operations thus enabling us to adhere to zero fatalities and zero high-consequence injuries in FY 23-24. We have implemented barrier management to enhance the safety of the operation process. We have also begun our "Be Safe +" journey with dss+, which will help us strengthen our safety culture.

The presence of a diverse, inclusive and resilient work culture enables us to develop and implement innovative solutions that contribute to positive outcomes. Our People strategy ensures comprehensive benefits for all our employees, encouraging talent from diverse backgrounds. We have taken great strides to enhance the well-being of our employees and foster a culture of diversity and inclusion. These efforts have enabled us to significantly improve our employee engagement score from 4.14 to 4.42. We have increased the number of female employees by 4% year-on-year, even after a negligible change in employee strength. We aim to further strengthen female representation across our cadres by nurturing them through a women's mentorship programme.

We have strengthened our partnerships with local communities, actively engaging

in social initiatives that address their unique needs and empower them to thrive. The sense of serving the community is well ingrained into the spirit of our organisation. Our initiatives in community development have supported us in impacting over 1.5 lakh lives through our CSR programmes. We also incorporate the pillars of resiliency and responsiveness across our CSR initiatives to establish a strategic and integrated approach to our focus areas and activities.

We understand that the road to sustainable development is a continuous journey, and we are completely committed to evolving our practices as we move forward. As I mention this, we have also committed to the Sustainable Development Goals (SDGs) and developed an SDG strategy to achieve the key targets aligned with our prioritised SDGs. Furthermore, we have aligned our prioritised SDGs with our strategic objectives for FY 2028. Our commitment to the SDGs ensures that our sustainability ambitions reach a broader spectrum, contributing towards national development. While we remain ahead of the curve in delivering long-term value creation, I extend my deepest gratitude to our employees, customers and stakeholders for their support and trust in the Company.

We are committed to continuing our efforts to create lasting, sustainable value for the future.

**Rajendra. V. Gogri**  
Chairman and Managing Director

## ESG HIGHLIGHTS

# Environment

**Energy**

7% of our energy derived from renewable sources and waste heat recovery

6.3 Million kWh of energy saved, FY 2023-24

4,82,963 GJ energy utilised from waste heat sources

**Emissions**

5.5% reduction in Scope 1 & Scope 2 emission (YoY)

10.1% reduction in Scope 3 emission (YoY)

97,718 MTCO<sub>2</sub>e of emissions avoided in FY 2023-24

**Water**

44% of water recycled

11 zero liquid discharge units

**Waste**

92% hazardous waste recovered

**Environmental Compliance**

Zero cases of environmental non-compliance

**Zero Waste to Landfill (ZWL) Certification**

2 units ZWL certified

**Board Effectiveness**

14.3% of board comprised of female board members

**Digital Transformation**

Zero incidents of data or cybersecurity breaches

**Financial Outcome**

₹7,012.11 Crores total revenue

₹417 Crores net profit

# Social

**Workforce**

Nearly 3% of total employees are women

6000+ employee strength across 19 locations

Zero reported instances of non-compliances or breaches with regards to human rights

Zero cases of POSH

**Workplace Safety**

Zero cases of fatalities and occupational disease in FY 23-24

0.04 LTIFR (employees and workers)

**Community Development**

0.15 Million lives impacting through CSR initiatives

₹17.46 Crores spent towards CSR

**Sustainable Supply Chain**

51.5% of suppliers assessed for ESG parameters on spent basis

77.4 % of procurement from local suppliers

**Customer Satisfaction**

4.2 customer satisfaction score (Out of 5)

**Employee Engagement**

4.42 employee engagement score



# Governance

**Innovation**

15 patent applications for corresponding to 10 patent families

₹85 Crores invested in R&D

**Workplace Governance**

Zero cases of corruption and anti-competitive practices

## EXTERNAL INITIATIVES

### UPHOLDING GLOBAL STANDARDS FOR SUSTAINABLE EXCELLENCE

Our unwavering commitment to excellence in the industry drives us to adhere to the industry's best practices and uphold internationally acknowledged standards and norms, leading us to bolster the resilience of our operations, ensure product quality, and secure the long-term viability of our business. The following list highlights the key standard and norms which AIL adheres to:



AIL received a Gold Rating in the EcoVadis CSR assessment for 2023.



AIL received a B rating for the CDP climate change and water security disclosure for FY 2023.



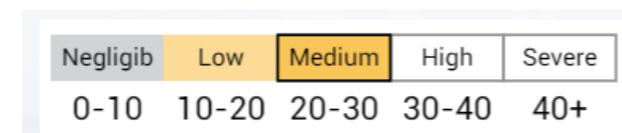
### CRISIL

An S&P Global Company

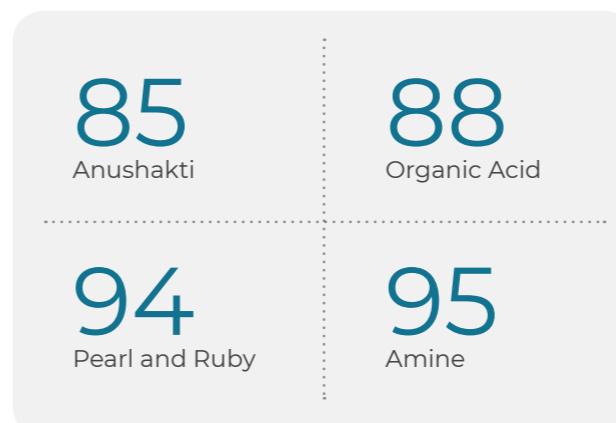
AIL received an ESG score of 53 in 2022, classified as adequate by CRISIL.

### MORNINGSTAR | SUSTAINALYTICS

AIL is categorised into the medium risk category by Sustainalytics, giving us a risk score of 23.



### ISO Certifications



TfS is an international network of thirty-seven chemical companies aiming to assess and enhance environmental, social and governance performance within the chemical supply chain. We have proactively implemented measures to strengthen our systems and processes for TfS audits, resulting in outstanding scores.

### MEMBERSHIP OF ASSOCIATIONS



Indian Chemical Council



CHEMEXCIL - Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council



Indian Institute of Chemical Engineering



Gujarat Chamber of Commerce and Industry



Confederation of Indian Industry



United Nations Global Compact Network of India



Federation of Indian Export Organisation



Federation of Indian Chambers of Commerce & Industry (FICCI)



Chemicals and Petrochemicals Manufacturers' Association



Indian Speciality Chemical manufacturers' Association

# VALUE CREATION MODEL

## Delivering Sustainable Outcomes

### INPUTS

**FINANCIAL CAPITAL**  
Capital Expenditures : ₹1,358 Crores  
Shareholder's Fund: ₹5,290 Crores  
Gross Debt : ₹3,184 Crores  
Equity Capital : ₹181.25 Crores  
Capex Spent on Environment Improvement : ₹57.01 Crores

**MANUFACTURED CAPITAL**  
16 Manufacturing facilities across 2 states with state of art R&D Center  
Robust global supply chain model to offer diverse solutions  
Co-generation Power Plants : 5  
Safe Manhours (Employee + Contractors) : 28,311,394

**INTELLECTUAL CAPITAL**  
R&D Centres : 2  
Investments in R&D : ₹85 Crores  
Leveraging Technological Interventions to Optimise Processes  
R&D Professionals : 250+  
Technology Team : 200+  
Products in R&D Pipeline : 40+

**HUMAN CAPITAL**  
Total Number of Permanent Employees : 6000+  
Number of Women Employees : 180+  
New Hires : 1280+  
Employee Wellbeing Cost: ₹43.27 Crores  
Average Training Hours per Employee per Year : 35  
Hours of Trainings on overall ESG Parameters : 6.07  
Hours of Trainings on overall Safety Parameters For Employee : 5.54  
Hours of Trainings on overall Safety Parameters For Worker (Permanent + Contract) : 5.08  
Employee Wages & Benefits Expense : ₹401.66

**SOCIAL AND RELATIONSHIP CAPITAL**  
CSR expenditure: ₹17.46 Crores  
Procurement from Local Suppliers : ₹3600+ Crores  
Global Customers : 400+  
Domestic Customer : 700+  
Countries : 60+  
MSME Sourcing : ₹1180+ Crores

**NATURAL CAPITAL**  
Invested in Renewable Sources and Energy Conservation Initiatives : ₹6 Crores  
Water Consumed : 24,29,969.8 KL  
Waste Generated : 3,88,730.3 MT  
Onsite Solar Energy Capacity : 799 KW  
Zero Liquid Discharge Plants : 11  
Energy Used : 77,10,605 GJ  
Waste Heat Sourced : 4,82,963 GJ

### APPROACH

#### OUR PURPOSE, MISSION, VISION AND CORE VALUES

**Purpose**  
Right Chemistry for Brighter Tomorrow

**Vision**  
To be a Global Partner of Choice for the Leading Consumers of Speciality Chemicals and Intermediaries

**Mission**  
Delight Stakeholders

#### Leadership Competencies

- Purpose-led Vision
- Entrepreneurial Agility
- Achievement Orientation
- Innovation & Change Excellence
- Stakeholder Partnership
- People Championship
- Customer Stewardship
- Personal Leadership

#### Aarti Management System



Implemented to Have High Adoption Rate



Defines Working Strategy for Each Vertical/Group Works



Point Source of Information



Adaptive System



Holistic Management System



Customisable by Aarti for Aarti



Dynamic System



One System for All Stakeholders' Requirement

#### BUSINESS



#### STRATEGIC PRIORITIES

Existing Value Chain Expansion

Introducing New Value Chains

Customer Collaborations

High Growth Sectors

Manufacturing Outsourcing

### VALUE GENERATED

**FOR PROVIDERS OF FINANCIAL CAPITAL**  
We deliver consistent, profitable and responsible growth.

**FOR OUR PEOPLE**  
We strive to provide equal opportunities to all our employees, ensure capacity building, training, and a safe work environment.

**FOR SUPPLIERS**  
We ensure an optimum supply chain with competent suppliers for seamless operations. We also engage and collaborate with our suppliers closely for knowledge enhancement, process improvements and product applications.

**FOR CUSTOMERS**  
We create value for customers by providing high-quality and sustainable products.

**FOR COMMUNITIES AROUND US**  
We contribute towards improving the living conditions of communities around us through our CSR activities and, at the same time, ensure that our production processes do not have any adverse impact on the environment.

**FOR PROVIDERS OF FINANCIAL CAPITAL**  
We deliver consistent, profitable and responsible growth.

**FINANCIAL CAPITAL**  
Revenue Generated : ₹7,012.11 Crores  
EBIDTA : ₹984 Crores  
Profit After Tax : ₹416 Crores  
Debt to Equity Ratio : ₹0.6  
EPS : ₹11.49  
DPS : ₹1.5  
Credit Rating : AA/A1+ from Crisil & India Ratings

**MANUFACTURED CAPITAL**  
Facilities inspired by lean construction methodologies  
Amongst Top 4 Manufacturer for 75% of Product Portfolio  
Productivity enhanced by : 7% YoY  
Top 3 in Chlorination and Nitration Globally  
Top 2 in Hydrogenation Globally

**INTELLECTUAL CAPITAL**  
In-house development of all AII products  
Products launched : 20+  
Patent Applications Filed : 15

**HUMAN CAPITAL**  
% of Women in Workforce : 3.08%  
Lost Time Incident Frequency Rate : 0.04  
Employees Returned after Parental Leave : 100%  
Employee Satisfaction Survey Score : 4.42  
Participation in the Employee Engagement Survey by a Global Analytics and Advice Firm : 100%  
Number of Employees Benefited through Internal Career Development Programme : 40+  
Fatalities : Zero  
Training Manhours : 2,56,467  
% Change in Women Employees : ~4%

**SOCIAL AND RELATIONSHIP CAPITAL**  
Impacted People through CSR Activities : 1,50,000+  
% of Procurement from Local Suppliers : 77.37%  
Long-term Customer Relationships - Over 85% revenue from customers with relationship of more than 10 years  
Spent on Diverse Business Partners : ₹367 Crores

**NATURAL CAPITAL**  
Emissions Avoided : 97,718 MTCO<sub>2</sub>e  
43.86% of water recycled and achieved 5% of water efficiency per ton of production  
% of Hazardous Waste Recovered : 92  
% of Energy Recovered from WHR : 6.26  
% of Renewable Electricity : 0.69

# Be World Class and Shape the Future

AIL aims to be world class and shape its future. Our ESG strategy is an expression of collaborative approach with the stakeholders to develop ambitious sustainability targets and a roadmap for its accomplishment to enhance profitability.

## Key SDG:



## Key Topics

- Infinite Game - Stakeholder Engagement
- Double Materiality
- ESG Strategy

₹149.15

Crores of Climate Budget



## INFINITE GAME

### STAKEHOLDER ENGAGEMENT

At AIL, we believe stakeholders play a vital role in building a sustainable organisation. Our ability to create, preserve and deliver value is strengthened through our strategic partnerships and robust relationships with our stakeholders. Their insights are instrumental for co-creation of value and sustainable growth of our Company.

Fostering long-term relationships with our stakeholders and understanding their needs and expectations not only ensures resilient business operations but also enables brand trust and reputation. In order to make a

difference, we engage with our prioritised stakeholder groups to understand what matters most to them and how we can meet their expectations. Our approach for efficacious stakeholder engagement includes continuous interactions to incorporate their valued inputs for value creation and capitalise on opportunities to strengthen existing partnerships. Furthermore, this approach helps identify key improvement areas across our business activities and drive sustainability embedded organisational strategy.

We have prioritised our key internal and external stakeholder groups based on their relevance and influence on the Company. Additionally, we have coined a

holistic process for advocating efficacious and transparent communication with our stakeholders. The process involves-

1. Identifying stakeholders
2. Prioritising stakeholders
3. Tailoring engagement strategies
4. Establish relevant and comprehensive action plans

The feedback and inputs received from the stakeholder groups are valuable for a complete understanding of the risks, opportunities and business impacts associated with key ESG aspects. Furthermore, it enables us to curate a strategy in alignment with our vision and drive innovation for sustainable outcomes.

### Customers



#### Channels of Communication

- Video conferencing
- Emails
- Customer satisfaction survey
- One on one meetings

#### Key Expectations

- Product quality and timely delivery
- Product availability
- Competitive cost
- Responsible production
- Transparency in disclosure
- Climate change disclosure and GHG emission reduction targets
- Life cycle assessment

#### Our Response

- Improvement in operational efficiency, packaging and labeling of products
- Customer survey to cover ESG topics, product quality. Availability packaging and labeling
- Participation in various disclosures to increase transparency
- Timely response to query and timely resolution of grievances
- Commitment to calculate LCA of all our products



### Suppliers and Contractors



#### Channels of Communication

- Supplier meets
- Emails
- Customer satisfaction survey
- One on one meetings

#### Key Expectations

- On time payment
- Ethical behavior
- Sustainable growth

#### Our Response

- Increase coverage of suppliers sustainability assessment
- Digitisation of procurement function to simplify work process
- Capability building of suppliers and contractors on ESG, ethics, anti bribery and anti corruption (ABAC) through training, handholding, assessment and other engagements



### Local Communities



#### Channels of Communication

- Regular engagement to understand concerns and requirement
- Community engagement during CSR initiatives

#### Key Expectations

- Local employment generation
- Development interventions

#### Our Response

- CSR policy and actions to support development interventions in nearby community in the area of education and skill development, tribal and rural development, livelihood opportunities & housing aid, preference to locals in employment as per their education and skill set



### Employees



#### Channels of Communication

- Leadership development interventions
- Monthly manufacturing connect
- Web based performance dialogue
- Continuous feedback
- Anahata – employee assistance program
- Nirvana – employee wellness program
- Employee induction
- Employee experience
- Town hall briefing
- Listening tour
- Employee engagement survey
- Emails
- Quarterly/publications
- Newsletters

#### Key Expectations

- Diversity
- Quality of work & life
- Fair wages and remuneration benefits
- Skill upgradation
- Career growth
- Health & safety
- Continuous performance dialogue and feedback

#### Our Response

- We ensure to provide equal opportunities to all our employees, ensure capacity building, training, and safe work environment through various initiative
- Transparent communication through platforms like CHRO connect, Kushal Varta etc., Recognition programs like Arjan for employees and Anant for contractors, quality and productivity enhancement program through job specific training
- Focus on enhancing safety culture and excellence through employee participation in safety engagement initiatives
- 360° Feedback mechanism in addition to mid year and year end performance dialogue



### Investor and Lenders



#### Channels of Communication

- Annual reports and sustainability reports
- Investor/ analyst meets, calls including plant visits
- Quarterly results
- Company website
- Stock exchange filings
- Media release

#### Key Expectations

- Economic value generated and distributed
- Long-term value creation
- Transparency
- Good ESG governance
- High reputation and brand image
- Data privacy

#### Our Response

- We deliver consistent, profitable and responsible growth
- Regular and timely sharing of information through annual report
- We have a dedicated investor relations department for regular interaction and dissemination of information to shareholders
- We have established stakeholder relationship committee to address grievances and increase transparency
- We are ISO 27001 certified for our R&D center, pilot plant and technology center and are in process of obtaining the certification for manufacturing locations



### Regulatory Bodies and Government Agencies



#### Channels of Communication

- Open invitations
- Specialised programmes
- Seminars
- Media releases
- Conferences
- Membership and associations

#### Frequency of Engagement

Quarterly, need base

#### Key Expectations

- Proactive compliance to regulatory approvals
- Implementation of compliance management system

#### Our Response

- Proactive monitoring of compliance through digital Compliance Management System (CMS) platform
- Dedicated compliance cell at corporate level looking after existing and emerging compliance requirements
- Meetings with regulatory bodies such as State Pollution Control Board (SPCB), Central Pollution Control Board (CPCB), Ministry of Environment Forest & Climate Change (MoEF&CC), Directorate of Industrial Safety and Health (DISH)
- Schedule assessment program on compliances



- |  |           |
|--|-----------|
| <span style="color: #008080;">●</span> | Daily     |
| <span style="color: #FFC000;">●</span> | Weekly    |
| <span style="color: #0064A9;">●</span> | Monthly   |
| <span style="color: #008080;">●</span> | Quarterly |
| <span style="color: #FF0000;">●</span> | Annually  |
| <span style="color: #003366;">●</span> | Need Base |

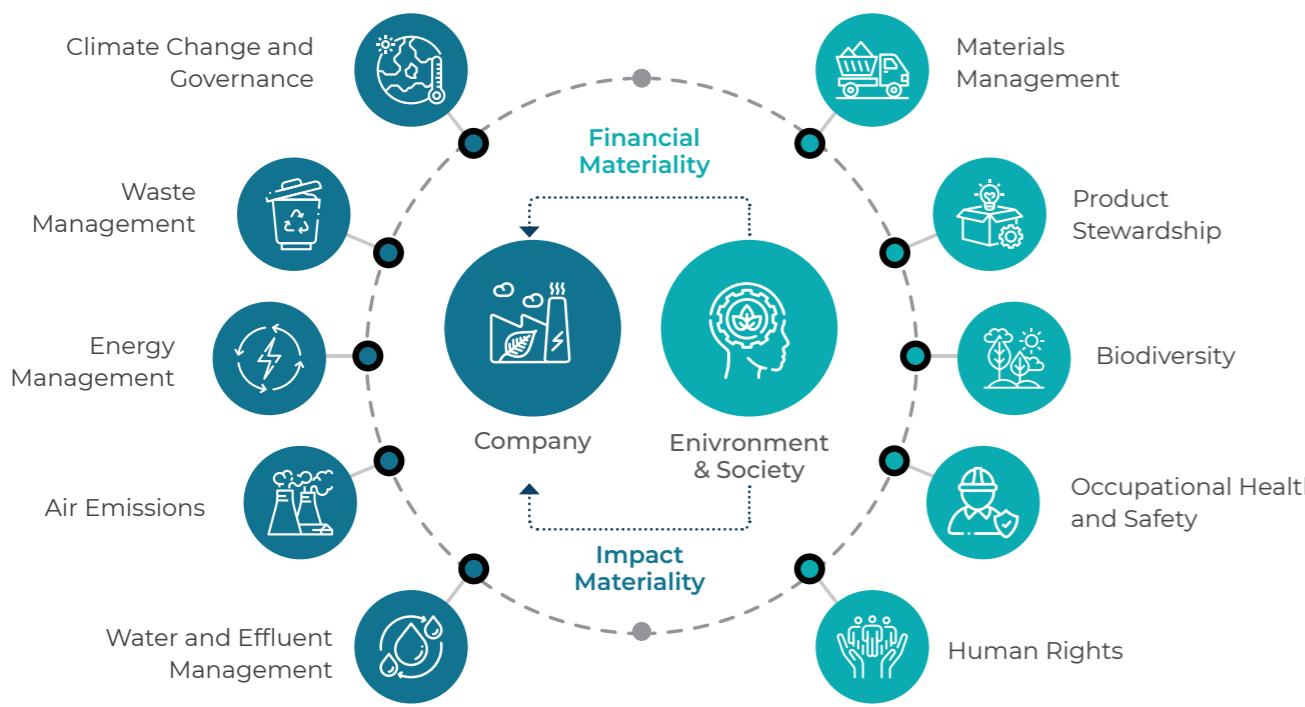
## DOUBLE MATERIALITY

As part of our sustainability journey, we focus on numerous facets of ESG that relate to our business's impacts on stakeholders. We judiciously apply the principle of materiality to determine the contours of our Sustainability Report. Acknowledging the continually expanding scope of ESG, business challenges and stakeholder aspirations, we had taken a step ahead by delving into Double Materiality Assessment in FY22-23. The assessment was based on the dual lens approach combining the perspective of financial and impact materiality. Impact

Materiality focused on external impacts (both positive and negative) of our organisation's activities including impacts on communities and the environment (air, emissions, water discharges, GHGs) that are directly linked to operations and value chain over short medium and long term while Financial Materiality focused on issues that are internally impacting our financial performance and ability to create economic value for investors and shareholders over short medium and long term.

As the assessment is conducted every three years for the current

financial year, we have reviewed our identified material topics concerning peer analysis and changing regulatory aspects. We have also extensively engaged with our stakeholders to get their opinions, insights, and expectations aligned with material topics and embed them in the intricacies of our ESG strategy. Additionally, we leverage the perspectives of our management to validate the identified material topics that could impact our capabilities to create value over time.



## APPROACH FOR DOUBLE MATERIALITY



With the intent to tailor down risks and opportunities associated with our sustainability performance, we have opted following approach for Double Materiality Assessment. Our assessment approach is aligned with GRI Standards 2021 and the Corporate Sustainability Reporting Directive (CSRD).

### Identify

We had onboarded a third party to identify sector-prognostic topics material for our business adhering to national and global standards, significant trends, peer practices, and our internal risk register. All the tailored topics were then categorised under three heads: Environment, Social and Governance.

### Engage

Through our robust stakeholder engagement, we proficiently gathered insights from stakeholders on identified material topics. We engaged with key internal and external stakeholder groups, including employees, senior management, local communities, vendors and suppliers, shareholders,

regulatory bodies and government agencies, customers, and Investors/bankers. All the responses were meticulously collated to prioritise the significance of the identified topic. The percentage weightage of each stakeholder group was assessed through engagement with our senior management team. The engagement was conducted through comprehensive surveys, forms, and interviews.

### Assess

In FY 22-23, AIL conducted a materiality assessment based on the impact materiality defined in GRI Standards 2021. The assessment considered responses from both internal and external stakeholders.

However, with the evolving arena of ESG risks and opportunities, we aligned our current material topics in coherence with the concept of double materiality. For the double materiality assessment, we onboarded an external third party to conduct a detailed desk review of our organisation's activities and its associated negative and positive

impacts on the economy, environment, and people, including the impacts on their human rights and vice versa. From the perspective of impact materiality, we had assessed actual and potential impacts of our activities based on our geographical presence, the nature of our business, future projections, sectoral research and stakeholder consultation. The financial materiality assessed the financial implications based on the likelihood of occurrence and financial effects of risk and opportunities. It was largely based on the interaction conducted with AIL's KMPs and primary research conducted by external third party.

### Evaluate

As an outcome of assessment, a list of relevant impacts was created to evaluate the severity of impacts through its scale, scope, irremediable character, and likelihood of occurrence of impacts as given below:



However, for financial materiality potential effects and likelihood of occurrence of financial risk and opportunities are considered. These were determined as per the financial implications on company's business on a scale of '0 to 5. Inputs were considered based on the interaction conducted with AIL's KMPs and primary research conducted by external third party

#### Severity of Financial Impact

Very Low	Low	Medium	High	Very high
The impact is Very low and/or does not affect the financial flows of the company (positively / negatively)	The impact is Low and does not have influence over the financial flows of the company (positively / negatively)	The impact is moderate and/or can have a limited influence on the financial flows of the company (positively / negatively)	The impact is high and/or can have a significant influence on the financial flows of the company (positively / negatively)	The impact is very high and/or has a very significant influence on the financial flows of the company (positively / negatively).
1	2	3	4	5

Double materiality is the outcome of both impact and financial materiality.

**Prioritise**  
The negative and positive impacts were arranged in the chronological order of its significance. A threshold was then set to identify the prioritised material topics for reporting. These identified material topics were then reviewed and approved by our senior management.

**Validate & Monitor**  
Under the leadership of our management, we ensure the accuracy and relevance of identified material topics with our business, resulting in the steadfastness of our assessment. Through our robust validation approach, we have aligned our prioritised material topics with our ESG strategy and risk management process.

We continuously monitor our performance against each material topic gauging the need for updates.

For current reporting year, we have reviewed the viability of each material topic in terms of impact and financial materiality and there have been no changes to the identified topics.



In double materiality approach, the x-axis represents material topics that impact companies' financial situation and y-axis where the company has a material impact on society and the environment (stakeholders at large).

## What Matters – Our Material Topics :

We have meticulously aligned our KPIs with respective identified material topics and further mapped with GRI requirements and UN Sustainable Development Goals. As we strive to strategise the prioritised material topics more prudently, we have linked capitals as well to represent overall value creation.



# ESG STRATEGY

We recognise the growing importance of sustainable practices and their impact on long-term success, we believe sustainability acts as the pillar for our growth and value creation. In line with our commitment to drive sustainability across our organisation we identified key sustainability practices and commitment through development of ESG strategy and sustainability roadmap. We have onboarded a third-party to support us in conducting in ESG strategy development process, driven by an ESG gap

assessment that encompassed stakeholders involvement, performance baselining, benchmarking, identification and consideration of key ESG risks to the company, and roadmap formulation with S.M.A.R.T. goals and targets. We believe that this comprehensive process of ESG strategy development will not only position our company as a leader in sustainable practices within the chemical industry but also demonstrates our commitment to creating long-term value for our stakeholders.

We conducted a thorough baseline performance assessment to identify areas of growth and opportunity. This involved evaluating existing practices against industry standards and identifying gaps across various dimensions, including environmental impact, social responsibility, and governance practices. The baseline performance data served as a foundation for setting realistic and measurable ESG targets. Further more, we also benchmarked our ESG performance against



- 1 Water Security for Business
- 2 Accelerate Climate Action
- 3 Promoting Human Rights
- 4 Promote Safety Culture
- 5 Responsible Sourcing
- 6 Embracing Circularity
- 7 Fostering Culture of Innovation for Sustainable Product Development
- 8 Robust IT Systems
- 9 Employee Well-Being
- 10 Collaboration with Communities and Peers

leading national and international companies. This comparative analysis provided a broader perspective on industry best practices and emerging trends in the chemical industry.

To ensure alignment with established ESG norms, we conducted a readiness check against applicable ESG frameworks. This involved evaluating their current practices against guidelines provided by frameworks such as Global Reporting Initiative (GRI), the United Nations Global Compact (UNGC), and the Sustainability Accounting Standards Board (SASB). This formed a crucial base for crafting an effective ESG strategy.

The culmination of these efforts was the development of a detailed ESG roadmap. This roadmap outlined specific actions and expected outcomes, providing a clear pathway for achieving the company's ESG objectives. Key action items were identified, including initiatives to reduced carbon emissions, enhance workplace safety, and improve community engagement. Each action item was assigned to specific pillars ensuring accountability and facilitating the tracking of progress. The implementation of our detailed ESG roadmap led to thorough engagement with our stakeholders on ESG mission and fostered a culture of sustainability and accountability across the organisation. Through continuous monitoring and adaptation, we are poised to achieve significant progress in our ESG journey.



## INTEGRATING SUSTAINABLE DEVELOPMENT GOALS (SDGs) INTO ESG STRATEGY

As one of the leading chemical manufacturers, AIL is committed to its vision of 'Emerging as a global partner of choice' for leading consumers of speciality chemicals and intermediaries'. We prioritise long-term value that is leveraged to deliver sustainable outcomes and equitable benefits for all our stakeholders.

AIL is contributing to the achievement of the Sustainable Development Goals (SDGs). As an organisation with sustainability deeply rooted in all of our strategies and activities, we recognized the significance of aligning our ESG strategy with the SDGs and transparently reporting our contributions, progress, and challenges we encounter.

In FY24, we conducted a 360° review of our business

impact on all our stakeholders, amalgamating the Environment Social and Governance (ESG) paradigm and commitment to Sustainable Development Goals (SDGs) to the core of our strategy.

We prioritise our contribution to SDGs into two levels: Strategically Important and Important. The prioritisation allows us to systematically allocate our resources, expertise, and partnership to building resilient communities, fostering equitable growth, and safeguarding our planet for future generations.

### SDG Prioritisation and Integration

AIL recognises the importance of prioritising the Sustainable Development Goals (SDGs) to effectively focus our efforts and resources. There are 17 Goals

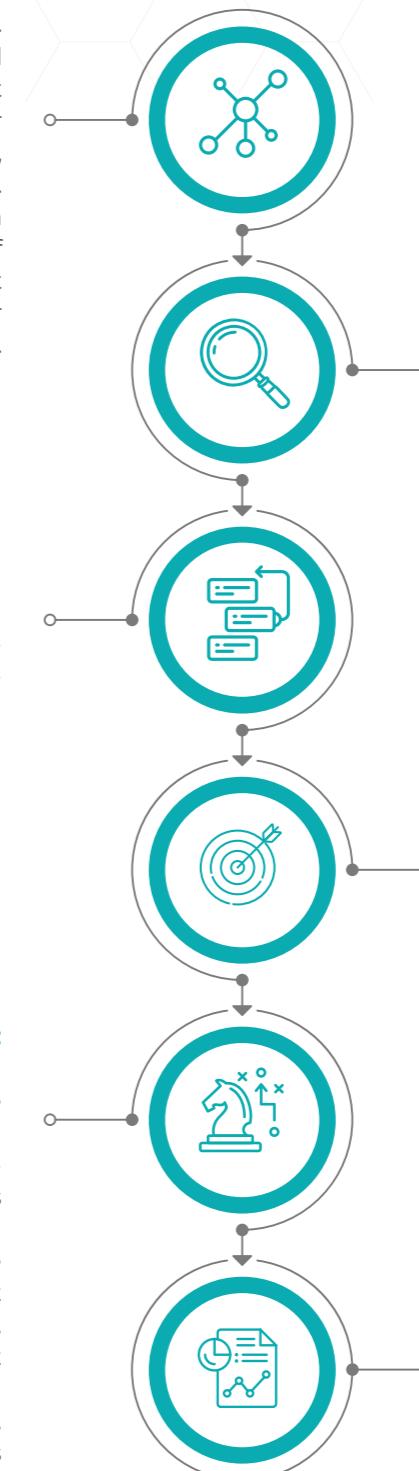
within the SDGs, 169 targets, and 247 indicators, but the ultimate purpose of the SDGs is to transform our world and create an inclusive society, where everyone has equal opportunity to access resources of all kinds this would help combat the urgent environmental, political and economic challenges facing our world. Therefore, to maximise our impact in creating a better world for the next generations, it is important to prioritise the SDGs to effectively focus our efforts and resources.

Our SDG prioritisation process involves a comprehensive and participatory approach, considering various factors to determine the goals that are most relevant and impactful within our context. Our approach consisting of six steps, supports the seamless and effective implementation of our strategy.



### Gather and Analyse

Mapping AIL's existing strategies, initiatives, and activities against the 17 SDGs. This mapping exercise helped us to identify the SDGs that align most closely with our core business operations, value chain, and impacts. Additionally, it provides a baseline understanding of the organisation's current contributions and areas for further improvement.



### Set Direction

Based on the material SDG identified, we prioritised a subset of SDGs where we can make the greatest impact. This prioritisation involves considering factors such as capacity, expertise, influence, and potential for meaningful change. It helped us to be better focused on resources, efforts, and initiatives on the most significant SDGs for the organisation.

### Integrating into Strategy:

The prioritised SDGs and associated targets are integrated into the overall strategic planning and decision-making processes. This integration ensures that ESG considerations, including the SDGs, are embedded throughout the organisation's operations, governance, and value chain. It facilitates a cohesive approach to sustainable development, aligning business objectives with societal needs.

### Identifying Material SDG's:

After mapping, we evaluated the relevance and significance of each SDG to our operations and stakeholders. This assessment considers factors such as the organisation's sector, geographical location, and stakeholder expectations.

### Deploy Targets:

Once the prioritised SDGs are identified, it is crucial to set specific and measurable targets that are aligned with identified goals. Clear targets provide a framework for monitoring progress and holding the organisation accountable for its contributions.

### Reporting and Communication

After the prioritisation has been set and works have been under process, it is important to report our progress and performance against the prioritised SDGs, using the SDG targets as a framework for disclosure. Transparent reporting enables stakeholders to assess the organisation's contributions, achievements, and areas for improvement. It fosters accountability and supports effective communication with stakeholders.

## PRIORITISATION OF SDGs

### STRATEGIC PRIORITIES



### DELIVERING VALUE-ADDED OUTCOMES ACROSS OUR BUSINESS PILLARS



### UNITED NATION SUSTAINABLE DEVELOPMENT GOALS ALIGNED FOR AIL



## OBJECTIVE AND TARGETS

We are steadily augmenting our objectives to remain resilient and keep our stakeholders' future ready. This is part of our collective endeavour to deliver value-accretive outcomes across the

ESG parameters. Our long-term strategy takes into cognisance the issues highlighted by the 17 Sustainable Development Goals (SDGs). We reinforced our commitment to the SDGs by

developing the strategy in FY 24 encompassing identification of SDG focus areas, high-impact initiatives, and an established roadmap to achieve our goals. We have aligned the KPIs associated

with our material topics and ESG strategy to each of our prioritised UN SDGs. The interconnected nature of the SDGs and our ESG KPIs will amplify our impact and enable us to achieve our goals.

### Our Objective and Targets TOT

Strategic Objective	SDG Alignment	KPIs	Goals	Key Projects	Our Aspiration
<b>Water Security</b>	 <b>Ensure availability and sustainable management of water for all</b> <b>Target 6.3</b> Improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials and substantially increasing water recycling and safe use of water across AIL's value chain and communities in large. <b>Target 6.4</b> Substantially increase water-use efficiency across the sector and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of stakeholders suffering from water scarcity.	<ul style="list-style-type: none"> <li>Water consumption</li> <li>Water management risks and measures to mitigate risks</li> </ul>	Reduce specific water consumption by 10% from 2019-20 level for FY 2028	<ul style="list-style-type: none"> <li>Inclusion of biological treatment process and STPs to existing ETP infrastructure</li> <li>Reduction of MEE+ATFD load has reduced by 55 KLD and steam consumption to 16 TPD at various manufacturing locations</li> <li>11 ZLD facilities</li> <li>Construction of rainwater harvesting structures at different manufacturing locations thereby reducing freshwater withdrawal by more than 8,000 KL of water</li> <li>Improved condensate recovery infrastructure to maintain recycle rate of 44%</li> </ul>	<ul style="list-style-type: none"> <li>Identify and classify products as low-water impact products by FY 2028</li> <li>Introduce water related requirements as part of supplier onboarding process by FY 2025</li> </ul>
<b>Clean energy and Clean air ambition</b>	 <b>Ensure access to affordable and sustainable energy for all</b> <b>Target 7.2</b> Focus on substantial increase in renewable energy with respect to overall energy consumption. <b>Target 7.a</b> Facilitate access to clean energy, energy efficiency and advanced and cleaner fossil-fuels, while promoting investments in energy infrastructure and clean energy technology.	<p>Energy consumption</p> <p>Renewable energy consumption</p>	<p>Reduce specific energy consumption by 20% from 2019-20 level for FY 2028</p> <p>25% of total energy from renewable sources from 2019-20 level for FY 2028</p>	<ul style="list-style-type: none"> <li>6.3 million KWH energy conserved in 23-24 through intensified energy saving projects</li> <li>Recovered 10,12,622 GJ from process through process intensification</li> </ul> <ul style="list-style-type: none"> <li>Sourced 13.2MW of hybrid renewable energy through investments of ₹15.18 Crores</li> <li>Commitment to further procure 13 - 15 MW of hybrid renewable energy through group captive installation</li> <li>799 KW onsite solar capacity and investing further</li> <li>Validation in usage of different biofuel commodities and industry waste in boilers</li> </ul>	<p>Hazardous Air Pollutant (HAP) relevant to the manufacturing operations of AIL to be measured (for a single HAP to be 10 tons/year and for combination of HAP to be 25 tons/year)</p>
<b>Embracing Circularity</b>	 <b>Ensure sustainable production and consumption throughout the value chain</b> <b>Target 12.4</b> Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with national and international frameworks, and significantly reduce their release to air, water and soil in order to minimize adverse impacts on human health and the environment. <b>Target 12.5</b> Substantially reduce waste generation by prevention, reduction, recycling and reuse approach. <b>Target 12.7</b> Promote local procurement practices that are sustainable, in accordance with NGRBC guidelines and other national priorities.	<ul style="list-style-type: none"> <li>Hazardous waste management</li> <li>Reduction in incinerable waste</li> </ul>	<ul style="list-style-type: none"> <li>Zero Waste to Landfill certification for all manufacturing locations for FY 2028</li> <li>50% reduction in incinerable waste for FY 2028</li> </ul>	<ul style="list-style-type: none"> <li>Two manufacturing locations certified for zero waste to landfill</li> <li>Improved waste storage facilities across manufacturing locations</li> <li>Recycled and co-processed about 92% of hazardous waste and the rest 8% was disposed off responsibly</li> <li>Diversion of waste from incineration to co-processing</li> </ul>	<p>Collaborate with business partners for the usage of renewable and recycled feedstock in product manufacturing</p>
<b>Accelerate Climate Action</b>	 <b>Measures to combat climate change and its catastrophic impacts.</b> <b>Target 13.2</b> Integrate climate change measures through implementation of climate governance, policies and decarbonisation strategy. <b>Target 13.3</b> Creating awareness on climate change mitigation and adaptation, among the workforce and communities.	GHG emission reduction	Reduce GHG emission intensity by 20% from 2019-20 level by FY 2028	<ul style="list-style-type: none"> <li>Adopted climate budgeting and conceptualised GHG reduction projects</li> <li>Conceptualisation of GHG emission reduction strategy</li> <li>Collaboration with business partners for reduction of GHG emission in value chain</li> </ul>	<ul style="list-style-type: none"> <li>Validation of Science Based Target initiative (SBTi)</li> <li>Decarbonise operations across scope 1, scope 2 and scope 3 emissions.</li> <li>Adopting advanced and economical technologies in GHG emission reduction</li> </ul>

Strategic Objective	SDG Alignment	KPIs	Goals	Key Projects	Our Aspiration
Promoting safety culture	 <b>Ensure physical health and mental well-being for all employees, customers, and other stakeholders.</b> Target 3.8 Achieve health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all employees and workers. Target 3.9 Substantially reduce the number of fatalities and medical cases from hazardous chemicals and air, water and soil pollution and contamination.	Fatalities  LTIFR  TRIFR	Zero fatalities  LTIFR- Less than 0.05 per million manhours by 2028 (Incidences by million manhours)  TRIFR-Less than 0.5 per million manhours by 2028 (Incidences by million manhours)	<ul style="list-style-type: none"> <li>Launch of BESAFE+ to enhance safety culture</li> <li>Consolidate the identified risk from different sources and prioritise the top risks/event with their respective preventive and mitigative barriers through Barrier Management</li> </ul>	To be at interdependent stage on Bradley Curve
Empowering workforce	  <b>Achieve gender equality and empower workforce</b> Target 5.1 End all forms of discrimination against women at workplace Target 5.4 Recognise and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the workplace and communities at large Target 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in organisation related aspects Target 5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women at all levels. Reduced inequality within the organisation Target 10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. Target 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies, and action in this regard.	Growth of internal talent  Employee engagement score  Employee well being index	20% Workforce to be ready to take up higher responsibility by 2028  Employee engagement score of 4.5/5 by 2028  Holistic development of team members focussing on physical, financial, social and career well-being	<ul style="list-style-type: none"> <li>Identification of high potential employees</li> <li>Succession planning</li> <li>Individual development plan</li> <li>Metamorphosis for executives and associates</li> <li>Skill development and career planning</li> <li>Focused intervention for Gen z</li> <li>Child education assistance program</li> <li>Nirvana calendar focussing on holistic well-being</li> <li>Equipping managers with coaching techniques</li> <li>Conversation platform</li> </ul>	<ul style="list-style-type: none"> <li>Conduct human rights impact assessments across for the locations</li> <li>100% internal fill rate for manager and above roles</li> <li>Accredited as exceptional workplace by reputed body</li> </ul>
Innovation for sustainable product development and infrastructure Strengthening IT security and data privacy	 <b>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b> Target 9.1 Develop quality, reliable, sustainable and resilient infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	<ul style="list-style-type: none"> <li>Sustainable input of resources</li> <li>Technological innovations for infrastructure</li> <li>Introduction of green buildings</li> <li>Responsible usage and disposal of products</li> </ul> <ul style="list-style-type: none"> <li>Customer data privacy</li> <li>Data security</li> <li>Achieve ISO 27001:2022 accreditation for data security and management for all manufacturing locations</li> </ul>	<ul style="list-style-type: none"> <li>Conduct LCA for 100% of products to identify impacts associated with GHG emissions, ODS emissions, water impact, toxicity, etc</li> </ul>	<ul style="list-style-type: none"> <li>Spent Acid Concentration (SAC) technology for Nitration Plant</li> <li>Technology upgradation for hydrogenation to enhance productivity and convert from semi batch to continuous mode of operation</li> <li>HCl purification technology currently under commercialisation</li> <li>Initiated a CDMO business model focusing on discovery, development, optimization, intensification, and manufacturing of intermediates and building blocks in the speciality chemical sector</li> </ul>	<ul style="list-style-type: none"> <li>Embedding principles of green chemistry in new product development</li> <li>Incorporating lean construction methodologies and advanced construction technologies</li> <li>Leveraging the power of analytics, AI/ML and Gen AI to become data driven organisation</li> <li>Next-gen Cloud Based ERP</li> <li>Digitisation of the procurement process to boost seamless partner collaboration, ease of doing business and enabling Partner Delight</li> </ul>

# Corporate Governance: Navigating Risk and Seizing Opportunities

Integrity, excellence and care are the guiding principles of our Corporate Governance philosophy. Our Board of Directors plays a key role in setting a strategic direction, and for embedding ethics and sustainability in our core values.

## Key SDG:



## Key Topics

- ESG Risk Assessment
- Responsible Corporate Governance

## TOP 5

ESG Risk Identified

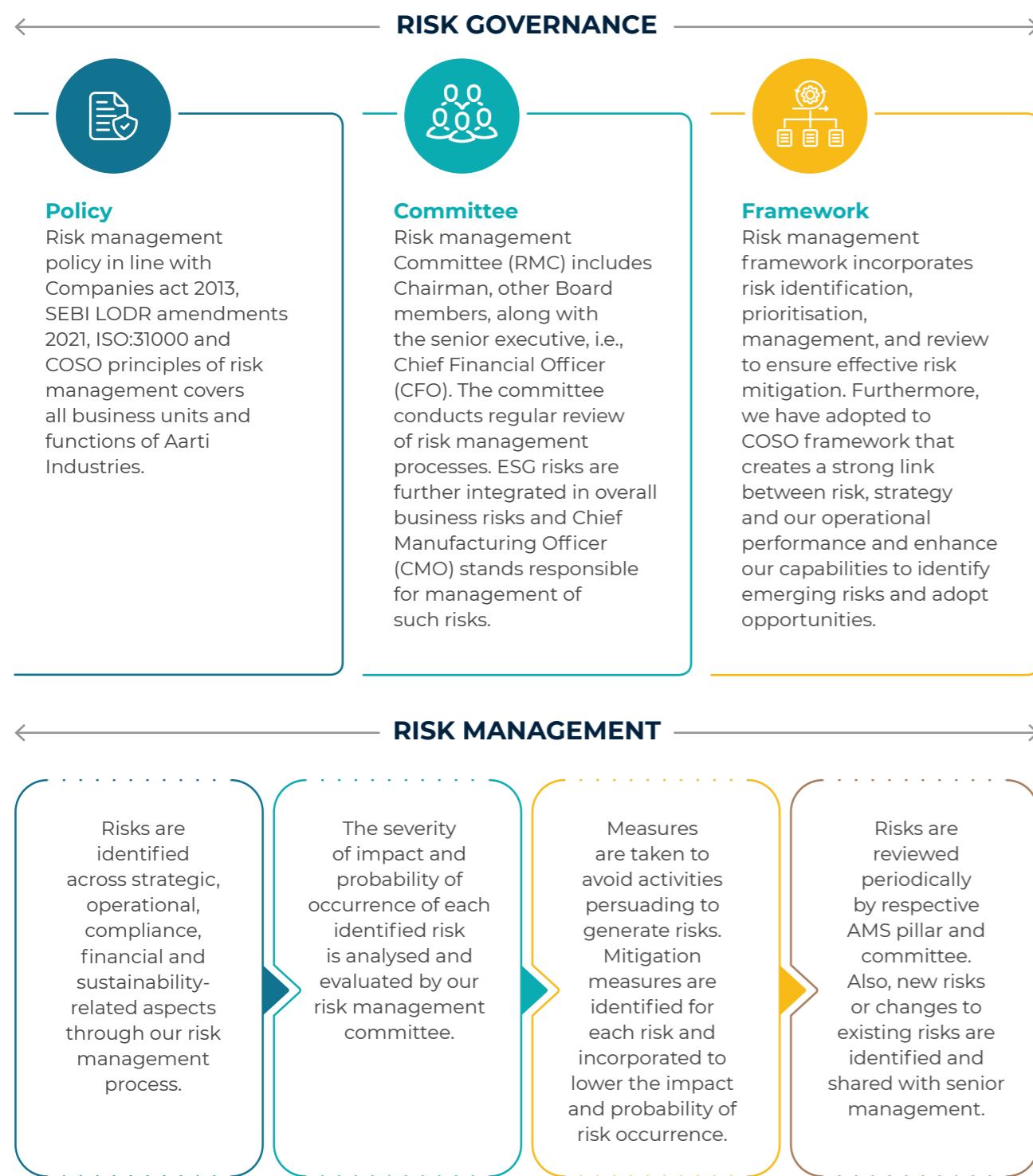
## 14.3%

Female in Board



## RISK MANAGEMENT

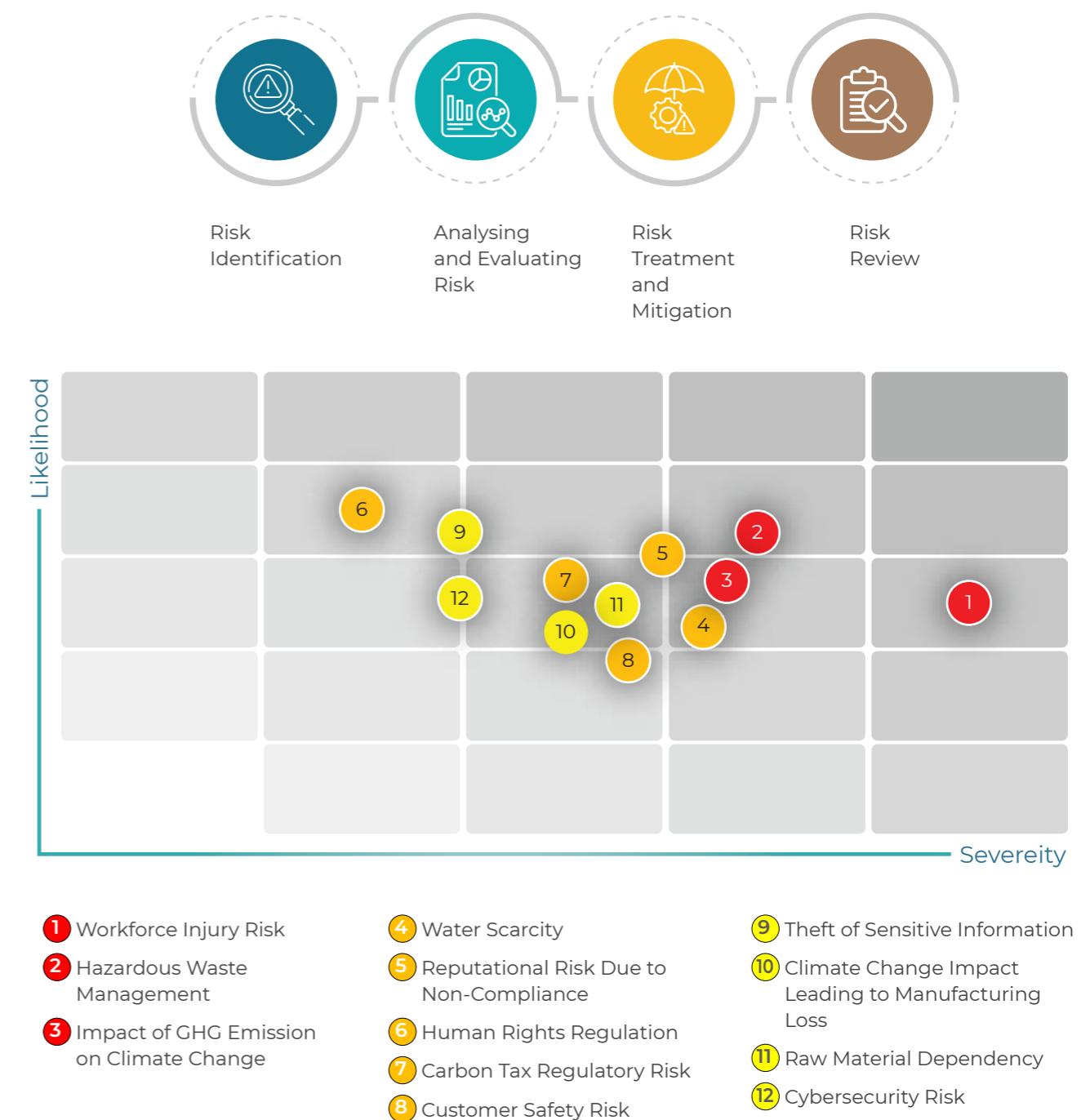
Considering the pervasiveness of industry risks, diversity of our business portfolio and geographical locations of our operations, we have devised a robust Risk Management Framework. Our framework and processes for risk identification are consciously guided by our objectives, external environment, and internal and external stakeholders. Additionally, our stalwart Risk Management Committee at board level ensures that AIL is adequately positioned to understand and develop mitigation measures as a response to risks that could potentially impact the execution of our strategy and ability to create value. The Committee also ensures regular monitoring of the mitigation measures for high velocity risks.



At AIL, we believe that effective Risk Management (RM) plays a crucial role in ensuring sustainable growth and building resiliency towards future risk scenarios. Hence, RM remains a core capability and an integral part of how decisions are made to identify and mitigate overall business risks including ESG risks. In alignment with our philosophy, we conducted

a detailed risk identification exercise to identify potential ESG related risks associated with our business. The exercise was spanned out across multiple stages of identifying material topics, understanding the impacts associated with each topic, evaluating financial implications of each impact and identifying risks associated with each. Furthermore, the

identified risks were evaluated basis on their severity to business and stakeholders and likelihood of occurrence. Basis on the severity and likelihood we have prioritised key ESG risks having the maximum potential of impacting our business operations. The below graph represents 5x5 matrix based on the severity and likelihood of each risk.



## KEY RISKS AND MITIGATION STRATEGY

### WORKFORCE INJURY RISK

**Linkage to capital:**

**Linkage to SDG:**

**Severity (5) X Likelihood (4)**

**GRI Alignment:** 3-3, 403

**Financial Implication:** ▼

**Mitigation Plan**

- Developed and adopted a robust, comprehensive, and reliable Occupational Health and Safety Management System under Aarti Management System covering employees, contract employees and visitors.
- BE SAFE+ (Culture, Leadership & Governance Enhancement)
- Plant-level initiatives such as daily toolbox talk, monthly awareness sessions, etc.
- Risk assessment through HAZOP, HIRA, QRA and chemical exposure study. Other than these regular third party audits through external auditors (experts in the field).
- TACIT Knowledge sharing sessions
- Learning from incident - safety alert
- Reward and recognition
- Training on safety topics

### HAZARDOUS WASTE MANAGEMENT

**Linkage to Capital:**

**Linkage to SDG:**

**Severity (4) X Likelihood (4.5)**

**GRI Alignment:** 3-3, 306

**Financial Implication:** ▼

**Mitigation Plan**

- Eliminate use of harmful chemical through enhancement in industrial process
- Substitution or reduction in use of a harmful product
- Reduce packaging materials in products
- Prioritising the selection of industrial processes with nil or less hazardous waste production
- Adopt 4R's (Reuse, Recovery, Recycle, Repair)
- Adopting zero waste to landfill approach
- Compliance to plastic waste rules in packaging of fertilizer as per Extended Producer Responsibility (EPR) action plan.
- Life cycle management of all products

### IMPACT OF GHG EMISSION ON CLIMATE CHANGE

**Linkage to capital:**

**Linkage to SDG:**

**Severity (4.5) X Likelihood (3)**

**GRI Alignment:** 3-3, 302,305

**Financial Implication:** ▲▼

**Mitigation Plan**

- Regular monitoring of risk associated with extreme weather events and climate change
- Alignment of target linked to mitigation of GHG emissions
- Reducing consumption of non renewable energy
- Increasing the share of renewable energy in the energy mix
- Exploring and adapting economical advance technology to reduce carbon footprint
- Adaptation of decarbonisation strategy to achieve Science Based Target
- Collaborating with business partner to explore the opportunity to reduce carbon emission across value chain

### WATER SCARCITY

**Linkage to capital:**

**Linkage to SDG:**

**Severity (4) X Likelihood (3.5)**

**GRI Alignment:** 3-3, 303,306

**Financial Implication:** ▼

**Mitigation Plan**

- Regular monitoring of risk associated with water management
- Identifying water stress areas and implementing robust initiatives to reduce water consumption from the identified zones
- Approach towards ZLD facilities
- Implementing rainwater harvesting initiatives
- Exploring alternate sources of water
- Alignment with targets associated with water management across all business units
- Reducing water footprint across the value chain in collaboration with business partners

### REPUTATIONAL RISK DUE TO NON COMPLIANCE

**Linkage to capital:**

**Linkage to SDG:**

**Severity (3) X Likelihood (4)**

**GRI Alignment:** 3-3,

**Financial Implication:** ▼

**Mitigation Plan**

- Developing policies and codes in alignment with regulatory requirements
- Monitoring compliance across all aspects of business through robust compliance management framework
- Strong governance through various councils headed by senior leadership team
- Proactive dialogue and policy advocacy with the industry association and regulatory bodies

### HUMAN RIGHT

**Linkage to capital:**

**Linkage to SDG:**

**Severity (2.5) X Likelihood (4.5)**

**GRI Alignment:** 3-3, 401, 405, 406, 407, 408, 409

**Financial Implication:** ▲▼

**Mitigation Plan**

- Human rights strategy aligned with the UN Guiding Principles and ILO guidelines
- Conducting human rights assessments covering all stakeholders across child labour, forced labour working condition, sexual harassment and other parameters
- Promoting a discrimination-free culture with diverse employee capabilities
- Emphasizing responsible recruitment
- Supplier assessment on sustainability criteria before onboarding
- Sensitizing workforce and value chain partners on human rights and related laws and regulations.
- Internal audits for adherence and robust grievance mechanism to address concerns

## CORPORATE GOVERNANCE

We are committed for establishing an effective corporate governance system that enables to performs responsible operations and continuously strives to go beyond compliance and create a positive impact. Our Corporate governance philosophy is guided by our core values of Integrity, Excellence and Care. Our Board of Directors plays a key role in setting a strategic direction and embedding ethics and sustainability in our core values creating a robust governance mechanism that protects shareholder value while enhancing our position as pioneers in the agrochemical industry.

We aim to establish an effective governance framework for creating long-term value for our stakeholders. We are committed to operating our business with the highest standards of ethics, integrity, and transparency and maintaining our



**Shri Chandrakant V. Gogri**  
Chairman Emeritus

stakeholders' trust. Our governance mechanism emphasises adopting the best practices for compliance with the applicable regulations and promoting better decision-making. We have established ourselves as a well-governed corporate with an excellent reputation as a 'Global Partner of Choice' - a precious recognition we want to protect, sustain, and develop.

### GOVERNANCE STRUCTURE

The Board comprises eminent industry experts with diverse skill sets, backgrounds, and industry experience. ESG-related aspects are a core part of the Boardroom conversations. Our Board oversees the functioning of the Company and guides the operations along with reviewing and approving policies, assessing their effectiveness, and taking care of the long-term interests of stakeholders and the organisation.

### Executive Directors



**Shri Rajendra V. Gogri**  
Chairman and Managing Director



**Shri Rakesh C. Gogri**  
Vice Chairman and Managing Director



**Shri Renil R. Gogri**  
Vice Chairman



**Shri Parimal H. Desai**



**Shri Manoj M. Chheda**



**Shri Suyog Kotecha**  
CEO



**Shri Ajay Kumar Gupta**  
CMO



### Non Executive Directors



**Smt. Hetal Gogri Gala**



### Independent Directors



**Shri K.V.S. Shyamsunder**



**Shri P.A. Sethi**



**Shri Bhavesh R. Vora**



**Prof. Aniruddha Pandit**



### Key Managerial Personnel



**Shri Chetan Gandhi**  
Chief Financial Officer



**Shri Raj Sarraf**  
Company Secretary



### Senior Management team



**Shri Mirik Gogri**  
Head of Growth



**Dr Prashant Potnis**  
Chief Scientific Officer



**Shri Harendra Pandya**  
Chief Projects &  
Procurement Officer

The competencies shown above are the domain expertise of each director and they also meet the requirement of all the competencies listed below

### List of Core Skills/ Expertise/ Competencies Identified by the Board of Directors As Required in the Context of the Business (es) and Sector(s)



### Board Committees

- Audit Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Finance and Investment Committee
- Chairman



**Shri Manoj Sharma**  
Chief Human Resource Officer



**Shri Pankaj Mehta**  
Head-Corporate Relations and Strategy

## OUR GOVERNANCE FRAMEWORK (GRI 2-10, 2-11, 2-12)

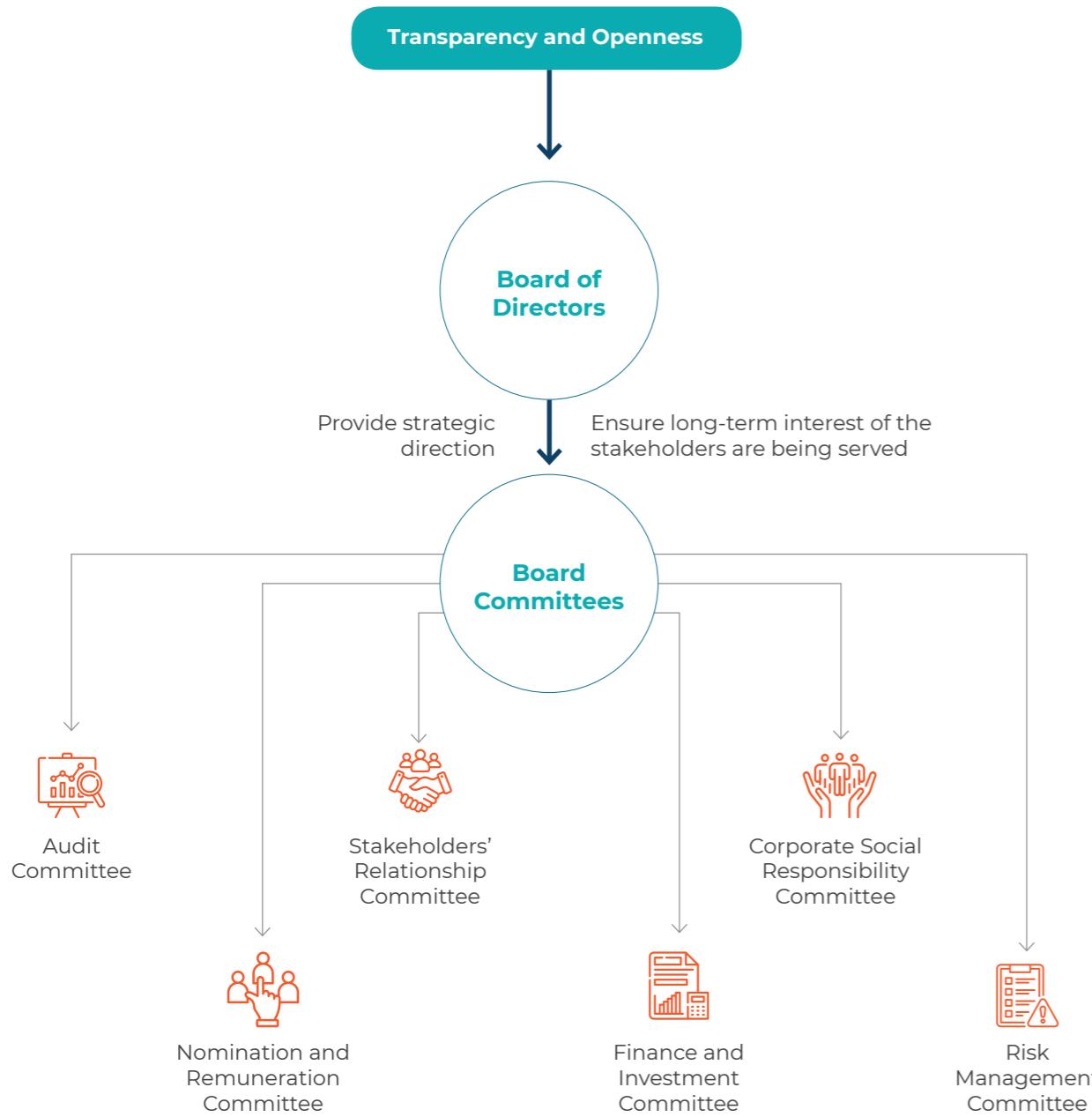
At AIL, six committees have been constituted under the Board. These committees are responsible for developing, approving, and updating the organisation's purpose, value or mission statements, strategies, policies, due diligence, and goals related to sustainable development and for overseeing the identification and management of the organisation's impacts on the economy, environment, and people. The committees report to the board for their accomplishment and seek

advice on significant issues. A brief description of the committees is provided in our annual report.

### Board Meetings

The Board of Directors met 10 times in FY 2023-24. The details of the number of meetings of the Board held during the financial year and the details of attendance of each Director at these meetings are provided in the Corporate Governance Report forming part of the Annual Report. The maximum gap between two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

### Our Governance Framework

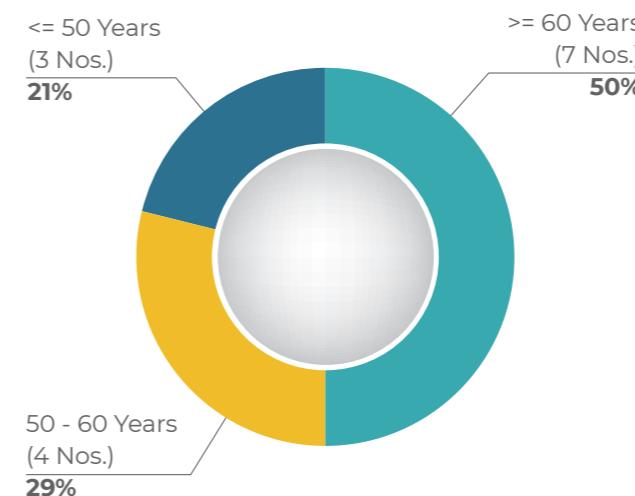


### Board Diversity

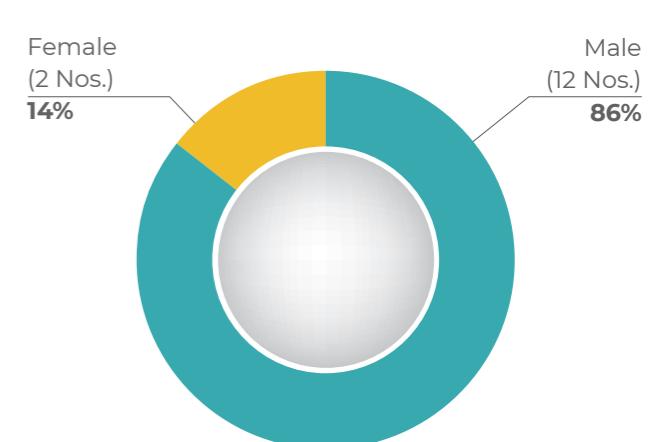
The composition of our board reflects a diverse mix of backgrounds, expertise, and gender representation. The diverse boards enable us in better decision-making, improved governance, and enhanced long-term value creation. The Board of Directors of AIL conforms with the Listing Regulations, 2015 and the Companies Act, 2013. As of March 31, 2024, our board comprises 14 members consisting of 6 Executive Directors, 1 Non-Executive Director and 7 Independent Directors. At AIL, we

adopted a Board Diversity Policy, which covers aspects of gender, race, ethnicity, nationality, and country of the board members, among others. The tenure of Independent Directors is three to five years. The tenure of the Managing Director is five years. The average tenure of the board is 15.9 years. The Chairman of the board is also one of the founder promoter members of AIL. His experience of over three decades in driving responsible chemistry has been a guiding light for the organisation to make foresighted and strategic decisions.

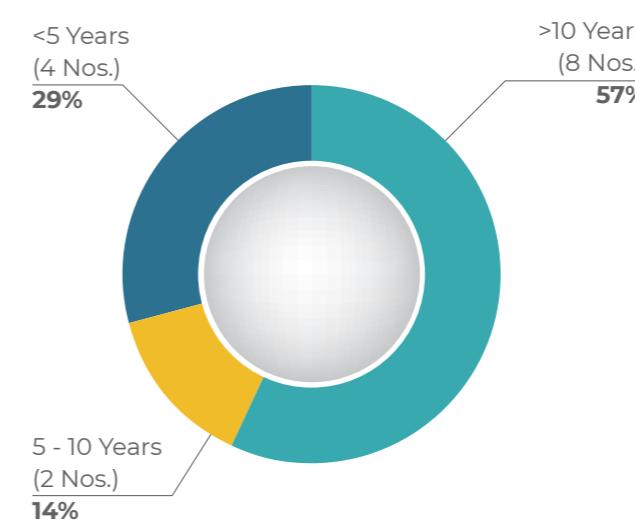
### Board Diversity by Age C03



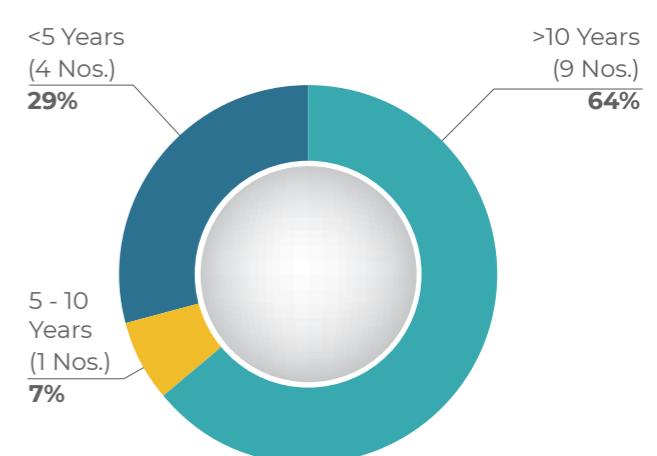
### Board Diversity by Gender C05



### Board Experience C04



### Tenure on Board C06



## NOMINATION AND REMUNERATION PROCESS (GRI 2-19, 2-20)

We consider employees our invaluable assets. AIL has adopted the Nomination and Remuneration Policy to endorse equitable remuneration to all Directors, Key Managerial Personnel, and Employees of the Company. The Policy is approved by the Board of Directors of the Company and is hosted on the company's official website. The policy also lays down criteria for the selection and appointment of Board Members. Directors are selected on the basis of their academic qualification, sectoral and functional expertise, integrity and probity in public life, and their ability to lead effective decision-making for the organisation. All of our Independent Directors are certified and listed on the Independent Directors Databank (IDDB).

Executive Directors are remunerated in the form of salary, perquisites and allowances and variable commission based on the performance of the Company and determined keeping in view the industry. We have linked the ESG performance and incentives for our executive management. Non-Executive Directors are presently receiving sitting fees including reimbursement of expenses for attending the meeting of the Board and its Committees as per the provisions of the Companies Act, 2013. KMPs are remunerated in the form of basic salary, perquisites, allowances, and long-term performance incentives. Perquisites and retirement benefits are paid according to the Company policy. The Remuneration policy for all the employees is designed in a way to attract talented executives and remunerate them fairly and responsibly.

## SKILLS AND EXPERIENCE (GRI 2-17)

AIL is constantly focusing on building a diverse board related to skills and expertises to enhance corporate governance. Presently, the Board aggregates an appropriate mix of skills, experience, expertise, and diversity relevant to the Company's business and the Board's responsibilities. The Board members possess a rich understanding of different sectors, leadership, finance and banking, ESG, climate action, operations, technology, sales,

In FY 2023-24, the median compensation for employees increased by 6.85% as compared to the previous year, while the ratio between the total annual compensation of the Chairman and Managing Director and the median employee compensation is 139 during FY 2023-24.

**The insights gained from these evaluations inform our efforts to enhance Board effectiveness and strengthen corporate governance practices. As a part of the evaluations, Directors are required to provide their feedback on the overall functioning of the board, Board Committees and contribution by individual Directors using a structured questionnaire.**

marketing, global business, strategy, risks, legal, technical, financial, non-financial, and social matters. The said skills, expertise, and competencies include the ability to contribute toward creating an inspiring vision for AIL's sustainable development.

## PERFORMANCE EVALUATION (GRI 2-18)

At AIL, the Board evaluation is necessary for continuous improvement and effectiveness. The performance evaluation process has been established in line with the regulatory requirements of the Companies Act, 2013, and Listing Regulations for the Board, its Committees, Non-Independent Directors, Independent Directors, and the Chairman. An annual evaluation has been carried out and the evaluation process encompasses various aspects, including Board composition,

skills, independence, decision-making, and Board dynamics. The performance evaluation of Independent Directors is carried out by the Board of Directors without the presence of the Director being evaluated. Similarly, the performance evaluation of Non-Independent Directors is carried out by the Independent Directors and Board without the presence of the Director being evaluated.

The insights gained from these evaluations inform our efforts to enhance Board effectiveness and strengthen corporate governance practices. As a part of the evaluations, Directors are required to provide their feedback on the overall functioning of the board, Board Committees and contribution by individual Directors using a structured questionnaire. The questionnaire consists of questions based on parameters such as Board/ Committee Structure, Board



Meeting Practices, Board Effectiveness, Participation by Board Members in the meetings, etc. This mechanism is used to provide suggestions in areas of improvement to increase management and operational performance of the board.

## CAPABILITY BUILDING

We have designed comprehensive training, and awareness programmes and familiarisation programmes for our board of directors based on each individual's needs and to align with the changing global scenarios. In FY 2023-24, we trained our Board of Directors on the nature of the industry i.e., Business Overview and Trends, Sustainability, our Business Model i.e., Strategic Roadmap and Risk Management, etc. We also provided training to our KMPs on Forex, CSR, Project Management, Fundraising, Takeover Rules, Insider Trading, Risk Management, Sustainability, Leadership Skills, etc. Also, all our Board members and employees have been provided with training on anti-corruption and anti-competitive behaviour in FY 2023-24.

## BUSINESS ETHICS

Ethical behaviour is a fundamental aspect of our corporate culture at AIL. We are committed to conducting business with honesty, fairness, and respect for all stakeholders. We believe that strong ethical values create a foundation for sustainable growth and build trust among our stakeholders. Our business ethics framework emphasizes the importance of ethical decision-making, fair competition, respect for human rights, and responsible supply chain practices. We integrate ethical considerations into our business processes, ensuring that our operations

align with our core values and meet the expectations of our stakeholders. We foster a culture of open communication, encouraging employees, stakeholders and directors to raise ethical concerns or report potential violations through our whistleblower mechanism. We handle these reports diligently and take appropriate actions to address any identified issues, thereby reinforcing our commitment to ethical conduct.

We have established an Ethics Committee consisting of the Executive Director, CHRO, CMO, CFO, and CS. The Chief Human Resource Officer (CHRO) has been appointed as Ethics Officer for AIL. This committee has been entrusted with the responsibility to investigate all complaints and recommend actions. 100% of our locations are internally audited on business ethics protocols. We transparently disclose any such violations in our sustainability report to communicate to all stakeholders.

## CODE OF CONDUCT (GRI 2-15)

At AIL, the Code of Conduct (Code) has been designed as an internal guidance for Board, management team, and all employees. The Code applies to all employees, directors, officers of the Company, suppliers, customers, contract workers, contractors, and consultants, operating on behalf of or for the Company. These serve as a guiding framework for the behaviour and actions of all employees and directors. It outlines our commitment to honesty, transparency, fairness, and compliance with applicable laws and regulations.

The Code also specifies procedures for resolving complaints and disciplinary action for Code violations. The

Board of Directors and senior management are required to acknowledge the Code.

Our Code and policy cover a wide range of topics, including but not restricted to conflicts of interest, confidentiality, insider trading, bribery, and corruption, anti-money laundering, anti-fraud, gifts, and hospitality and anti-competitive. The policies provide clear guidelines on expected behaviour and encourages employees and directors to report potential violations or concerns through established channels. We maintain mechanisms to ensure that such reports are handled promptly, confidentially, and with appropriate follow-up actions.

We are committed to conducting business with the utmost integrity and in compliance with all applicable anti-bribery laws and regulations. We have implemented robust Anti-bribery policies and procedures to prevent and detect any form of bribery or corruption within our organisation.

Our policies outline our zero-tolerance approach to bribery and provide guidance to employees and directors on identifying and addressing potential risks. We have established internal controls and processes to monitor compliance and ensure that all business activities are conducted ethically and transparently.

We also have a mechanism in place where the board members who have any conflict of interest are determined through our annual independence disclosures, recusal from any meeting, dealing with any related party transactions, and Code of Conduct compliance.

We provide regular training and awareness programmes

to our employees and directors to ensure they understand their responsibilities and the consequences of non-compliance. Each employee, including the Board of Directors, has to confirm their compliance with the Code of Conduct by signing an undertaking.

In FY 2023-24, no cases of disciplinary action were taken against Directors, Key Managerial Personnel (KMPs), and employees by any law enforcement agency for corruption and conflicts of interest.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY (GRI 2-16)

At AIL, we are committed to adhering to the highest standards of ethical, moral, and legal conduct of business operations. We have adopted the 'Whistle Blower Policy' through which employees, directors, and stakeholders can report their concerns or grievances to the

management. The policy covers and promotes responsible vigil mechanisms regarding aspects of unethical behavior, actual or suspected fraud, actual or suspected leak of UPSI, violation of the Company's Code of Conduct, abuse, wrongdoing or violation of any Indian law. It also provides for adequate safeguards against the victimization of employees and allows direct access to the chairperson of the audit committee.

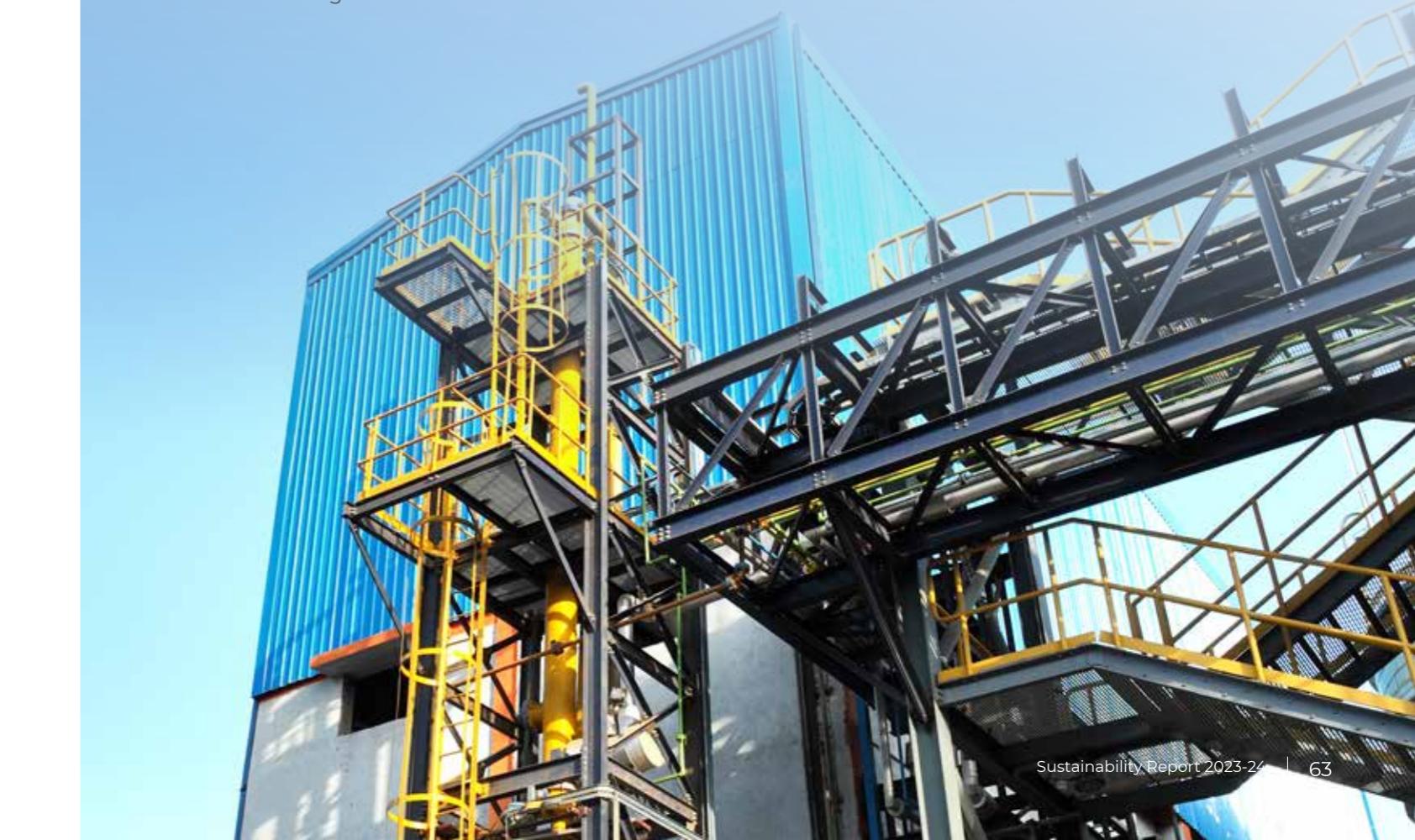
The report is reviewed by the Finance and Investment Committee and Ethics Committee, which then determine any disciplinary action as it may deem fit as per the applicable policies of the organisation and take preventive measures to avoid reoccurrence of the incident.

## COMPLIANCE (GRI 2-27)

At AIL, we have developed a strong compliance management

**At AIL, we are committed to adhering to the highest standards of ethical, moral, and legal conduct of business operations.**

system in collaboration with a globally renowned professional agency. The compliance tool helps identified users across our locations to monitor and report all applicable compliance requirements. Monthly reviews are being conducted at functional level and quarterly reviews are being conducted at the Board level to review the compliance status. We did not have to pay any significant fines/ penalties in proceedings with regulators/ law enforcement agencies/judicial institutions in the financial year.



## ESG GOVERNANCE (GRI 2-13, 2-14)

At AIL, ESG (Environmental, Social, and Governance) is our top priority, and we integrate ESG principles into our operations and strategy, fostering inclusivity, diversity, and ethical business practices. We have adopted a 'top-driven' approach to mitigate

the risk and accomplish ESG objectives. The Chairman is directly accountable for reviewing the company's sustainability and ESG initiatives and performance of the company. The Board reviews the ESG performance every quarter. The Board is also responsible for the formulation of our ESG policies and mandated

strict implementation. The Board has constituted the apex Sustainability Council to oversee ESG-related matters. We have also incorporated qualitative and quantitative Key Performance Indicators based on ESG parameters in our annual performance management program of all levels of employees.

### Board Oversight

Led by the Chairman, the board provides a strategic direction to the decision making processes related to various ESG aspects and also reviews the progress of ESG projects quarterly



### Management-level Governance

Apex Sustainability Council, an apex-level committee composed of various departmental heads responsible for assessing and deciding the action plan for ESG risk and opportunities for AIL. Progress is communicated to the council monthly Zone Sustainability Council and other sub council - Responsible for the implementation and execution of the ESG agenda, tracking and monitoring our ESG performance at respective manufacturing locations, council comprises team members from all departments



### Working Group

Corporate & site environment and sustainability teams for implementation of ESG agenda and actions

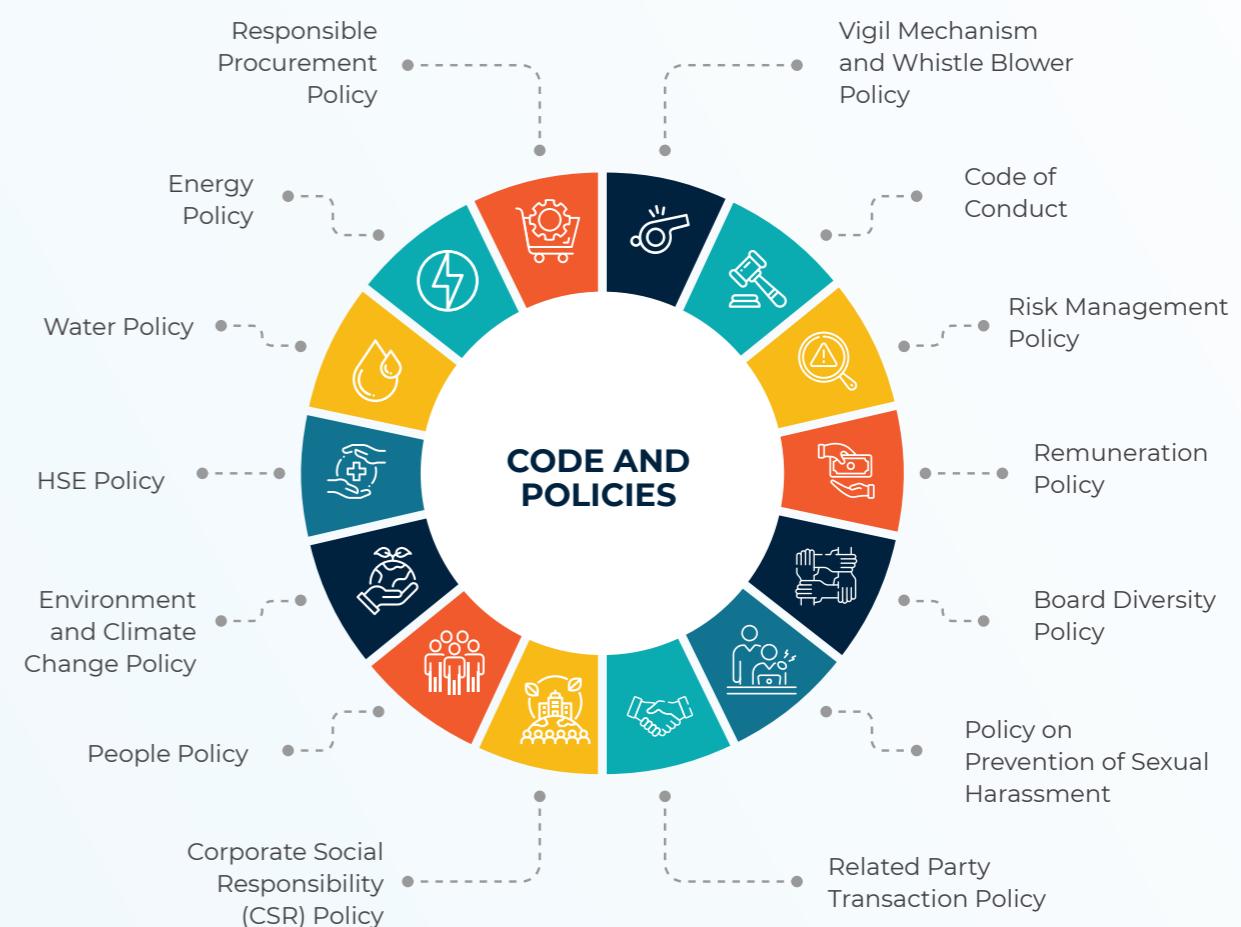


## AIL'S POLICY COMMITMENTS (GRI 2-23)

At AIL, the promotion of sustainability is centered around good governance. To accomplish this, we use policies to communicate our commitments and goals to our stakeholders. Our policies promote transparency, accountability, and ethical business conduct, governing our governance mechanism. These policies align with our business

operation, applicable regulatory requirements, and international and local standards. All the policies have been approved at the board level, providing clear guidelines for making informed decisions in the company's and its stakeholders' best interest. Periodic training on the policies is also being conducted for the stakeholders. Campaigns, workshops, and seminars are also being conducted periodically for all the stakeholders.

Our policies act as the north pole, guiding us in various aspects of business, operations, and sustainability. It also helps take proactive measures to ensure compliance with the regulatory norms at all times. The following policies are hosted on the official webpage: Code and Policies | Aarti Industries Limited ([aarti-industries.com](http://aarti-industries.com))



# Catalysing Change : Growing Responsibly

We have established ourselves as responsible chemical producers in the last four decades. We're geared for global expansion through digitised operations and innovative technologies. We are glad to function in an economy that's as resilient as AIL. Our sustained growth was also driven by volume increases, strategic long-term contracts and recovery in discretionary portfolios like dyes, pigments, speciality polymers, and additives.

## Key SDG:

9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



8 DECENT WORK AND  
ECONOMIC GROWTH



## Key Topics

- Economic Performance
- Digital Fabric
- Product Stewardship
- Sustainable Project Management

₹7,012  
Crores

Revenue

₹416  
Crores

Profit After Tax

0

instances  
of information  
security  
breaches

15

Nos patents  
filed

8 Million  
safe man  
hours



## ECONOMIC PERFORMANCE

We have aligned our economic growth strategy in such a way that it aids us in fulfilling our commitment toward stakeholders and our duty of care towards the environment. We aspire to become the partner

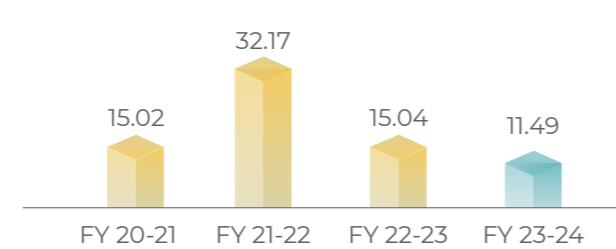
of choice by strengthening our economic foundation through resilience. We have adopted an approach that showcases our scientific and systemic intent to value creation with the aim of sustainable growth.

In this reporting period, our revenue was ₹7,012 Crores, with a profit after Tax (PAT) of ₹416.46 Crores. We have sealed this year with an EBITDA of ₹984 Crores.

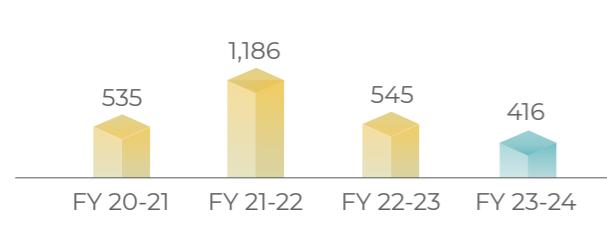
**Gross Turnover [C07]**  
(₹ in Crores)



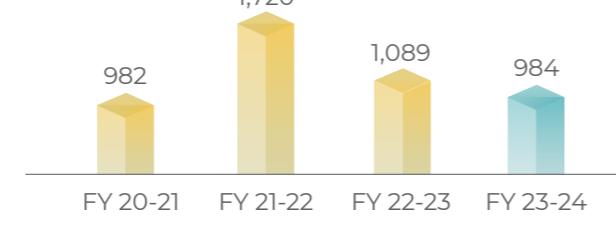
**Earnings Per Share (EPS) [C10]**  
(in ₹)



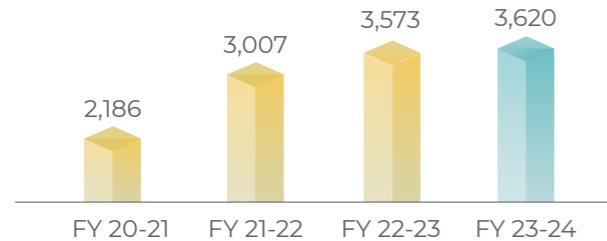
**Profit After Tax (PAT) [C08]**  
(₹ in Crores)



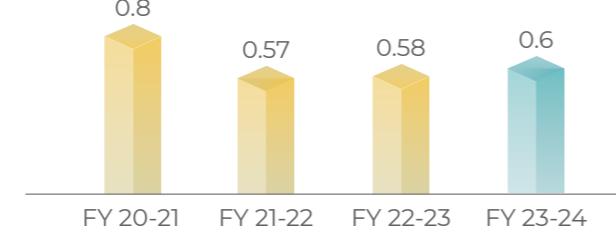
**Operating EBIDTA [C11]**  
(₹ in Crores)



**Revenue from Exports [C09]**  
(₹ in Crores)



**Debt to Equity Ratio [C12]**



### Details of Economic Value Generated [T02]

Economic Value Generated	FY 2020-21 (in ₹ Crores)	FY 2021-22 (in ₹ Crores)	FY 2022-23 (in ₹ Crores)	FY 2023-24 (in ₹ Crores)
Gross Revenue from Operations	5,023.2	6,871.05	7,282.61	7,012.08
Net Revenue from Operations (excluding GST)	4,506.1	6,085.51	6,618.58	6,372.32
Economic Value Generated from Investment and Other Sources	0.7	0.7	0.8	8.41
Net Profit	535.2	1,185.67	545.23	416.46
Operating Cost (including cost of raw materials, depreciation, and other expenses)	3,384.5	5,440.1	5,454.73	5,632
Employee Wages and Benefits	371.4	356.96	385.33	403.74
Interest Payments to Providers of Credit	86.3	102.33	168.28	211.47
Dividend/Payout to Shareholders	45.1	126.88	90.63	54.38
Payment to Government (taxes)	129.3	245.84	90.89	90.87
Community Investments	14.1	12.61	14.73	17.46
Retained Earnings	476	1,055.17	454.60	362.08

For FY 2023-24, our consolidated financial data includes the following subsidiaries:

1. Aarti Corporate Services Limited
2. Shanti Intermediates Private Limited (through its Holding Company: Aarti Corporate Services Limited)
3. Nascent Chemical Industries Limited (through its Holding Company: Aarti Corporate Services Limited)
4. Alchemie (Europe) Limited
5. Innovative Envirocare Jhagadia Limited
6. Aarti Polychem Private Limited
7. Aarti Bharuch Limited
8. Aarti Spechem Limited
9. Aarti Chemical Trading FZCO
10. Augene Chemical Private Limited

### Defined Benefit Plan Obligations and Other Retirement Plans (GRI 201-3)

We believe that a happy and satisfied employee builds a business with long-term success. Keeping this fact in mind, we provide our employees with various other benefits, such as medical insurance, life insurance, personal accident insurance, study leave as part of Aarti-sponsored higher education, and a provident fund.

In this FY, ₹24.9 Crores was spent on defined benefit plan obligations and other retirement plans. During FY 2023-24, we have made political contributions of ₹58.78 million (₹5.78 Crores).

### Details of Defined Benefit Plan Obligations and Other Retirement Plans [T03]

Particulars	FY 2021-22 (in ₹ Crores)	FY 2022-23 (in ₹ Crores)	FY 2023-24 (in ₹ Crores)
Contribution to Provident Fund	24.50	16.90	18.19
Contribution to Superannuation Fund	0.46	0.39	0.44
Contribution to Gratuity Fund	11.14	6.33	5.88

#### Financial Assistance Received from the Government (GRI 201-4) T04

Particulars	FY 2021-22 (in ₹ Crores)	FY 2022-23 (in ₹ Crores)	FY 2023-24 (in ₹ Crores)
Tax Relief	2.07	21.40	17.95
Subsidies Received	51.19	41.45	29.97
Investment Grants	4.51	29.97	5.63

#### TAX GOVERNANCE (GRI 207-1, 207-2, 207-3, 207-4)



Tax governance at any organisation is crucial for maintaining the tax system's integrity, fostering economic stability, and promoting social cohesion. Our tax strategy imbibes the fundamentals of all the compliance requirements arising from existing laws, tax legislation, and regulatory requirements.

Tax governance at any organisation is crucial for maintaining the tax system's integrity, fostering economic stability, and promoting social cohesion. Our tax strategy imbibes the fundamentals of all the compliance requirements arising from existing laws, tax legislation, and regulatory requirements. Integrating business ethics into

tax governance upholds business integrity, stakeholder accountability, and positive societal contributions. Hence, we commit ourselves to the highest level of business ethics and compliance by ensuring transparent communication of our tax practices in the public domain. This fosters long-term affinity with our stakeholders founded on trust and credibility.

Our tax governance and risk management systems are aligned with regulatory requirements and are developed under the guidance of our experienced department, qualified tax professionals, and senior management.

#### TAX RISK MANAGEMENT

We have a strategically organized Risk Management Framework to mitigate any risk related to tax compliance. This framework comprises of the following steps for risk mitigation:



Through this framework, we monitor strategic, operational, legal, and compliance risks.

To ensure complete compliance, we duly engage with tax authorities through various modes, such as cooperative compliance agreements and tax risk discussions. Our policy advocacy department

and tax team robustly champion our public policy advocacy on tax. These departments vigilantly track any relevant tax policy changes to our sector and provide their views and concerns for that. We are striving to fulfill our tax-related obligations with integrity, reliability and transparency.



##### Tax principle

Tax Principles are built on our core values of Inegrity, Excellence, and Care.



##### Tax Governance

Tax Governance structure is based on evaluations by experience department, qualified tax professionals, and senior management consultations for decision making.



##### Compliance

As regulatory compliance is a key objective for the company, tax compliance is a priority in each jurisdiction where the company operates.



##### Tax Planning

We endeavour to operate in an efficient and legally compliant manner and may seek external advise in relation to tax matters or areas of complexity or uncertainty to support Aarti Industries in complying with its tax strategy.



##### Tax Risk Mitigation Strategy

Our Risk Management Framework encompasses practices related to identification, analysis, evaluation, treatment, mitigation, monitoring of the strategic, operational, legal and compliance risks to achieve the key business objectives.



##### Advocacy

We have built and deployed a robust advocacy process. Our policy advocacy department and the tax team present their views and concerns with respect to any tax policy changes on generic tax matters that concern the industry as a whole.



##### Engagement and Tax Authorities

We engage with the tax authorities, with honesty and fairness and in a spirit of cooperative compliance.

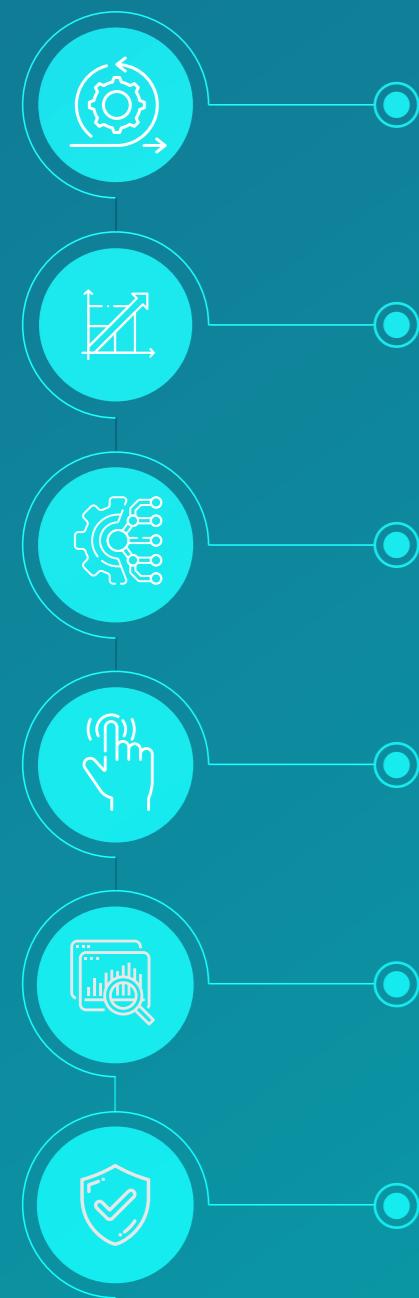
## DIGITISATION OF BUDGETING

AIL has replaced traditional, spreadsheet-based methods for Planning, Budgeting & Forecasting (PBF) with a unified cloud platform, Anaplan, which streamlines the entire PBF process, from data aggregation to scenario modelling and analysis. Its intuitive interface

and powerful calculation engine enable AIL finance teams to collaborate seamlessly across departments, ensuring alignment of plans and budgets with corporate objectives. With Real-time insights and flexible modelling capabilities, it enables us to adapt quickly

to changing market conditions, optimise resource allocation, and maximise performance.

Anaplan stands out as the premier choice for AIL in Planning, Budgeting, and Forecasting (PB&F) due to several key factors:



**Agility:** Anaplan offers unparalleled agility, allowing AIL to adapt quickly to changing market conditions, regulatory requirements, and business strategies. Its cloud-based platform enables real-time collaboration and updates, ensuring plans and forecasts are always current and aligned with organisational goals.

**Scalability:** Its flexible modelling capabilities support AIL complex scenarios and diverse business needs, enabling us to grow and evolve without limitations.

**Integration:** Anaplan seamlessly integrates with AIL SAP HANA systems and tableau eliminating silos and streamlining the PBF process. It consolidates data from across the organisation, providing a unified view for comprehensive analysis and decision-making.

**Ease of Use:** Anaplan's intuitive interface and user-friendly design make it accessible to AIL finance and business users alike. With drag-and-drop functionality and customizable templates, creating, modifying, and analysing plans and forecasts is simple and straightforward, reducing reliance on IT support.

**Advanced Analytics:** Anaplan offers advanced analytics capabilities, including predictive modelling, scenario analysis, and what-if simulations. By leveraging historical data and predictive algorithms, AIL can forecast future trends, identify opportunities, and mitigate risks with confidence, driving informed decision-making and strategic planning.

**Security and Compliance:** Anaplan prioritises data security and compliance, providing robust encryption, role-based access controls, and audit trails to protect sensitive information.

## Credit Ratings T05

Long Term rating	Short Term Rating
AA/Stable - CRISIL rating	A1+ - CRISIL rating
AA/Stable - India Ratings and Research (Ind-Ra) Rating	AA/Stable - India Ratings and Research (Ind-Ra) Rating

## REGULATORY COMPLIANCE

We have a robust compliance management system consisting of an online monitoring framework with a high-end compliance tool. It is obtained in collaboration with a globally renowned agency. This tool systematically monitors, tracks, and analyses legal obligations, minimising risks and ensures adherence to laws through its intuitive interface. This

tool covers all the applicable regulations comprising 78 Acts, 101 Rules and 10,000 compliance provisions.

This tool enables us to adhere to compliance through centralised information, real-time updates, and comprehensive reporting. We are empowered by its extinguished features such as – streamlined documentation, on-time compliance, systematic reporting, accountability, and transparency. It allows identified

users to monitor and report all applicable compliances through this tool on a real-time basis across all locations.

We practice periodic reviews of the effectiveness of this tool at both functional and board levels. Monthly reviews are conducted at the functional level, while the board reviews the status of compliance and legal requirements quarterly.



## DIGITAL FABRIC

AIL is in the midst of the fourth Industrial Revolution, a transformative period reshaping how organisations function and operate. As a result, we are undergoing a shift in our perspectives regarding the dynamics of investing in digitalisation and its profound impact on their day-to-day operations.

Whilst the current Industrial revolution has brought about significant changes in different areas of businesses viz. Manufacturing, Research and Development, Commercial, Supply Chain, Procurement, the future revolution i.e. Industry 5.0 will shape technology-driven ecosystems into sustainable, resilient, human-centric, and value-driven ecosystems.

AIL has step-up on its transformation journey with the theme to **"Be World Class. Shape The Future".**

By harnessing the transformative potential of advanced technologies, AIL has accelerated digitisation and digitalisation across all its business processes to propel its growth forward. AIL embarked on its digital transformation journey in FY22 with a program called **UNNATI** focusing on establishing next-generation future-ready Information System ecosystem.

AIL has underscored the critical necessity of establishing a robust digital foundation, enabling its performance dimensions i.e. **"Sustainability, Prosperity, People Well-being, and Partner Delight"** which will help it achieve its strategic business objectives and building a stronger future.

### BRINGING TRANSFORMATION TO LIFE

#### UNNATI 1.0 has laid down foundation for AIL to be data driven by accomplishing:

- Digitisation of Planning, Budgeting and Forecasting Process
- Accounts Payable Automation
- Digitisation of 360 Degree Customer Experience on a state-of-the-art CRM platform
- Harmonisation and Digitisation of all Organisation KPIs through Analytics with a cloud-based Data Warehouse / Data Lake platform
- Digitisation of various peripheral (satellite) business processes on the Low Code No Code platform
- Digitisation of project planning, managing, and executing project work, budgeting, risk management, and project control using a global tier-I cloud-based Project Management platform.

#### UNNATI 2.0 will prioritise technological advancements:

- Next-generation cloud-based ERP
- Digitisation of the Source-to-Pay (S2P) Process
- Master Data Management
- Digital Transformation of Manufacturing Quality
- Generative AI
- Manufacturing Analytics
- Organisation Performance Analytics
- DNA -Digital Nucleus @ Aarti (Digitisation of processes using Low Code No Code platform)
- Cyber Security Operations Center (SOC)

## UNVEILING THE NEXT-GEN ERP (RISE WITH SAP)

Implementing Rise with SAP (S/4 HANA) is a strategic move for Aarti Industries (AIL) to enhance their operational efficiency, drive innovation, and gain a competitive edge in today's digital economy. AIL ERP journey initiated in 2008 and moving to Next-Gen ERP on Amazon Web Services (AWS) will transform ways of working at AIL, providing

**1. Scalability and Flexibility:** Unparalleled scalability and flexibility, allowing AIL to scale their infrastructure dynamically to accommodate growing data volumes and user demands. AIL adapts to the evolving needs of the business, providing a future-proof platform for growth and innovation.

**2. Operational Efficiency:** By eliminating the need for data replication and reducing data latency, Next-Gen ERP streamlines data management processes, simplifies IT landscapes, and improves the overall system

performance. This operational efficiency translates into cost savings, improved productivity, and enhanced customer satisfaction.

**3. Seamless Integration:** S/4 HANA will be integrated with all other critical platforms in the ecosystem, enabling businesses to leverage their existing investments, minimise disruption, and accelerate time-to-value, while also facilitating the creation of a connected digital ecosystem.

**4. Enhanced Customer Experience:** By leveraging real-time insights and analytics, businesses can personalise customer interactions, anticipate needs, and deliver superior customer experiences. This enhanced level of engagement fosters customer loyalty, increases retention rates, and drives revenue growth.

**5. Real-time Insights:** S/4 HANA's in-memory

computing capabilities enable AIL to get real-time analytics, allowing businesses to access and analyse data instantaneously. This real-time insight empowers faster decision-making, improves responsiveness to market dynamics, and enhances overall operational efficiency.

**6. Embedded Analytics:** Inbuilt embedded analytics, enable AIL to uncover valuable insights, identify opportunities, and mitigate risks, thereby driving informed decision-making and strategic planning.

By this transformation, AIL brings a paradigm shift, ushering in a new era of speed, agility, and insight. By harnessing the power of in-memory computing, advanced analytics, and seamless integration, AIL empowers to thrive in today's digital economy, unlocking new opportunities for growth and transformation.



## INFORMATION SECURITY GOVERNANCE AT AIL

We have formulated and implemented Information Security Policy demonstrating our commitment to continually improving our information security practices, performance and protecting information of all associated with AIL. This policy escorts us to achieve our milestones of data privacy, cyber security and digitalisation within the organisation.

At the start of our cybersecurity journey, we mapped our cybersecurity maturity with popular industry standards and frameworks like NIST CSF



### BOARD OVERSIGHT

The Board, through the Chairman, oversees the IT governance by actively involving IT policies development and guides in building frameworks for data privacy, cybersecurity and aligning technology initiatives with business initiatives at AIL, safeguarding data, enhancing operational efficiency, and fostering innovation.



### MANAGEMENT-LEVEL GOVERNANCE

The IT Leadership team led by our Chief Digital and Information Officer (CDIO) ensures the effectiveness of our IT governance including robust cybersecurity measures along with various vertical heads who oversee the activities at the operational level, and the Subject Matter Experts (SMEs) who provide specialised knowledge and support.



### WORKING GROUP

Employees collaborate to strengthen our data privacy practices, enhance cybersecurity measures, and drive digital transformation across the organisation. Through following resilient governance we are able to make informed decisions, allocate resources effectively and implement measures to prevent any data breach.

## INFORMATION SECURITY RISK MANAGEMENT AND STRATEGY

exposure. This helps us to focus on areas that have a high impact on business operations.

Our policy encompasses and strategically outlines roles, responsibilities, and decision-making pathways guaranteeing protection of sensitive information and data. We have integrated risk evaluation, compliance, and ongoing vigilance in our governance approach to synergise security strategies with our business goals.

Our Information Security Policy paves the way for the effective implementation of Information Security Management. This policy enables us to safeguard sensitive data and ensure secure handling of sensitive information across the organisation. We adhere to the guiding principles laid down in our policy around confidentiality, integrity, and availability of data. It jots down the framework for data classification, access controls, encryption, incident response, and employee awareness. This policy is updated through regular reviews and addresses all the emerging threats to align with the best industry practices. Our Information Security Policy is hosted on our official website and is duly communicated to all the stakeholders.

Since we are certified with internationally recognised ISO 27001 standard, we have identified IT-related risks and have continuously strengthened our internal controls to prevent such risks. This has extensively improved our information security practices resulting in zero instances of information security breaches.

Our Information Security Management System (ISMS) lays down provision for risk assessments, regular IT audits, security controls check and periodic training of employees. To abide with our ISMS, we conduct regular internal assessments and audits to scrutinise our information security practices and ensure effectiveness.

Third-party assessments are also conducted to evaluate our status quo of security controls, to identify vulnerabilities and



mitigation measures against the same. Through these practices, we are able to adhere to ISO 27001 standards and attain a favourable outcome for the company as a whole.

### GUARANTEED DATA PRIVACY

With the implementation of our robust Data Privacy Policy, there were zero cases of data breaches reported in our organisation during this reporting period. Our Data Privacy Policy enshrines the principles of protecting the confidentiality, integrity, and privacy of sensitive information. This policy ensures the confidentiality of personal data that is collected, processed, and stored. Our proactive data privacy measures include encryption, access controls, and secure data storage protocols. Data accessibility is controlled across the organisation as per the designated roles and

responsibilities. To mitigate the risk of data loss, we are exercising regular data backup and recovery procedures.

We comply with all the applicable laws and regulations, with an intent to handle personal data with due care. This compliance is ensured by our Data Rights Management while our brand protection efforts aim to preserve the sanctity, integrity and reputation of our organisation.

In addition to our Policy, we have also launched the UNNATI programme entailing our digital transformation journey. Many initiatives around Data Classification and Data Leak Prevention have been introduced to ensure that sensitive information is properly identified, classified, and safeguarded against leaks or unauthorised access. Through this programme, we are making our data protection practices more resilient by safeguarding



valuable information assets. We have strengthened our Data Protection & control Framework by covering all avenues of data leak/theft i.e. Endpoint (Laptop/Desktop), Internet, Email & Network protocols through implementation of DLP (Data Leak Prevention), SWG (Secure Web Gateway) & CASB (Cloud Access Security Broker), Google native controls & globally accepted email protection features like DKIM, DMARC & SPF and Network DLP respectively.

With the ever-changing threat landscape and newer ways of data & systems breaches by hackers, it is imperative for us to be able to have robust Incident Response management and have the readiness to manage &

recover from a cyber incident in the shortest possible time and restore the 'business as usual' scenario with minimum or no business disruption. Keeping this in mind, we have subscribed to managed security services of SOC (Security Operations Centre) that covers AI/ML (Artificial Intelligence & Machine Learning) based SIEM(Security Incident & Event Management), CTI (Cyber Threat Intelligence), UEBA (User Entity Behaviour Analysis) & SOAR (Security Orchestration Automation & Response) with ready run books for commonly perceived Cyber incident scenarios. This is a critical component of our cyber 'well being', we have partnered with a global leader in the consulting domain to provide these

services. This initiative enables us to have a real-time view of any threats & vulnerabilities to our technology landscape & the information processed or stored therein.

Depending on business criticality and impact on our business operations, We are continuously adding business functions every year to ISO 27001 certification. This combined with the class of art technology security solutions has helped us enormously in gaining our customer's confidence in our data handling & protection capabilities.

### CUSTOMER PRIVACY (GRI 418-1)

Since we have developed such robust IT security infrastructure for our organisation, we did not receive any complaints concerning breach of customer privacy and loss of customer data in this FY. During the reporting period, we did not receive any complaints concerning breaches of customer data from outside parties and regulatory bodies.

We provide our customers with a comprehensive process to facilitate the timely redressal of consumer complaints. Our business, sales and marketing team are the primary point of contact for all customer complaints.



## ORGANISATION PERFORMANCE ANALYTICS: HARNESSING THE POWER OF DATA

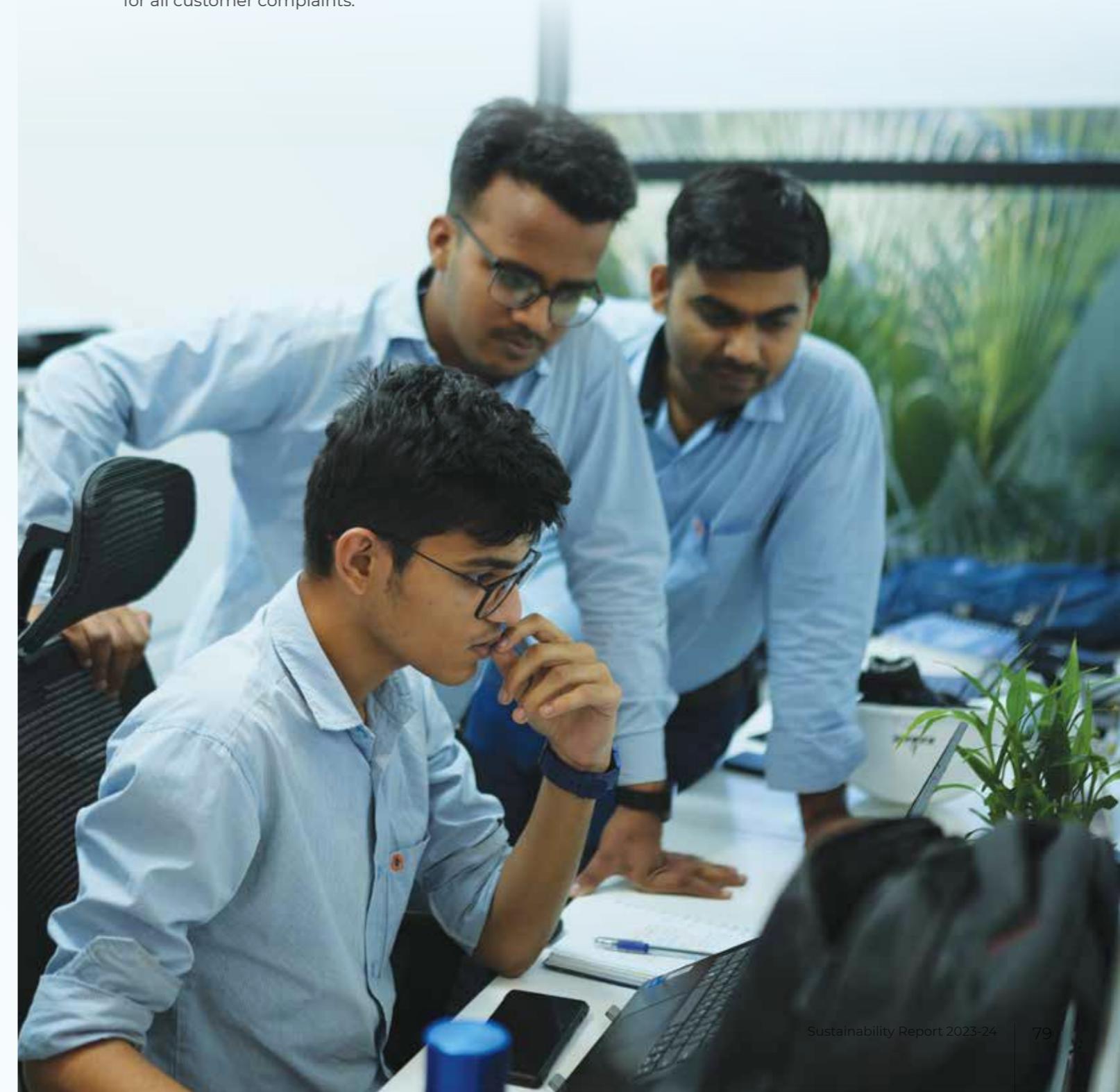
At Aarti Industries Limited, the implementation of our Business Intelligence platform - Tableau for Organisation Performance Analytics signifies a pivotal step in our digital evolution.

This strategic integration centralises and visualises critical business data, facilitating informed decision-making and strategic insights across functions.

Leveraging dynamic dashboards, we are enhancing inventory management, financial

reviews, manufacturing profit, and spend analysis, among other areas. With real-time visibility and analysis capabilities, we're poised to optimise operations, reduce waste, improve productivity and improve revenue streams.

Moreover, forthcoming analytics dashboards in sales, asset management, safety, and the administration will empower teams to refine strategies, enhance efficiency, and reinforce our leadership in sustainable chemical manufacturing.



## PRODUCT STEWARDSHIP

At AIL, we have integrated the principles of sustainability throughout the life cycle of our products. Our objective is to minimize the environmental and social impact of our products by embracing circularity through efficient systems, innovative solutions, waste minimisation, and ensuring product safety. This commitment to product stewardship also reflects in our process for sourcing raw materials and managing our supply chain during selection of starting material and business partners.

We believe that robust product stewardship demonstrates a company's commitment to safety, environmental responsibility, and ethical business practices. At AIL, we have integrated product

stewardship on the pillars of risk assessment, risk management, and transparency, adhering to the Global Product Strategy (GPS). Additionally, we comply with all the applicable regulatory requirements and also ensure compliance with EU REACH regulations for our exported products.

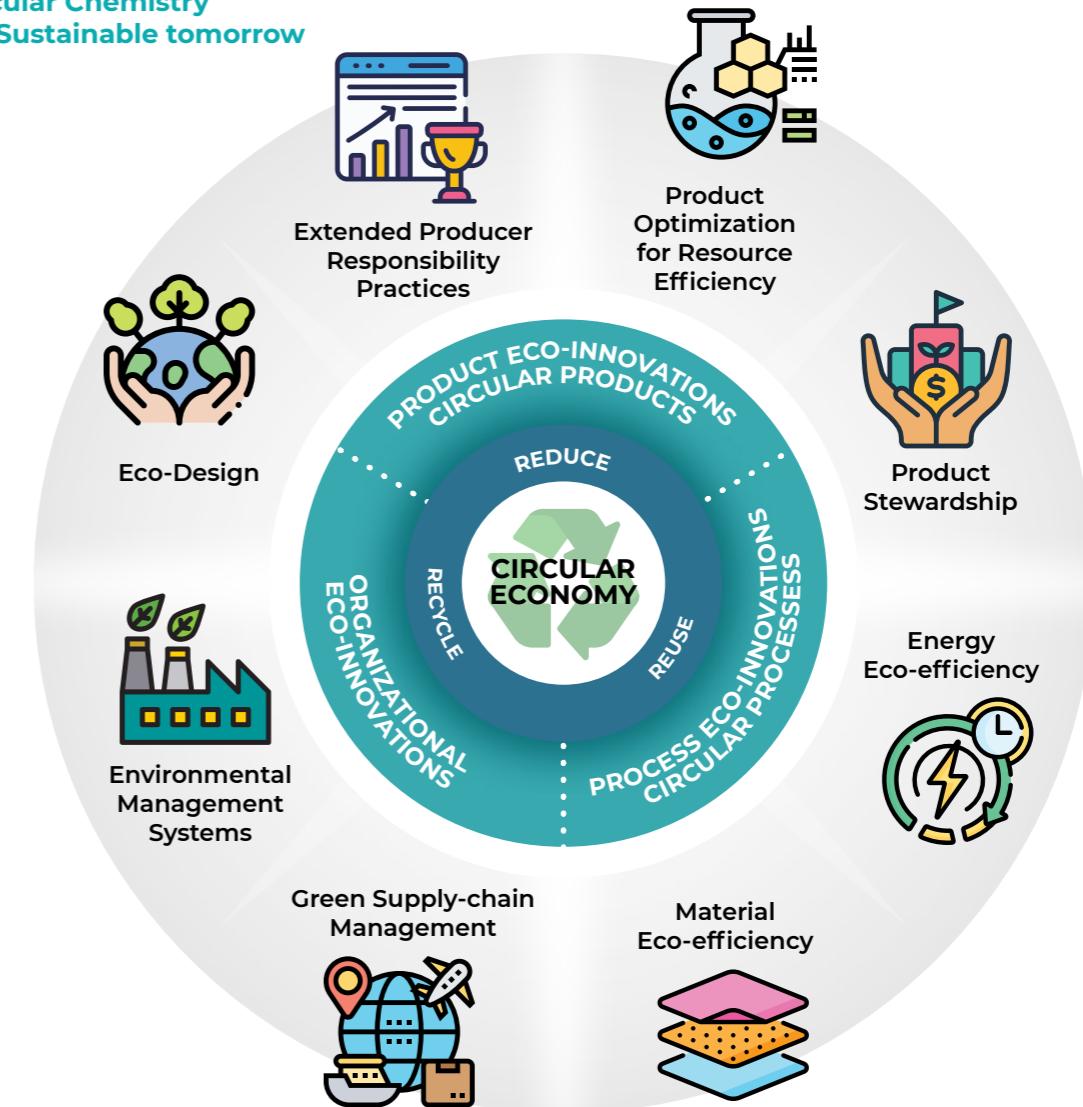
### OUR APPROACH TOWARDS PRODUCT STEWARDSHIP

We have aligned our entire product lifecycle with the intricacies of product stewardship. At AIL we corroborate our approach to product stewardship by delving into each phase, integrating the synergy of research, technological advancement,

and innovation ensuring optimum efficiency and minimised environmental and social impact. We continue to minimise risks related to health, safety, security, and environment during the design, development, manufacturing, handling, storage and distribution phases of our products. Our focus on these key facets ultimately empowers us to strengthen our projects and our presence in the chemical industry.

AIL has adopted software to conduct Life Cycle Assessment (LCA) to holistically strategise the entire lifecycle of the products. This software has enabled us to assess the impact of process from the product development stage and prepare the mitigation strategy.

**Circular Chemistry  
for Sustainable tomorrow**



## RESEARCH & DEVELOPMENT (R&D)

AIL stands out as a partner of choice in the chemical industry by showcasing unwavering dedication to drive change through amplified research and innovation capabilities. We consistently explore fresh avenues for our business by harnessing technological advancement and extensive research in chemical manufacturing.

R&D at AIL is the outcome of the symbiotic relationship between technology and innovation. We leverage our scientific knowledge and the right technology intervention to deliver our products to ensure business growth and value creation for our stakeholders. Furthermore, we envisage building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation.

### Glimpses of our R&D Strengths

A state-of-the-art infrastructure spread over ~30,000 sq.ft covering Synthesis, Analytical, Strategic Technology, Process Safety, Process Intensification, High Pressure and Life Cycle Technology Management laboratories located at Navi Mumbai and Vapi. This

ultra-modern laboratory housing over 260+ scientists & 20 PhDs with diverse expertise catering to the various chemistry requirements are rigorously working to innovate and develop new products by practising strategic chemistries. This intellect helps to keep us abreast to remain innovative, develop new products and capture new markets. Sophisticated state-of-the-art instrumentation, complete digitisation and dedicated Knowledge management function is accredited by ISO 27001, NABL.

We possess extensive expertise in developing products in laboratories using new chemistries like Balz-Schiemann, Vapour Phase chemistries such as Isomerisation, Henry reaction, Hoffman degradation, Grignard reaction etc, conducting pilot trials and enforcing large-scale production while continuing to expand in the legacy chemistries. Our efforts resulted in an in-house process development of 45+ products with successful and first-time right pilot scale-up of 20+ products.

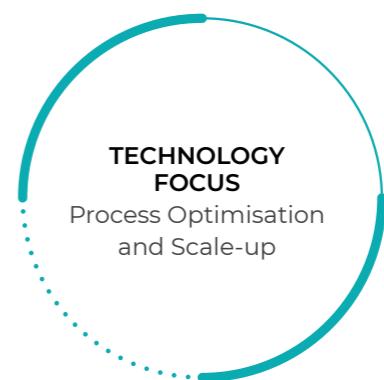
We have also identified and initiated infrastructure and capability building into the new areas of chemistries such as Electronic chemicals, Energy chemicals, Sustainability chemicals etc., while developing a few products in these segments.

We take a holistic approach by embedding ESG criteria in the design stage of a new product. To enable this, we have built a robust PUGH matrix that factors in ESG impacts in our route selection, decision making during upscaling production and commercialisation of new products. Recyclability of by-products and heat integration at the design phase, have become the key decisive factor in our R&D processes. We focus on promoting circularity in our products, enhancing energy efficiency in our processes and minimising generation of effluent and hazardous substances.

As a result of our strong culture of cutting-edge research, our R&D efforts have translated into several breakthrough innovations during the year.



## OUR R&D THRUST AREAS



Spent on R&D

**₹85 Crores**

Patent filed

**15 Nos**

State of Art R&D center

**2 Nos**  
one each in Maharashtra and Gujarat

Planned product introduced

**20+**

Engineers and Scientist

Scientist

**250+**

PhDs

**20**

Engineers

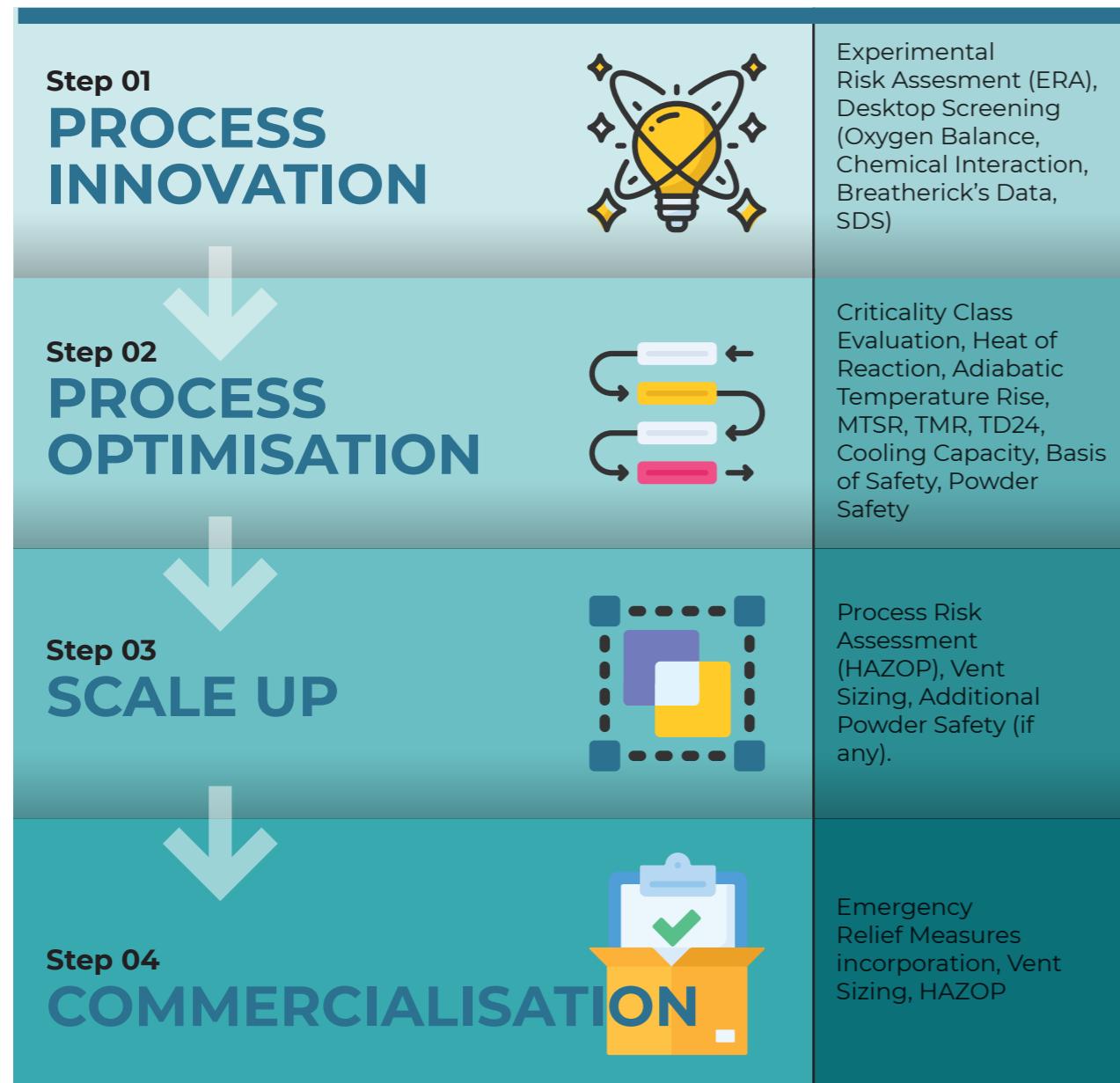
**200+**

## RISK CHARACTERISATION AND RISK MANAGEMENT FOR NEW PRODUCT DEVELOPMENT

We foster the culture of assessing all the risks at each stage of the product life cycle. Our Product Safety Stewardship approach provides a structured procedure to evaluate, assess, and manage risks associated with our products. The crucial component of the procedure is Risk Characterisation, comprising two core elements: hazard and exposure. This approach delves into ESG risks related to environment, health, and safety parameters.

We also have established a procedure of prioritising the products and spotting the substance that requires comprehensive study. After assessing and characterising the risks associated with our products, adequate measures are taken to analyse and address identified risks. These measures provide a roadmap to mitigate the impact or control the adverse consequences on health and the environment throughout a product's

lifecycle. Our risk management evaluates the risk associated with the product during the molecule development stage and categories them into high, medium and low priorities for complete evaluation depending on the identified risk. Based on the findings the appropriate risk management approach such as elimination, substitution, isolation, engineering and administrative controls and providing PPE's is implemented.



## LIFE CYCLE TECHNOLOGY MANAGEMENT (LCTM)

The Company has deployed Life Cycle Technology Management (LCTM) framework aligned with the objective to achieve sustainable industrialisation by fostering innovation and sustainable chemistry. This framework approach is designed to enhance our efficiency and reliability across our processes while focusing

- Developing inherently safer chemical processes for existing products
- Developing a creative and innovative work environment
- Create intellectual property for organisation
- Process improvement, Troubleshooting and vendor qualification trials
- Sustainability study

Our overarching objectives are to significantly maintain high quality and process safety standards, reduce environmental footprint and comply with all the applicable laws and regulations while reducing carbon emissions and minimising the environmental footprint of our products.

The LCTM framework serves as a versatile tool, encompassing troubleshooting measures, catering plant-specific requirements, and optimising production aspects such as process enhancement, yield optimisation, and capacity debottlenecking through efficient product management. To enhance the capabilities of the framework, till started after framework, date, we have successfully completed 74 projects under the LCTM framework and several more in the conceptualisation stage. As we continue to implement the LCTM framework, we

remain dedicated to fostering innovation, driving efficiency, and upholding our responsibility to a greener, more sustainable future.

### Knowledge Management in R&D

AIL believes that knowledge management plays an instrumental role in any company's business growth and positioning in the market space. By integrating the synergy of research, technological advancement, and innovation, we optimally utilise literature-based knowledge and competitive intelligence in technology.

We have a dedicated team for knowledge management embarking on cutting-edge research to pursue excellence in R&D. The primary objective of this team is to strengthen our strategies and design meticulous roadmap for the management of Intellectual Property (IP) by:

- Ensuring freedom to Operate
- Protecting IP for the organisation through Patents
- Generating competitive intelligence through prior art and patent screening

Through this multifold approach, we are able to prevent infringement while developing new processes, ensuring protection to both organisation's and third-party's IPs. To safeguard our knowledge bank we have stringently implemented our Information Security Management System (ISMS) certified with ISO 27001 ensuring confidentiality, integrity, viability, and restricted sharing.

## FLUORINATION PROCESS: BATCH TO SEMI-CONTINUOUS

A significant breakthrough in implementation of LCTM framework was in the fluorination process. The process to convert aromatic chlorides to the corresponding aromatic fluorides. The team of scientists studied the entire process and the chemistry proposed the changes and validated its pilot plant before commercialising to convert the batch process to semi continuous.

The change has led us to significant positive impact of product performance as well as environment

- 26% reduction in reaction time thus reducing the exposure
- 15% increase in the conversion rate
- 4% in the yield
- Negligible residue

The tangible results of these efforts are evident in our strengthened Intellectual property portfolio, highlighted by the publication of 10 patent applications. All seven of them are published. This comprehensive approach from strategic planning and protection to advanced insights and secure implementation demonstrates AIL's commitment to a robust and forward-thinking Intellectual property management strategy contributing significantly to building a stronger and sustainable future.

## TECHNOLOGY FOCUS

We strive to attain sustainable industrialisation through technological advancement. Synergising our cutting-edge research with the efficient innovative technologies enables us to position ourselves in the competitive market. We have a dynamic technology team of more than 200 employees including technicians having expertise in design, development, engineering, pilot plant operations and commissioning that help us to explore new partnerships and market opportunities. We actively collaborate with like-minded industry peers, start-ups, academia, and other stakeholders to encourage innovation and co-create solutions by propelling green chemistry. As we believe that innovation plays a vital role in increasing operational efficiency, we are gradually moving to judiciously automatise our operations by upgrading and deploying meaningful technologies. We understand that infrastructure and

facilities are the backbones of manufacturing operations, hence we prioritise investments in high-tech, efficient, and sustainable infrastructure.

### Key Technological Advancements

We successfully conducted commercialised our new chemical processes such as photochemistry and fluorination chemistry, among others to serve customers in new market segments.

Introducing new technologies such pinch technology, advance separation process such extractive distillation, vapour phase technology in our upcoming new project to reduce the energy consumption.

We are focusing on building R&D and technology infrastructure such as process intensification laboratory for integrating latest technology advancements for conducting various trials for highly hazardous chemicals for enhancing sustainability.

Exploring novel technologies like micro reaction technologies,

carbon capture, in our new product development endeavours for making processes inherently safe and environment friendly.

Advancement in technology capabilities such as computational fluid dynamics, process simulations, and safety tools has enabled us to boost the overall efficiency, accuracy, and reliability of our engineering and manufacturing processes.

To bring circularity in our business we have commercialise HCl purification technology that has enabled AIL and customers to use the purified HCl in manufacturing of various value adding products.

We strive to upgrade the existing manufacturing plants through advanced technology and automation to increase productivity, workflow optimisation to stay at the forefront of the innovation in the industry and meet the growing demands of our customers.

## AMMONOLYSIS

Ammonolysis is one of the high-pressure reactions that is carried out in which one of the hazardous chemicals ammonia is used. We needed to reduce the batch cycle time (BCT) and its exposure.

The hydrodynamic/mixing study and kinetics study were conducted with the help of CFD

software, alongside several pilot trials, aimed at reducing BCT.

These studies were conducted for this process using a unique software. Based on these studies several DOEs were proposed for Lab Trials at LCTM ensuring the alignment with the process safety via systematic ARC & TSU studies. The proposed DOEs

have changes in operating parameters like temperature, mixing, concentrations, etc & validated in the Pilot plant.

Through the power of process intensification studies, we were able to achieve a remarkable over 50% reduction in batch cycle time.

## PACKAGING AND LABELING

At AIL, we provide customers access to accurate and adequate information on the positive and negative economic, environmental, and social impacts of the products through our labeling and marketing communications. We disclose all the required information about the composition of products and risks associated through our fair and responsible communication, which enables our customers to make informed decisions. 100% of our products carry information about environmental and social parameters relevant to the product.

Furthermore, we adhere to GHS labelling and Material Safety Data Sheets (MSDS) regulations for documenting and communicating product specifications, hazards, and mitigation measures and maintaining information transparency with our customers regarding all our products. Wherever required, we also educate our customers on the safe and responsible usage of products, including guidelines

for product handling, and storing.

During the reporting period, we had 52 customer complaints, there were no reported incidents of non-compliance concerning product health and safety norms and standards. However, there were 13 complaints of minor incidents concerning product packaging and zero complaints regarding labelling were duly addressed. No fine or penalty was imposed for the same.

During the year, there were no incidents of noncompliance concerning marketing communications. 100% of our products were covered by and assessed for compliance with local and international regulations on product and service information and labelling.

### STORAGE AND DISTRIBUTION

We understand that improper handling of chemicals may pose a threat to human health and the environment. To prevent

such instances, we provide high-quality storage for our products maintaining the right temperature, providing leak-proof handling with nitrogen blanketing wherever necessary and regular assessments.

We have taken initiatives to ensure the safe transportation of our products to the end users. We have also established Aarti Logistics Control Centre (ALC) to guide our logistic partners for the safe movement of chemicals. ALC operates 24x7 to monitor vehicular movements and providing support by activating the quick response team in the case of an emergency. We ensure that our transporters are well-versed with the risks imposed by the improper handling of the products and preventive measures to be taken.

All our facilities and systems are strategically located to optimise logistics, reduce transportation costs leading to monetary benefits and primarily reduce our Scope 3 emissions.





**400+  
Global  
Customers**

**700+  
Domestic  
Customers**

**Speciality  
Chemicals – Key  
End-Use Industries  
Served Agro,  
Pharm, Polymers,  
Additives, etc.**

### RESPONSIBLE CUSTOMER MANAGEMENT

As customers are an integral part of our organisation, we foster a customer-centric culture as our cultural attributes that diffuse throughout the organisation and guide decision-making at all levels. This enables us cater to our customers' needs and ensure their safety that ultimately builds trust and enhance customer loyalty. Through long-term and mutually beneficial relationships built with customers, we are able to gain a competitive advantage in the market and drive sustainable growth. Delivering superior value products and imparting satisfaction to our customers remains the key focus areas for AIL. Our customer base encompasses end-user industries from agrochemical, polymer, pigment, pharmaceutical, etc.

We ensure to engage with our customers frequently and provide updates on business continuity and product supply. Through this engagement, we are able to seek feedback and understand their requirement, we provide them active listening. In case of any potential disruption of supplies the customers and relevant stakeholders are informed well in advance to enable seamless operations. Our mode of engagement involves communication through emails, video conferencing, in-house and third-party market research surveys, meetings, customer satisfaction surveys, brand campaigns, website, social media platforms, and grievance redressal mechanisms.

### Customer Health & Safety

As a speciality chemicals manufacturing firm, customer health and safety is our key priority, and it is embedded in our core value that drives our commitment to attain excellence. Since we are a customer-driven and responsible organisation, we believe in adhering to all the applicable regulations, and standards pertaining to our customer's health & safety standards in the chemical industry.

We adhere to GHS labelling and Material Safety Data Sheets (MSDS) regulations for documenting and communicating product specifications, hazards, and mitigation measures and maintaining information transparency with our customers regarding all our products. We regularly assess the health and safety impacts for all our product categories and communicate to all the stakeholders. We have adopted standards stipulated under the Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH) rules of the European Union.

At AIL, we believe in conducting fair and responsible practices in our business dealings with customers. We communicate transparently our economic, environmental, and social impacts of brands, products, and services. We disclose all the required information truthfully and factually, including the risks to the individual. Wherever required, we also educate our customers on the safe and responsible usage of products, including guidelines for product handling, and storing 100% of our products carry information about environmental and social parameters relevant to the product.

For FY 24, there have been zero instances of non-compliance with respect to health and safety impacts of our products and services.

### Customer Feedback Management

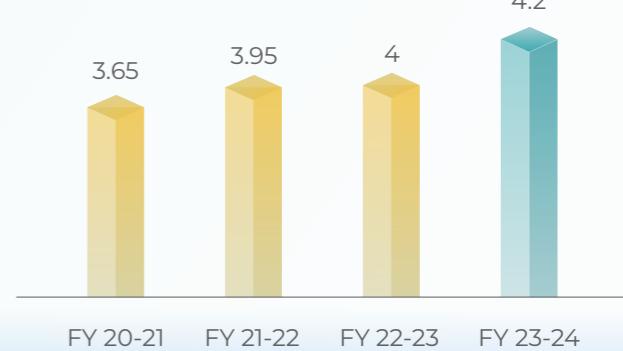
Guided by our cultural attribute customer centricity, we ensure that customers are satisfied with our product and services. Increased customer satisfaction enable us to build a positive brand reputation and fostering trust among customers. It provides us valuable feedback and insight into our services which enable us to increase customer retention rates, positive word-of-mouth and goodwill.

We have robust customer feedback management which helps us in assessing our product delivery quality, and areas of improvement which include the health and safety of our customers. We undertake regular surveys focusing on the following three key areas:

- Packaging Quality,
- Product Quality and
- MSDS Information.

These surveys enable us to get insights into our customer satisfaction levels and provide us an opportunity to enhance brand visibility, retaining our customers and obtaining a competitive advantage.

### Customer Satisfaction Score C13



## SUSTAINABLE PROJECT MANAGEMENT

We have embraced sustainable project practices into project management reflecting our commitment towards environmental stewardship, social responsibility, and long-term viability. All our projects have integrated different facets of ESG; pioneering energy efficiency, waste minimisation, safe execution, and emission reduction. We have integrated the AIL's mantras in project execution, ensuring the use of EPC technology platforms/hardware systems, and aims for vertical startup of our projects. Guided by these three mantras we conduct the green synthesis of our projects to integrate efficient technological advancements at the design stage to ensure operational triumph. The driving force behind this triumph is our rigorous management structure comprising various critical functions under the guidance of leadership teams.

We are gradually incorporating a lean approach in our construction methodologies, we have started using precast concrete in our new infrastructures which minimises water usage in the hydration process and also have mechanised our activities with help of technology for being more efficient. Furthermore, we have reduced soil erosion by introducing terracing at our construction sites. We believe that the amalgamation of sustainable practices and innovation will not only increase production but will also minimise

our environmental and social impacts on our stakeholders and communities at large. In our pursuit to achieve SBTi, we are gradually becoming more energy efficient through our proficient state-of-the-art infrastructure.

We continuously enhance our project management techniques by adopting the right tools, enriching processes that enhance the safety during project execution, improves productivity and reduces sustainability impacts. We also acknowledge the vital role played by our external stakeholders in the phenomenal execution of the project by ensuring social license to operate. We have developed a robust system ensuring continual improvement on sustainable project management practices through regular audits and transparent feedback mechanisms.

We have also strengthened our ambit of sustainable practices and have engaged with our business partners to improve on environment, social, safety, and hygiene management. We have started tailoring our business partners based on their performance on these parameters. We believe that to attain the highest locus in the domain of sustainable project management, it is pivotal to collaborate with those having consensus-ad-idem.



## LAST MINUTE RISK ASSESSMENT JOURNEY TOWARDS SAFETY EXCELLENCE

Project sites are always subjected to dynamic work conditions due to various simultaneous activities. Hence safely execution of construction activities plays a pivotal role in timely and successful completion of a project. At AIL, we lay special emphasis on safety during the project stage. To enhance safety in the project phase, we have developed a framework of Safety Universe considering different phases of projects to ensure safe construction for achieving excellence in project safety management.

We have enhanced the framework of Safety Universe by adding the tool of LMRA (Last Minute Risk Assessment). This tool has enabled us to control the hazards arising due to dynamic work conditions at the site. LMRA is required to be performed just before the start of work to ensure that the risk estimated beforehand as well as the measures taken are consistent in line with identified previously at the work location due to dynamic work conditions. LMRA helps us to:

- Identified unnoticed hazards due to dynamic work conditions
- Confront prevailing risks at work location
- Ensure safe execution of activity
- Curtails probability of any incidents

The new tool is now extensively used at the project sites, till now more than 1000 LMRA are carried out. Just by investing 10 mins in LMRA before the start of any activity many unnoticed risk were curtailed, boosting safe work environments and engagement in the workforce.

During FY 2022-23, we achieved 17.64 hours / person / year training hours for the project team. All the efforts have resulted in achieving more than 8 million safe man hours during FY 2023-24.

## STRENGTHENING OUR PRESENCE

In furtherance to integration of sustainability throughout our projects, we stand tall on our aim to achieve operational efficiency, reduce energy consumption, and minimise waste generation across our manufacturing facilities and overall operations. With this intent, during the year we have completed the capacity expansion of the acid plant at Vapi, this has improved our energy recovery ratios, enriching our energy mix with waste recovered energy. Furthermore, we have doubled the capacities of one of our critical products at the Kutch location with an energy recovery system. Additionally, we have embarked on expanding our Ethylation capacity at the Dahej SEZ, with a threefold increase. We have initiated the debottlenecking of our NitroToluene capacities, targeting an increase of approximately 50% in capacity. This strategic move enables us to cater to high-growth applications in the agrochemical sector.

Our center of gravity for all the greenfield projects is Zone-IV, Jhagadia, Gujarat. We have established a new state-of-the-art pilot plant which will fuel our inorganic growth through its pilot studies outcomes. We are progressing well on the construction of a multipurpose plant, and capabilities for the new Chlorotoluene value chain.

Cutting-edge equipment and technology play a pivotal role in driving innovation, improving operational efficiency, and maintaining a competitive edge. We recognise the significance of investing in modern and efficient equipment to optimise production processes and enhance our environmental performance. We have incorporated various environmental and social considerations from the design stage. The Zone IV project aligns with our strategy to provide locally produced chemicals that are currently imported by the pharmaceutical and agrochemical industries. This will help strengthen our value chain, foster customer relationships, and enhance our manufacturing and technological capabilities, positioning us in a better place for future expansion and a more comprehensive range of product offerings.

# Nurturing nature: Securing the future

We are in a critical decade and are mindful of our efforts to preserve our environment. Climate change is a significant global challenge today, and we have put in place strong governance to address it.

## Key SDG



## Key Topics

- Climate Risk & Actions
- Emission and Energy
- Water and Effluent Management
- Waste Management

**44%**  
Water Recycled

**97,718 MTCO<sub>2</sub>e**  
of Emissions Avoided

**6.3  
Million kWh**  
Energy Saved

**92%**  
Hazardous Waste  
Recovered

\* To encourage environmental conservation and protection among our employees, we feature photographs taken by our employee in this section.



## CLIMATE ACTION

Climate change is observed as a severe risk for businesses and individuals across nations. Rapid changes are being observed in the climate scenario across regions. Although robust and sustained reductions in emissions would limit climate change, it could still take years to see global temperatures stabilize. Comprehending the

current situation, organisations across the world are taking initiatives to limit global warming to 1.5 degrees Celsius, compared to pre-industrial levels, and create a climate neutral world. Aarti Industries also strongly believes in promoting sustainable approach towards business, encouraging resource

efficiency and prevention of environmental degradation. The company also ensures to align with the National action plan on climate change (NAPCC) and strengthen its sustainability commitments. In order to contribute towards NAPCC, we strive to invest in clean energy and move the needle to accomplish SBTi targets.

Moreover, we have committed to the Science-Based Target initiative (SBTi) and presented our targets for validation.

### AIL'S RESPONSE TO CLIMATE CHANGE

We have been evaluating the potential impact of climate change on our operations

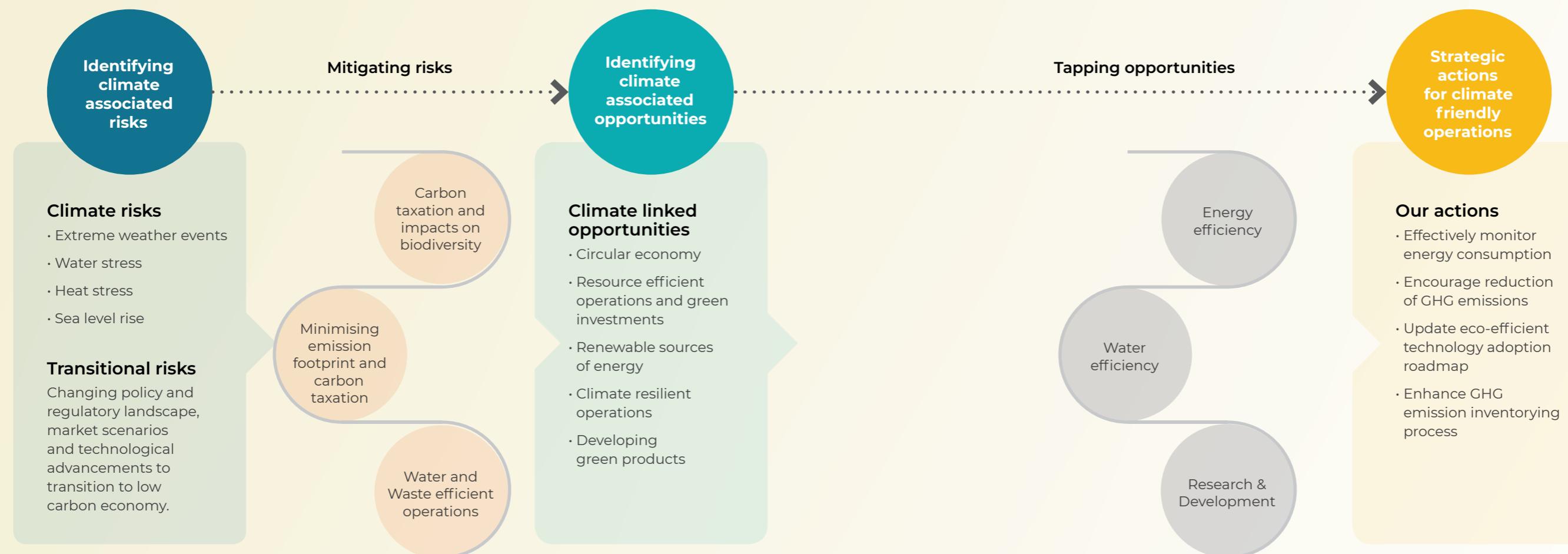
through robust climate risk scenario analysis and identified climate risks, such as extreme weather events, emissions, negative impact on biodiversity, among others. To combat such risks and develop opportunities, AIL has actively enhanced its climate change strategy and governance, along with adopting the recommendations

of Task Force on Climate-related Financial Disclosures (TCFD). A brief of our governance, strategy, risk management, and metrics for TCFD is enlisted below. Further details on our adoption of the TCFD framework can be accessed in our TCFD report.

Nurturing Nature  
Securing the Future

## CLIMATE RISK SCENARIO ANALYSIS

Our risk assessment framework is based on two parameters: Probably of Occurrence and Expected Impact. Probability of occurrence is defined as the likelihood of occurrence of a given climatic incidence at the regional (district) level due to projected changes in the climatic parameters and expected impact is defined as the extent of the impact that AIL is likely to witness from identified climatic change-related physical events. The extent of the impact is a function of AIL's resilience to identified risks.



## Physical Risks

Physical climate risks are integral considerations in our strategic planning. We conducted assessments to identify vulnerabilities across our operations. Our commitment extends to implementing robust adaptation measures, such as enhancing infrastructure resilience, reinforcing disaster response protocols, and fostering community engagement to minimise disruptions and uphold the wellbeing of our stakeholders. The analysis used two types of Representative Concentration Pathways (RCP) as defined by the Intergovernmental Panel on Climate Change (IPCC) for assessing physical climate change risks for our operations across India:

- The Optimistic Scenario (RCP 4.5) where emissions stabilise by 2100 and global temperature

increase is limited to below 2 degree Celsius.

- The Business-as-usual Scenario (RCP 8.5) where emissions continue to increase till 2100 as per current rates leading to global temperature increase of up to 3.7 degree Celsius.

In order to conduct physical risk assessment, a comprehensive evaluation of operational asset locations has been undertaken focusing on evaluating potential risk in terms of both acute and chronic risks. This involves analysing the vulnerabilities of each asset location at district level in specific districts of Gujarat and Maharashtra to various physical risks ensuring an understanding of the potential risk involved.

An extensive analysis of changes in key climatic parameters within the risk assessment boundaries was conducted

under two RCP scenarios. Reports from NDMA as well as publications from organisations like World Bank, think hazard, WRI aqueduct, TERI climate tool, etc., indicate that districts are mainly susceptible to physical climate changes such as water scarcity, floods, extreme heat cyclone and sea level rise.

Physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. We assessed the risks for a timeframe of 2023-2050 and categorised the risks into short, medium and long-term time horizons. The risk impact map has been provided on physical risks for short, medium and long term under business-as-usual and optimistic scenarios respectively (each rating circle represents risk level from short to long term) for all the districts.

**Risk Impact Map for Physical Risk T06**

Districts	Bharuch	Valsad	Kutchh	Palghar				
Identified Physical Risks	RCP 4.5	RCP 8.5						
Extreme Rainfall and Flooding	●	●	●	●	●	●	●	●
Cyclone	●	●	●	●	●	●	●	●
Heat Stress	●	●	●	●	●	●	●	●
Sea Level Rise	●	●	●	●	●	●	●	●

Risk level: ● Low   ● Medium   ● High   ● Extreme

Image clicked by our employee Devang.

## Transition Risks

Analysis of low carbon economy transition related risks and impact has been conducted adopting a broader evaluation covering our overall business perspective as the chemical manufacturer. We have also analysed transition risk related potential implications to the products manufactured, in terms of their end use perspective.

Potential impact of changes in laws and regulations, shift in market and consumer perceptions, emergence of low-carbon technology on our operations has been analysed. The scenarios for this assessment have been defined by the International Energy Agency (IEA). These scenarios are based on the shared policy goals of meeting energy security, economic development and environmental sustainability, which would require technology development and innovation.

WEO-2021 scenarios are differentiated primarily by assumptions regarding government policies. The two scenario considered are

- Business-as-usual scenario is consistent with the STEPS (Stated Policies Scenario). This scenario is:

- An exploratory scenario modelled considering around 2.5 °C in 2100 pathway,
- Takes into account existing energy and climate-related policies (as of mid-2022) and recently announced commitments and plans, including those yet to be formally adopted.

- Optimistic scenario is consistent with the Sustainable Development Scenario. This scenario is:

- A normative scenario modelled considering "well below 2 °C" pathway which provides a sector pathway

with the aim of achieving: Goals of international climate agreements, including those of Paris Agreement (SDG 13) in a cost-effective manner consistent with meeting global net-zero CO<sub>2</sub> emissions from the energy system as a whole by around 2070.

Five potential transition risk categories were examined at an organisational level till the year 2050 to determine their materiality under business-as-usual and optimistic scenarios. The following are the risks that were considered:

## Policy and Legal, Market Risk, Reputation Risk

Risk impact heat map on transition risks for short, medium and long term under stated policy and sustainable development scenarios respectively (each rating circle represents risk level from short to long term).

### Risk Impact Map for Transition Risk T07

Risks		Policy and regulatory risk				Reputational risk
Scenarios	Emission Reduction	Carbon Taxation	Water Management	Waste Management	Negative impact on community and biodiversity	
Stated policy scenarios	●	●	●	●	●	●
Sustainable development scenario	●	●	●	●	●	●

Risk level: ● Low ● Medium ● High ● Extreme

In order to evaluate the potential transition risks towards our product portfolio, the low carbon economy transition impact on the downstream industries primarily pharmaceuticals, agro-chemicals and dye industries were also evaluated. The risk impact heat map has been provided on transition risks – End use perspective under stated policy scenarios and sustainable development scenarios respectively.

### Transition Risk Impact Map - End Use Perspective T08

Risks		Market risk			Regulatory risk		
Scenarios	Pharmaceutical end use	Agro chemical end use	Dye industry end use	Pharmaceutical end use	Agro chemical end use	Dye industry end use	
Stated policy scenarios	●	●	●	●	●	●	
Sustainable development scenario	●	●	●	●	●	●	

Risk level: ● Low ● Medium ● High ● Extreme

### Opportunities

We intend to leverage advancements in renewable technology, explore growing markets and optimise operational efficiencies. Through these opportunities, we also aim to bolster the company's competitive edge and contribute meaningfully to transition toward cleaner and more sustainable energy solutions. Transitional opportunities for short, medium and long term under business-as-usual and optimistic scenarios respectively.

### Details of Opportunity Analysis T09

Opportunities	Policy			New Products and Services
Scenarios	Circular Economy	Green Economy	Developing green products	
Stated policy scenarios	●	●	●	
Sustainable development scenario	●	●	●	

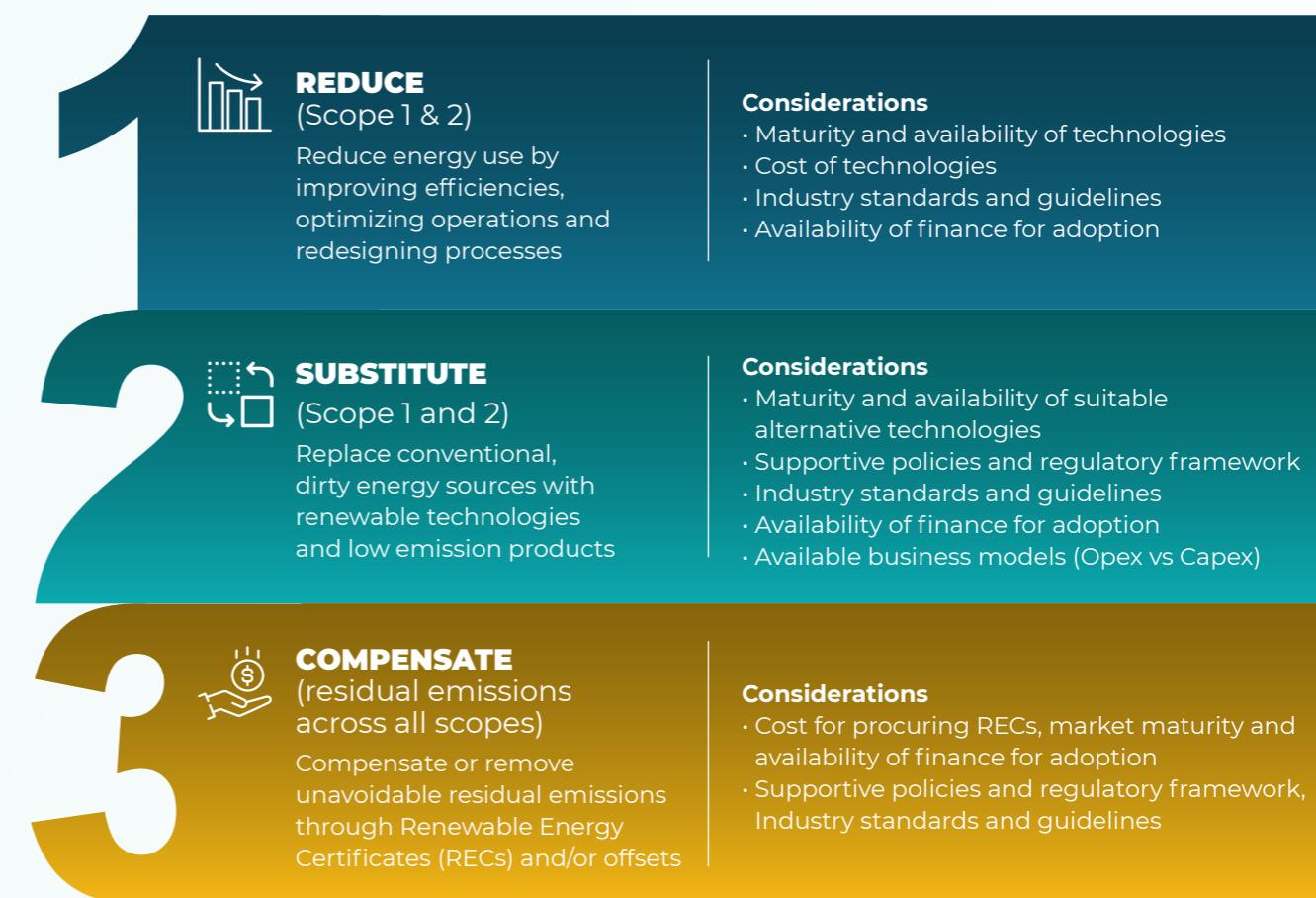
Opportunity level: ● Low ● Medium ● High ● Extreme

### APPROACH TOWARD DECARBONISATION

To address the impacts of climate change we have established a climate strategy that has enabled us to embark on our journey towards decarbonising our operations. We have been working to address climate change for a few years and our ambition for decarbonisation has accelerated our core action across our business. Our targets align with the Science Based Targets initiative (SBTi), the Paris Agreement, and our commitment to Sustainable

Development Goals (SDGs). The path to achieve for decarbonising our operations is based on enhancing efficiencies in operations and processes, replacing conventional methods with renewable sources, adopting advanced technologies and incorporation of Renewable Energy Certificates (RECs) for offsets of residual emissions. Our first priority is to continue to find ways to reduce our carbon footprint across our entire value chain. This includes investments in energy efficiency and

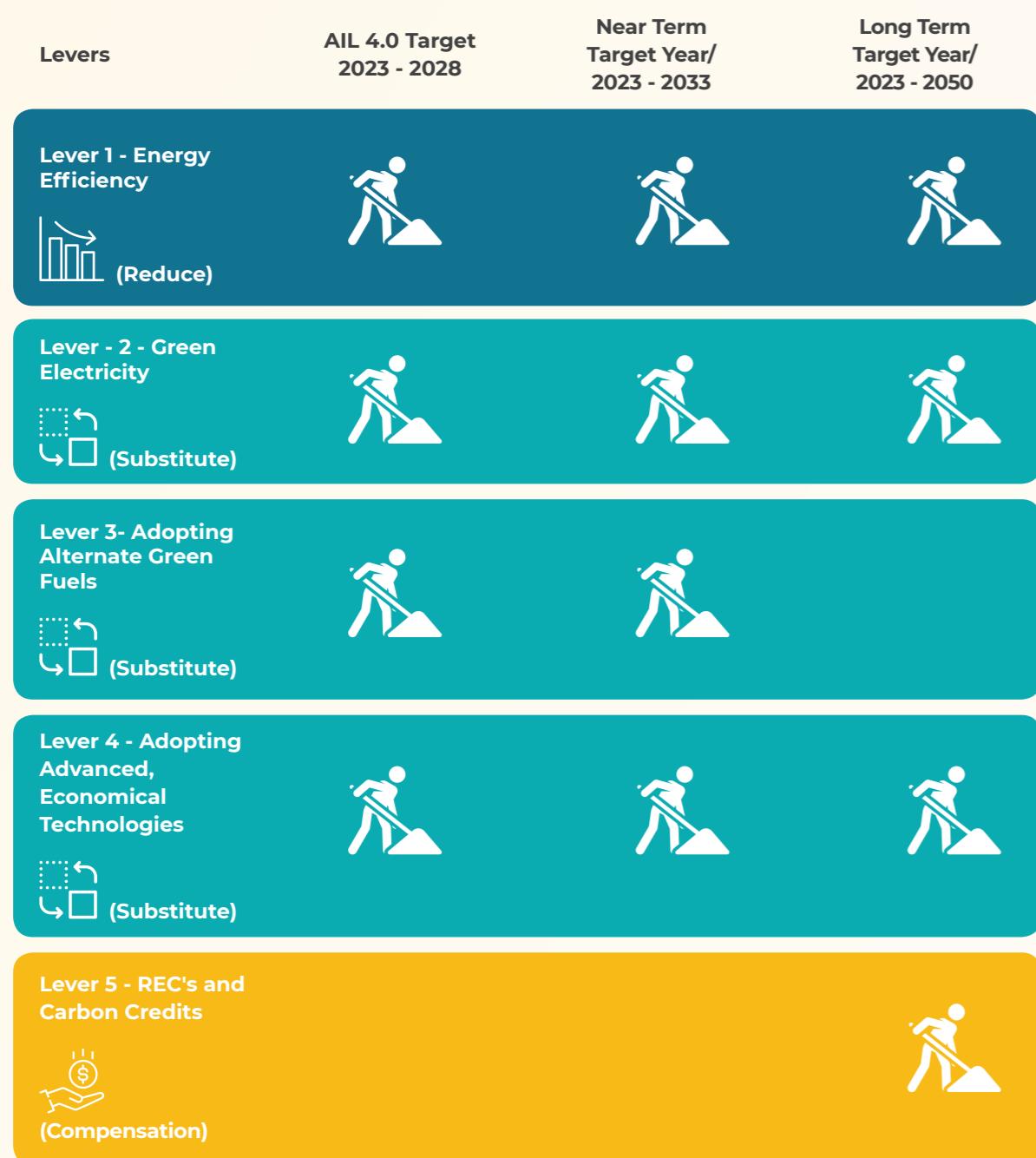
reduction, encouraging suppliers to reduce their carbon footprint and developing less carbon intensive products. Secondly, we continue to identify and deploy meaningful lower carbon innovations and economical technologies that replace carbon intensive methodologies, such as increased use of renewable energy sources, emerging technology solutions for manufacturing, transportation and product use that lower the overall carbon footprint.



## DECARBONISATION ROADMAP

Achieving our emission reduction target requires concerted efforts and coordinated planning throughout the years. Our decarbonisation roadmap has three distinct phases—Strategic objectives for FY 2028 near-term SBTi target for FY 2033. We have already begun accelerating action by

leveraging existing and new technologies and approaches to establish our glide path for decarbonising operations. By maximising energy efficiency, deploying renewable electricity, and implementing carbon credits, we believe we can make substantial progress towards our goals.



## ENERGY MANAGEMENT

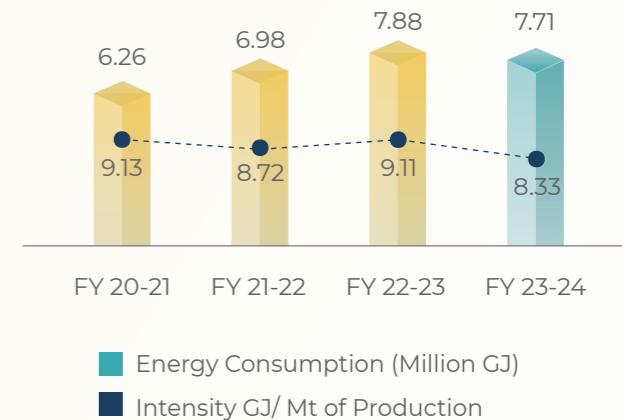
We are a responsible speciality chemical manufacturing company and by its nature we are an energy intensive industry. Considerable efforts have been made to optimise energy efficiency. We have adopted an IT-based Energy Management System (EnMS) to manage and optimise our energy demand and supply. It helps to monitor critical electrical data and parameters which provides significant insights in energy management.

### Energy Consumption

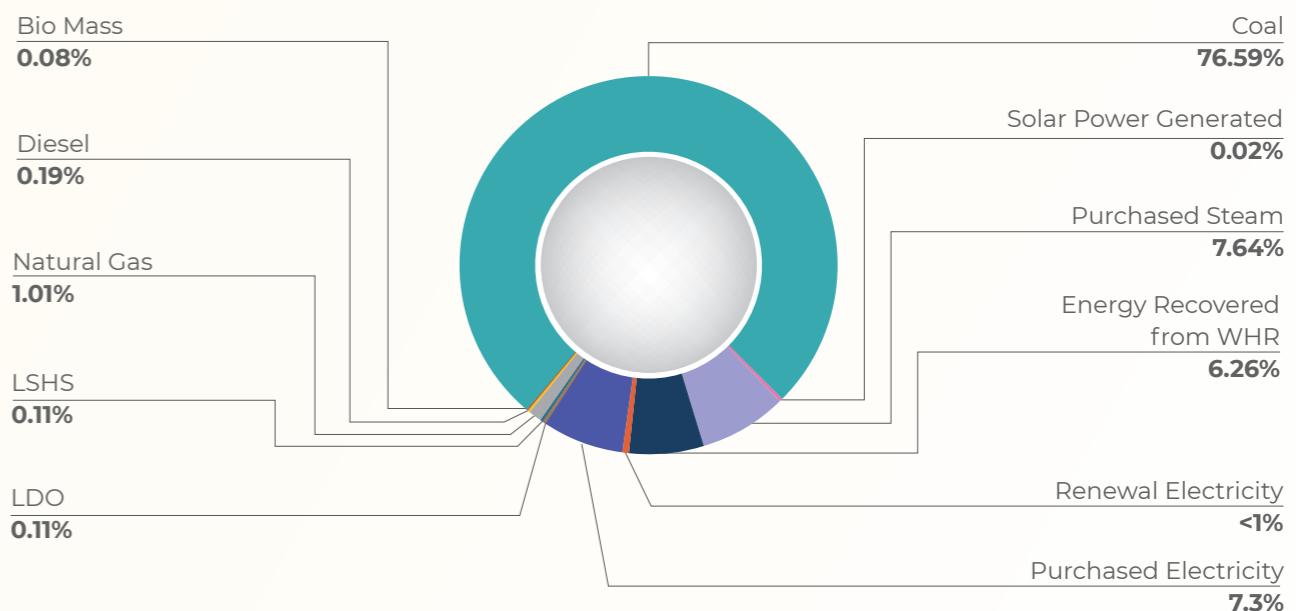
Our primary energy sources are coal, diesel, natural gas, grid electricity, and purchased steam. During the reporting period, we consumed 7.71 Million GJ of energy, compared to 7.88 Million GJ in FY 2022-23. Our absolute energy consumption has been reduced by 2.16% year-on-year for the current reporting year, even after 7% increase in the production. This significant accomplishment was the result of a focus and finish approach towards implementation of significant energy optimisation initiatives and lesser demand for energy-intensive products.

Our specific energy use has been reduced by 8.46% year on year from 9.1 GJ/MT in FY 2023-24 to 8.33 GJ/MT. Our total energy intensity in GJ/INR of turnover was 0.00011. Energy intensity has been calculated using energy consumption within the organisation, including all direct and indirect energy sources.

### Energy Consumption C15



### Energy Consumption C14



Based on our energy efficiency initiatives, we have saved approximately 6.32 Million kWh of energy and ₹2.13 Crores during FY 2023-24.

#### Energy Conservation

We have highly competitive Energy Cells, which centrally govern all the activities related to energy conservation and efficiency improvement. Guided by the energy policy, this cell explores the opportunities for energy conservation through technological advancement. They also encourage employee participation, by providing ideas and suggestions for potential energy-saving projects. Successful ideas are appreciated through rewards and recognition. Based on our energy efficiency initiatives, we have saved approximately 6.32 Million kWh of energy and ₹2.13 Crores during FY 2023-24.

The energy source is critical for us when deciding on the energy mix. It will be a driving factor in our decarbonisation journey. Our focus is more on maximising renewable energy in the energy mix. Hence we are formulating strategies to reduce dependence on coal usage and migrate towards adopting bioenergy. This strategy has been used in designing new plants, equipment and machinery. We have installed cogeneration power plants at our various locations to optimise fuel usage and increase the overall efficiency of energy use. This strategy has been used in designing new plants, equipment and machinery. We are also exploring the usage of other biofuel and industry waste.

We have also significantly invested in energy recovery from the distillation condenser and recycle them back in the low-pressure steam system for heating, thus eliminating the requirement of fresh energy. During FY 2023-24, by recovering energy from distillation condensers in the form of steam, we have avoided more than 97,000 tCO<sub>2</sub>e emissions.

#### Renewable Energy

FY 2023-24 was a remarkable year for renewable energy. We started sourcing renewable energy from our investment of ₹15.18 Crores in a power purchase agreement (PPA) for 13.20 MW of hybrid renewable energy through a group captive model.

#### ELIMINATING ENERGY BY UTILISING LOW PRESSURE STEAM

Low-pressure steam is generated in the operation which does not have any application and is mainly vented. Our engineering team accepted this challenge and made certain design change in one of our methanol distillation columns to use this low-pressure steam. This has improved the steam economy of the column by 20%.

Another opportunity has been identified in one of our turbines where low-pressure steam generated is vented. A few engineering modifications are undergoing to reduce low-pressure steam generation and enhance power generation. This initiative has the potential to reduce grid power generation and CO<sub>2</sub> emission by appr. 1600 MT.

It has potential to reduce CO<sub>2</sub> emissions by 38,394 tCO<sub>2</sub>e per annum. Encouraged by this we are further investing in sourcing 13 - 15 MW of hybrid renewable energy through a group captive model. We are also strengthening our onsite installation of the Solar power plant installation. In the current financial year, we have installed onsite solar power plant at two of the sites, summing up the total capacity of 799KW. This has generated close to 381 Mwh of renewable energy.

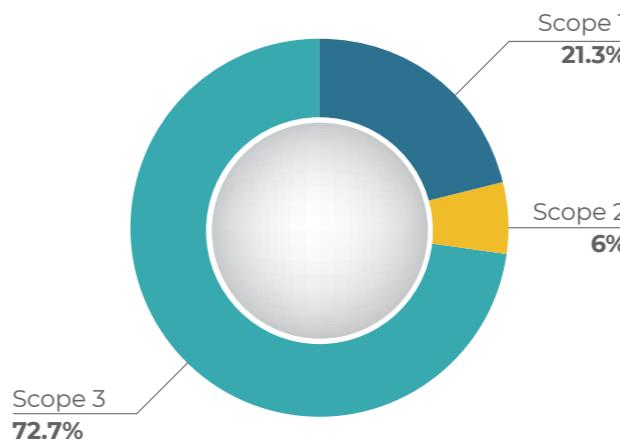
#### Waste Heat Recovery System

As an energy-intensive industry, waste heat recoveries are of significant importance to us. We implemented several heat recovery projects to improve our operational efficiencies. The successful completion of enhancements in the steam economy enabled us to reduce approximately 10,000 mt of CO<sub>2</sub> emission. In the current year, we have commissioned phase II of the waste heat recovery initiative by investing approx. ₹57 Crores has enhanced capacity by 35%, thus enabling us to reduce CO<sub>2</sub> emission further by appr. 17,000 mt. Our contribution of waste heat has improved from 4.03% to 6.3% for the current financial year in the energy mix.

## OUR EMISSION FOOTPRINT

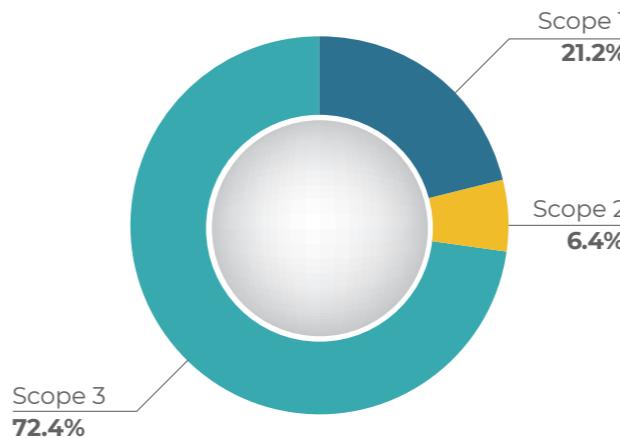
#### GHG Emissions - Market Based C16

FY 2023-24

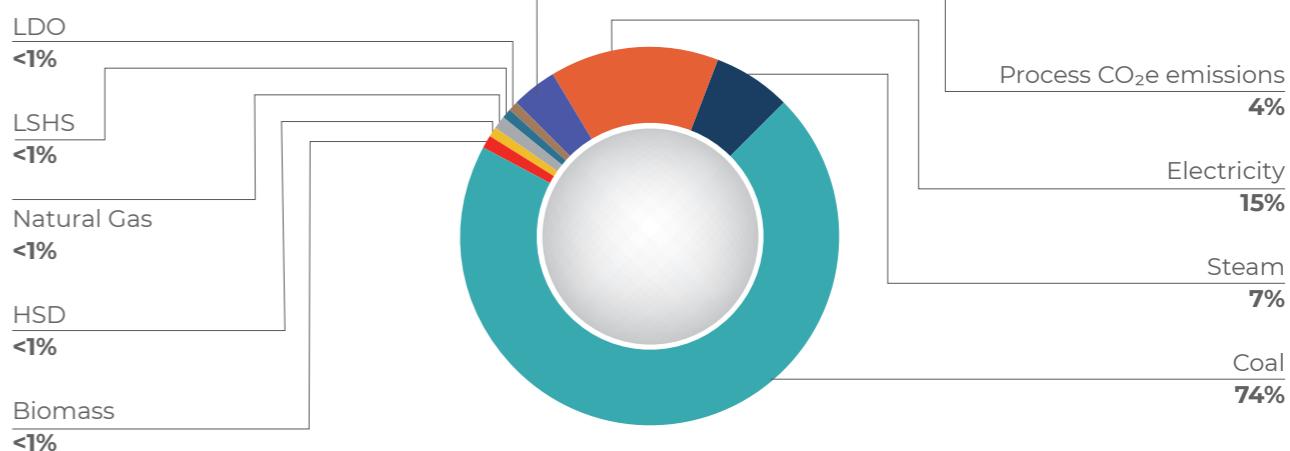


#### GHG Emissions - Location Based C17

FY 2023-24



#### % Emission Contribution tCO<sub>2</sub> C18



Global warming is a global challenge, with regulations and stakeholder activism pushing companies to take ownership of their actions. At AIL, we are committed to amplifying our efforts in reducing emissions, driving climate action, and contribute towards global and national climate change goals by delivering positive value creation. In this regard, we leverage unparalleled synergies across our operations and deliver remarkable progress in our manufacturing operations while achieving our targets of both direct and indirect Greenhouse Gas (GHG) emission reduction.

Direct GHG emissions result from stationary combustion of fossil fuels such as coal, natural gas, diesel, and low-density fuel oil and process emissions from our operations. In addition to direct emissions, we also account for indirect emissions resulting from the consumption of purchased electricity and steam.

## GHG EMISSIONS

We ensure to monitor our GHG emissions continuously, and for the current reporting period, our Scope 1 emissions, which are direct emission from our operation were 6,05,619 tCO<sub>2</sub>e, and our market-based Scope 2 emissions, which are indirect emission from the purchase of electricity and steam were 1,69,223 tCO<sub>2</sub>e. We were able to reduce our absolute emissions by 5.5% year on year as a result of our commitment towards emission management initiatives. GHG intensity has reduced by 11.6% from 0.95 tCO<sub>2</sub>/MT to 0.84 tCO<sub>2</sub>/mt Y-O-Y.

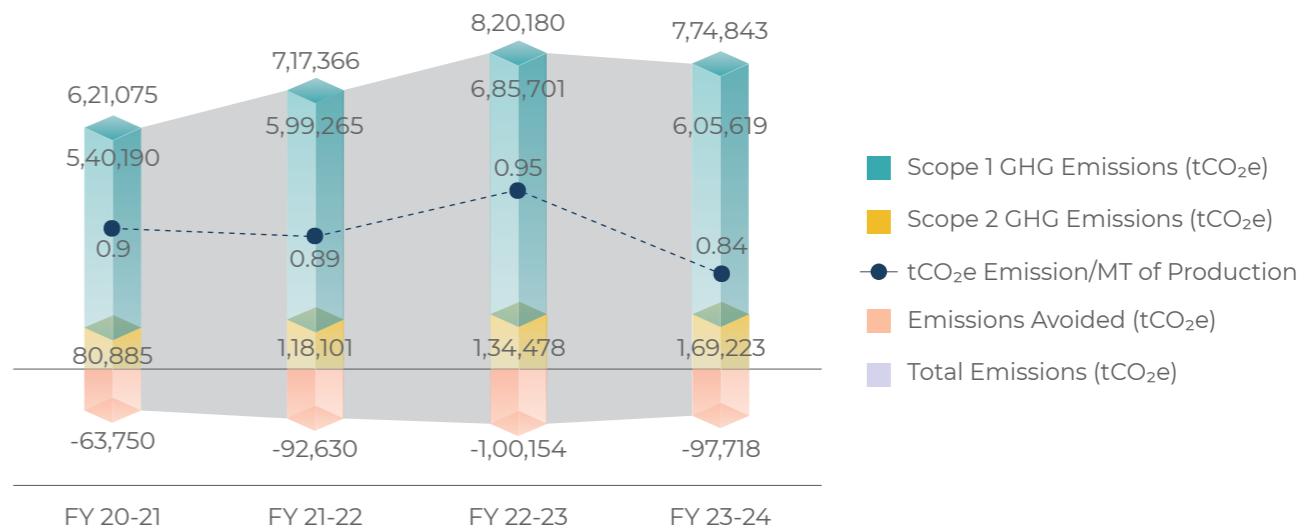
Our Scope 3 emissions, which encompass all other indirect emissions resulting from our business activities, accounted for 20,68,585 tCO<sub>2</sub>e. Our Scope 3 emissions have been reduced by 10.1% owing to collaboration with our business partners.

#### Historical Emission Data T10

Emissions Category	Total Emissions (tCO <sub>2</sub> e) - FY 2020-21	Total Emissions (tCO <sub>2</sub> e) - FY 2021-22	Total Emissions (tCO <sub>2</sub> e) - FY 2022-23	Total Emissions (tCO <sub>2</sub> e) - FY 2023-24
<b>SCOPE 1 EMISSIONS</b>				
Coal	5,12,616	5,63,069	6,47,358	5,69,860
Biomass	0	0	7	12
HSD	669	673	1,064	1,071
Natural Gas	6,636	4,579	4,353	4,400
Furnace Oil	691	73	0	0
LHS	0	0	0	642
LDO	437	607	768	629
Process CO <sub>2</sub> e emissions	19,141	30,263	32,152	29,005
<b>Total Scope-1</b>	<b>5,40,190</b>	<b>5,99,265</b>	<b>6,85,701</b>	<b>6,05,619</b>
<b>LOCATION-BASED SCOPE 2 EMISSIONS</b>				
Electricity	68,973	1,01,791	1,21,801	1,24,913
Steam	11,912	16,310	12,677	56,826
<b>Total (Location-Based Scope 2)</b>	<b>80,885</b>	<b>1,18,101</b>	<b>1,34,478</b>	<b>1,81,738</b>
<b>MARKET-BASED SCOPE 2 EMISSIONS</b>				
Electricity	68,973	1,01,791	1,21,801	1,13,827
Steam	11,912	16,310	12,677	55,396
<b>Total (Market-Based Scope 2)</b>	<b>80,885</b>	<b>1,18,101</b>	<b>1,34,478</b>	<b>1,69,223</b>
<b>Total Scope 1 and Location-Based Scope 2 Emissions</b>	<b>6,21,075</b>	<b>7,17,366</b>	<b>8,20,180</b>	<b>7,87,358</b>
<b>Total Scope 1 and Market-Based Scope 2 Emissions</b>	<b>6,21,075</b>	<b>7,17,366</b>	<b>8,20,180</b>	<b>7,74,843</b>
<b>SCOPE 3 EMISSIONS</b>				
Purchased Goods and Services	9,59,099	11,89,713	19,40,352	17,16,667
Capital Goods	1,43,313	1,35,113	19,485	27,518
Fuel & Energy Activities	1,05,432	1,20,572	2,22,076	1,66,078
Upstream T&D	27,279	52,148	62,855	70,463
Waste in Operations	6,693	11,108	10,815	9,277
Business Travel	54	161	79	207
Employee Commuting	4,692	15,653	8,412	12,748
Upstream Leased Assets	10	6,190	330	1,213
<b>Total Upstream GHG Emissions</b>	<b>12,46,573</b>	<b>15,30,659</b>	<b>22,64,405</b>	<b>20,04,172</b>
Downstream T&D	8,624	25,392	8279	11,308
Processing of Sold Products	NA	NA	1,718	3165
Use of Sold Products	NA	NA	14,296	39,175
End of Life Treatment of Sold Products	NA	NA	13,207	10,741
Downstream Leased Assets	NA	NA	NA	NA
Franchises	NA	NA	NA	NA
Investments	2,898	NA	47	24
<b>Total Downstream GHG Emissions</b>	<b>11,522</b>	<b>25,393</b>	<b>34,547</b>	<b>64,413</b>
<b>Total Scope-3 Emissions</b>	<b>12,58,095</b>	<b>15,56,052</b>	<b>23,01,952</b>	<b>20,68,585</b>
<b>Total Biogenic Emissions</b>			<b>387</b>	<b>687</b>

NA - Not Applicable

#### Scope 1 and Scope 2 Emission Intensity C19



#### Our approach toward reduction of Scope-1 and Scope-2 includes

1. Improving energy recovery and heat integration through pinch technology
2. Reduction in energy through recovery of losses and utilisations
3. Reduction in energy consumption through equipment upgrades
4. Reduction in GHG emissions through process optimisation
5. Reduction in GHG emissions through elimination of fugitive emissions and condition monitoring
6. Implemented process for recovery/abatement of NOx
7. Enhancement in waste heat recovery system
8. Purchase of renewable energy through purchase power agreement
9. Installation of onsite solar power plant
10. Replacement of coal with biomass and liquid fuel with biofuel
11. Substituting of incineration of waste with coprocessing

AIL continued to adhere to its transformation approach that aims to reduce our carbon footprint, we hope to make a meaningful contribution to global efforts to combat climate change. We recognise the urgency to address climate change and have committed to the Science-based Target Initiative (SBTi). We are continually researching and exploring ways to reduce our products' carbon footprint and make them more sustainable.

Currently, more than 80% of our energy demand is satisfied by coal. We have developed plans to

reduce reliance on fossil fuels. We aim to reduce the share of coal and replace it with renewable and circularity sources. Our machines are re-engineered to use these fuels. We continue to conduct our operations sustainably along with a focus on decarbonisation of our value chain.

We have aligned our business strategy with several approaches to strengthen our existing initiatives and inspire new ones throughout our supply chain, including incorporating sustainability in procurement contracts, assessing supplier risks and performance, and reducing GHG emissions. Furthermore, we strive to align with the Paris Agreement, SBTi, and the UN SDGs, and aim to leverage all players in the value chain to help them achieve their respective decarbonisation goals.

#### Methodologies adopted for emissions calculation

We use emission factors as per the IPCC Guidelines for GHG inventories (2006) to calculate emissions for all direct emissions-related activities. We use emission factors from the baseline Carbon Dioxide emission database version 17 of CEA to calculate indirect emissions of purchased electricity. Furthermore, we used emission factors from the IPCC database and have also subscribed to Gabi data to calculate Scope 3 emissions.

We follow relevant standards, protocols, and methodologies to collect activity data and calculate emissions, including the India GHG Inventory Programme, the IPCC Guidelines for National Greenhouse Gas Inventories, 2006, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), and

the Greenhouse Gas Protocol: Scope 2 Guidance. By using these established standards and methodologies, we can confidently report our emissions and take necessary steps to reduce our impact on the environment. We remain committed to continuing to improve our methods for measuring and reducing our carbon footprint.

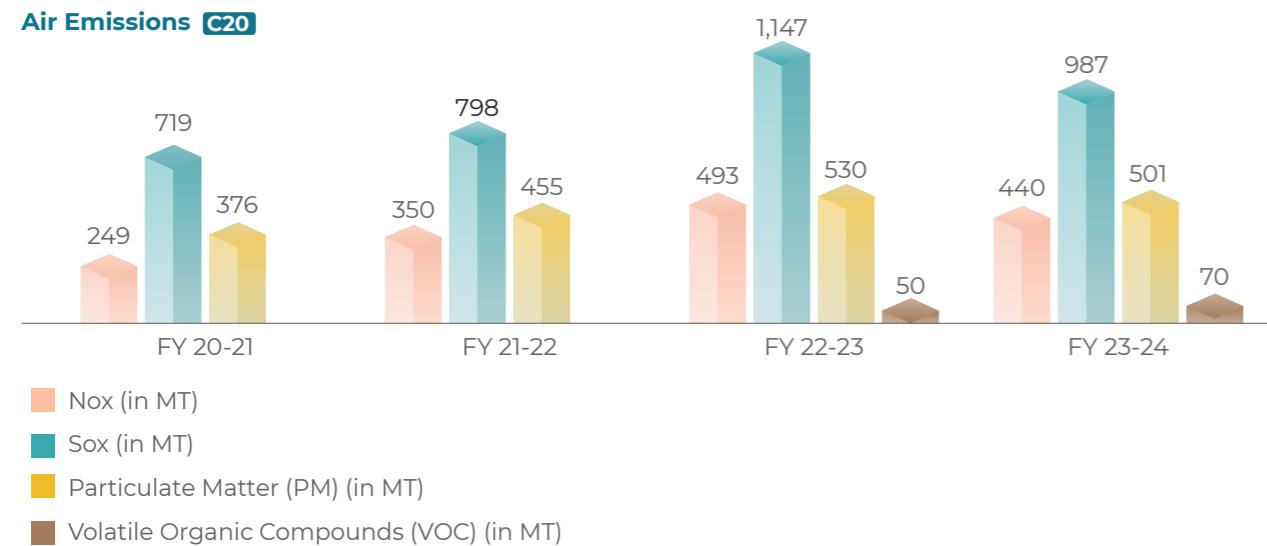
### Scope-3 Screening Methodology

As a speciality chemical manufacturing organisation, we acknowledge the significance of Scope-3 emissions and have carried out screening for it using GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We have utilised size, influence, risk and peer practice for screening and prioritisation of each Scope-3 category. Based on the categorisation and relevance to AIL's operation, specific categories were finalised for reporting. We have reported emissions for 13 categories out of 15. We have collected primary activity data from the Enterprise Resource Management (ERM) system of AIL for relevant categories. We have used secondary emissions factors to calculate the category-wise emissions. Primary emissions factors were used to purchase goods and services for raw materials from business partners.

### GHG Inventory Quality Management

We have developed a robust process to ensure the high quality of GHG inventory. We have a tier-3 methodology for mapping all the primary activities source for data collection in our digital platform as per GHG inventory programme. All the data received on the platform are backed up by utility bills, data from the ERM system and laboratory analysis. It is then reviewed and approved at two

### Air Emissions C20



levels after submission. This pool of data is later approved by third party auditors during assurance.

### AIR EMISSIONS MANAGEMENT

AIL is conscious about other air pollutants released from our operations and is committed to monitor and reduce air emissions by ensuring the use of technology platforms. All units monitor significant air emissions parameters, such as Particulate Matter (PM), Nitrogen Oxides (NOx), Sulphur Oxides (SOx) and Volatile Organic Compounds (VOCs) regularly to ensure compliance with applicable regulatory requirements, including other requirements stated in Units' consent to operate. Additionally, all our systems are connected to the Central Pollution Control Board (CPCB) and Gujarat Pollution Control Board (GPCB) server.

We are committed to maintaining these emissions well below the standards set by the Air (Prevention and Control of Pollution) Act, 1981, and the Environment Protection Act, 1986, along with their subsequent amendments. To reduce air emissions arising from our operations, we have implemented robust measures to reduce emissions at source and ensure a healthy working environment for the communities in which we operate.

- Air Pollution Control Measures (APCM) such as bag filters, ESP, dust collectors, scrubbers, etc. have been installed to control flue gas emissions.
- Dry scrubber concept (lime dosing along with solid fuel) to control SO<sub>2</sub> emissions significantly
- Process scrubbers are installed at our manufacturing facilities that helps to treat waste gas generated from our manufacturing processes.

- Process gas, flue gas, and ambient air parameters are being measured periodically at all our units.
- We have also installed a covered conveyor belt for coal and calcium carbonate handling, a water sprinkler system in the coal and ash handling area, and dust extraction systems at our units.
- Online Continuous Emission Monitoring System (OCEMS) is being installed in our units to continuously monitor the emissions generated.
- We have implemented Leak Detection and Repair (LDAR) programs to detect and control fugitive emissions, VOCs, etc. In addition, we have installed online sensors to identify hazardous gases.
- None of the Persistent Organic Pollutants (POPs) listed by Stockholm Convention is emitted from our operations.

With these wide range of initiatives, we have been able to achieve a significant reduction in our SO<sub>x</sub> and NO<sub>x</sub> emissions. Overall we were able to reduce our emissions by approximately 8% year-on-year.

As a responsible organisation all the process emissions were taken care of during the design of the manufacturing unit. Process emissions from

manufacturing activities are abated by installations of scrubbing mechanisms, where various scrubbing solutions are used for the absorption of process gases. We have also implemented Leak Detection and Repair (LDAR) programs to detect and control fugitive emissions, VOCs, etc. It is then further strengthened with condition monitoring programs. In addition, we have installed online sensors for hazardous gases. Furthermore, we have implemented several measures for minimising NO<sub>x</sub> emissions:

- Scrubbing NO<sub>x</sub> to produce Nitrosyl Sulphuric Acid
- Installation of water and caustic scrubbers for abatement of NO<sub>x</sub>
- Installation of a scrubber system for storage tanks
- Installation of a multi-stage scrubbing system for NO<sub>x</sub> from the nitration process

Further, we do not use any Ozone Depleting Substance (ODS) in our manufacturing operations; therefore, there are no emissions of ODS from our manufacturing facilities.

company, and our priority is caring for our workforce and the community around us. Excessive noise and vibration from machinery and processes can impact their well-being. To mitigate this, we have adopted several measures:

- We integrate acoustic enclosures and advanced vibration dampening systems into our facility design. These measures not only protect our employees but also ensure efficient equipment performance over time.
- We also carry out regular condition monitoring of equipment, noise and ambient noise in and around our manufacturing units.
- Vibration of machinery is also managed through regular maintenance.
- SAP based preventive monitoring schedule for measuring noise and vibration of all our individual activity owners with start and end dates to have robust monitoring and timely compliance.

This proactive approach aligns with our dedication to the wellbeing of our employees, community, and environment.



## WATER AND EFFLUENT MANAGEMENT

As we are part of the chemical industry, water is used as a medium in chemical processing, resulting in significant effluent generation. Water is utilised for numerous purposes, such as heating and cooling, producing steam, preparing solvents and reaction media, extractive or absorptive reagents, product rinsing, distillation, and washing in their chemical processing operations.

Thus, we uphold an unwavering commitment to sustainably manage water resources, ensure fair access, minimise harm to natural water bodies, and mitigate the risk of water stress to bolster the long-term resilience of our communities. Our sustainable water resource management is fundamentally centered on the optimisation of water utilisation. With this zeal, we commit to reducing specific water consumption by 10% from 2019-20 level by FY 2028.

Our actions are guided by our water policy which is aligned with our strategy of 'Growth with Sustainability for Sustainable Growth', showcasing its commitment to continually improve water management practices and contribute positively towards improving climatic conditions. This policy extends to AIL's value chain

partners as well. We train our employees and contractors on the topic related to water, effluent and its management.

We have a robust monitoring system for all our manufacturing locations to track water-related data on a daily basis and keep a record of the same. Data is collected by our corporate team on a monthly basis with the help of an online tool. Furthermore, we adhere to all the applicable statutory, regulatory, and compliance requirements in consonance with our Aarti Management System (AMS).

### BOLSTERING WATER RISK MANAGEMENT

Rapid urbanisation, prolific industrialisation and multiple cropping practices have increased the water demand and consumption manifold over the years. Also rising sea level increases the salinity of both surface water and groundwater through saltwater intrusion. To de-risk and identify opportunities in our operation and supply chain we have conducted a physical and transitions water risk and opportunity assessment for our operations in India. We assessed the risks for a timeframe of 2023-2050 and categorised the risks

into short, medium and long-term time horizons. We have classified our manufacturing locations according to the district they fall into for assessment purposes.

The physical risk analysis used two types of Representative Concentration Pathways (RCP) as defined by the Intergovernmental Panel on Climate Change (IPCC). For physical risk assessment:

- The Optimistic Scenario (RCP 4.5) where emissions stabilize by 2100 and global temperature increase is limited to below 2 degree Celsius.
- The Business-as-usual Scenario (RCP 8.5) where emissions continue to increase till 2100 as per current rates leading to global temperature increase of up to 3.7 degree Celsius.

The transition risk assessment is done using Sustainable Development Scenario (SDS) and Stated Policies Scenario (STEPS) scenarios. SDS is a normative scenario modelled considering a 'Well below 2°C' pathway and steps of business as usual scenario modelled considering around 2.5 °C in the 2100 pathway.

The approach followed for water risk and opportunity analysis is



#### Identification

Identify different risk and opportunity scenario for the selected timeframe.

#### Analysis

Drawing inferences and correlation between future projections/expansion plans and their related potential risk implications.

#### Evaluation

Evaluation of final water risk and opportunities and developing key recommendations

As a key business growth strategy, we continuously collaborate with our business partners, customers, local communities, investors and regulators on water-related issues. The physical water risk impact is provided for short, medium and long term under business-as-usual and optimistic scenarios respectively for all the districts (each rating circle represents risk level from short to long term).

### Physical Water Risk Map T11

Districts	Bharuch	Valsad	Kutchh	Palghar				
Identified Physical Risks	RCP 4.5	RCP 8.5						
Water Scarcity	●	●	●	●	●	●	●	●

Risk Levels: ● Low ● Medium ● High ● Extreme

The water risk impact heat map has been provided on transition risks for short, medium and long term under stated policy and sustainable development scenarios respectively (each rating circle represents risk level from short to long term).

### Transition Water Risk Map T12

Risks	Policy and regulatory risk		
	Scenarios	Carbon Taxation	Water Management
Stated policy scenarios	●	●	●
Sustainable development scenario	●	●	●

Risk Levels: ● Low ● Medium ● High ● Extreme

For integrating water risk assessments into operational, financial and supply chain strategies we have also quantified the water risk at each of our locations and have subsequently developed recommendations for implementation at each manufacturing location. The recommendations were developed for both physical changes to be done at site and management aspects to be considered for both brownfield and greenfield expansions proposed.

As a key business growth strategy, we continuously collaborate with our business partners, customers, local communities, investors and regulators on water-related issues. This forms the core of our water management strategy. Currently, we are assessing the critical vendors for the water risk

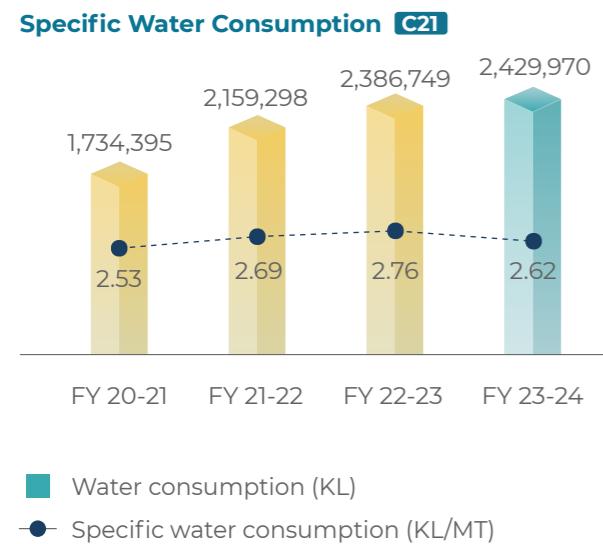
associated with their operations, identifying water risk based on the water stress area where they are located, the basin area from which water is sourced by them, and their compliance with local regulations. We are in the process of identifying the suppliers with significant water risk by taking into account the substantial financial impact - quantitative, substantial social and/or environmental impact - qualitative, substantial impact on our company's reputation. These partnerships and engagement are pivotal in addressing water related challenges.

### WATER WITHDRAWAL AND CONSUMPTION

Our main resource is fresh water from the Industrial Development Authority used in the production process and in the cooling process. In FY 2023-24, freshwater withdrawal

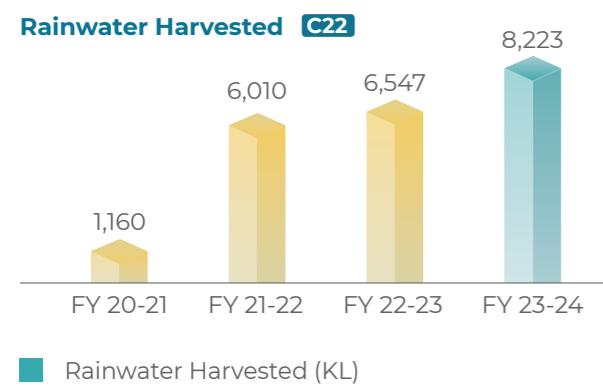
was 100% of the total water withdrawn by AIL i.e., we do not use any brackish water in our operations. Water withdrawal at AIL accounted for 26,65,714 KL in FY 2023-24. Of the total water withdrawal, 99.7% was sourced from third parties whereas only 0.3% was from rainwater. Water withdrawal in FY 2023-24 has increased by 2.4% as compared to the previous reporting period.

Our total water consumption during the reporting period was 24,29,970 KL, an increase of around 1.8% from the previous year. This increase was due to an increase in production in the reporting period. In FY 2023-24, our specific freshwater consumption was 2.6 KL/MT, which has reduced marginally by 4.75% compared to previous year. The water intensity with respect to turnover accounted for 0.0000347 KL/INR in the reporting period.



**Rainwater Harvesting**  
Our catchment area covers more than 10,500 Sq. m. in locations such as Tarapur, Vapi, Jhagadia, and Dahej. Rainwater harvested is collected in a raw tank and routed to the main GIDC water tank. It is used in our cooling towers by reducing our reliance on freshwater sources.

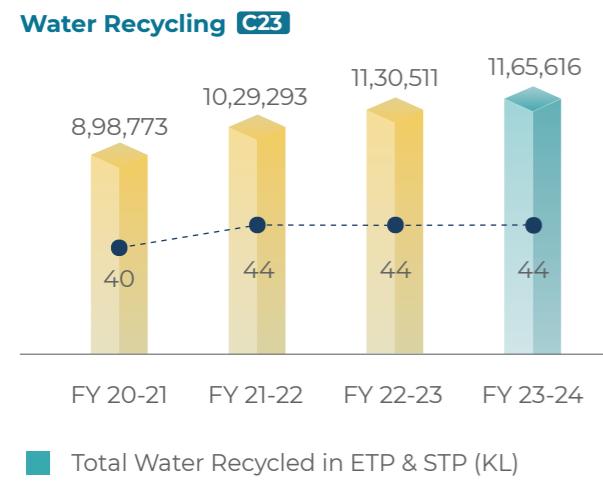
During this reporting year, we have taken steps to ensure that every operating unit has a measure of rainwater harvesting. Through this proactive approach, we have reused 8,223 KL of rainwater in the process, for FY 23-24 which is 25% more compared to previous. This has enabled us to minimise impact on the local water resources. In line with our commitment to sustainable water management practices.



**Water Recycling**  
To achieve our goal to reduce specific water consumption, we have built in-house water treatment plants to recycle used water and further use it for industrial operations. This reporting year, we have recycled 44% of our water to be used in our process.

We have adopted the 3R approach of 'Reduce, Reuse and Recycle' to reduce our water wastage. Our 11 of 16 manufacturing units have Zero Liquid Discharge (ZLD) facilities. We have also adopted a proactive ZLD approach, which will be incorporated during the conceptualisation and designing phase of new projects.

The total water recycled during FY 2023-24 was 11,65,616 KL which is 3% more compared to previous year. We have recycled steam condensate of about 50% in boilers. Our various measures like ZLD facilities, steam/ MEE condensate recovery, STP-treated water recycling and RO permeate recycling, among others have helped in recycling 44% of the water withdrawn.



**EFFLUENT MANAGEMENT**  
AIL professes duty of care towards the environment, and public health, believing in sustainable value creation. Therefore, we treat non-recyclable wastewater to the highest level (tertiary treatment) before discharge. Thus, playing a pivotal role in preserving the environment, safeguarding human health and promoting sustainable development.

By the nature of the industry, the generated waste is contaminated with chemicals; the entire wastewater is treated in-house according to the norms before discharge. 96% of the total wastewater treated is treated to the level of tertiary within the wastewater treatment plant located within our boundary. Only 4% of the wastewater is treated in the primary treatment plant located within our facility. Post-primary treatment, this wastewater is sent to a third party for tertiary treatment before final discharge. Our Effluent Treatment Plants (ETP) are designed with state-of-the-art technologies. The treated water is either recycled back into the operations or sent to third parties for further treatment and disposal. We have robust operating procedures in place to monitor our effluents. Treated water is tested and analysed by in-house and third-party labs before discharge.

We comply with all the regulations by reporting the quality of treated water to the regulatory authorities on a real-time basis and also on a regular interval based on regulatory requirements. The third party to whom we send the treated water are also required to report the quantity and quality of their discharge to regulatory authorities.

Our total effluent discharge has increased by 9.1% from 2,15,985 KL in FY 2022-23 to 2,35,744 KL in FY 2023-24. The marginal increase in the discharge is due to an increase in production by 7% compared to the previous year. About 83.2% of the treated effluent quantity is recycled back into the process whereas 16.8% is sent to Common Effluent Treatment Plant (CETP) for further treatment and deep-sea discharge.



## OUR APPROACH TOWARDS WATER CONSERVATION

AIL has all its sites in the water stress region and hence, water conservation is imperative for us, and we have adopted several strategies to achieve this objective:

- Optimise our processes and operating conditions to minimise water usage
- Process improvements and equipment upgrades to recycle water in process
- Installation of cooling systems with reduced water consumption
- Replacement of water cooled system with air cooled system
- Intensification of energy losses and condensate recoveries
- Use of effluent treatment plants with reverse osmosis processes to reduce freshwater consumption, and any rejects from these processes are further treated in Multi Effect Evaporator (MEE) and Agitated Thin Film Dryer (ATFD) systems to minimise reliance on freshwater
- Adopting advanced technologies that improves water efficiency and reduce water footprint

We are also exploring alternative water sources to supplement our freshwater supply. By using alternative water sources, we can reduce our reliance on freshwater and minimise our impact on local water resources.



Photo clicked by our employee - Vaibhav More

## WATER CONSERVATION BY PROCESS OPTIMISATION

At AIL, we are able to use the concept of pinch technology effectively in the process optimisation thus conserving natural resources. We were able to demonstrate again, one of the critical products where the opportunity was identified. With the help of schematic arrangement of the existing equipment, we were able to recover the heat and use it for heating the feed to the reboiler, this heat was recovered from the final product and integrated in to the system. This has enabled us to conserve 1944 Mkal of energy per month. The conservation, in turn, reduces a load of final cooling of product, this enables us to save 3,400 KL of water used in cooling towers.

## WASTE MANAGEMENT

We are a responsible speciality chemical manufacturing company and as nature of the industry we deal with substances that are inherently hazardous. Hence, efficient waste management is the most material aspect for us. Firstly, it helps mitigate environmental pollution by properly disposing of hazardous chemicals and preventing them from contaminating soil, water, and air. Additionally, efficient waste management reduces health risks for workers and nearby communities. Moreover, it promotes resource conservation and sustainability by recycling or repurposing materials, contributing to cost savings and overall environmental responsibility.

Due to the nature of our industry we are in, it is inevitable for our operations to prevent hazardous waste generation. However, our steadfast

R&D and technology management team has efficiently planned and managed, employing cost-effective and eco-friendly processes while optimizing resource utilization. We are continually working towards proficiently integrating our ESG strategy with our waste management approach to stand out as a sustainability champ in waste management practices. Based on our different operating scenarios and the kind of waste generated, our waste management approach is precisely divided into three priorities depending upon the various operating conditions and type of waste generated. Our three priorities are: to produce less hazardous waste; convert Hazardous Waste to Less Hazardous or Non-hazardous Substance, 4Rs and Treatment and Disposal, respectively.

### Primary Pollution and Waste Prevention

- Change industrial process to eliminate the use of harmful chemical
- Use less harmful product
- Reduce packaging and materials in products
- Make products last longer and recyclable, reusable, or easy to repair
- Change industrial processes to reduce or eliminate hazardous waste production

### First Priority

Produce less hazardous waste

### Secondary Pollution and Waste Prevention

- Reuse
- Recovery
- Recycle
- Repair
- Buy reusable and recyclable products

### Second Priority

Convert hazardous waste to less hazardous or non-hazardous substance, 4Rs

### Waste Management

- Treat waste to reduce toxicity
- Incinerate waste
- Waste in landfills
- Co-processing

### Last Priority

Treatment and disposal

We continuously strive to minimise waste throughout the life cycle of our products, aiming waste reduction at the source. We have a detailed 'Guideline on Waste Management' document to define and standardise the waste handling, storage and disposal process. The guideline has established standardised protocols for waste identification, segregation and categorisation as hazardous and non-hazardous waste, liquid hazardous spent acid, radioactive waste, battery waste, e-waste, biomedical waste, plastic waste, fly ash, construction and demolition waste, and municipal waste, among others. Our waste management policies are designed to comply with legal requirements and industry-best practices.

Our waste management approach aims to achieve our well-defined targets across all our operations. At AIL, we aim to achieve:

- Zero Waste to Landfill certification for all manufacturing locations for FY 2028
- 50% reduction in incinerable waste for FY 2028

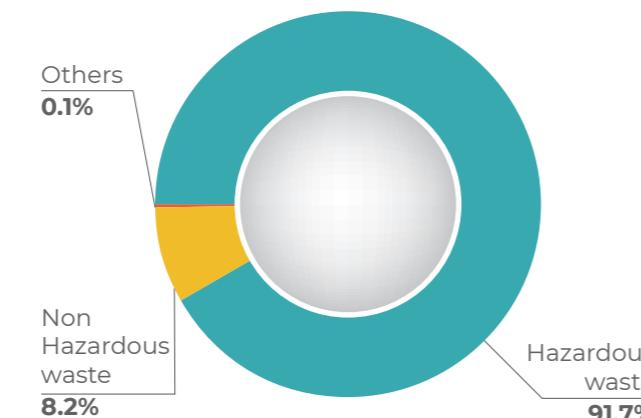
## RESPONSIBLE WASTE MANAGEMENT

This reporting year, we have achieved a significant triumph in the reduction of waste generation by 0.73% compared to the previous year. This was accomplished by technology platforms and adopting industry best practices and integrating waste minimisation technologies in our processes and plants. Our total waste generated in FY 2023-24

was 3,89,030 MT, hazardous waste accounted for 3,56,866 MT and non-hazardous waste 31,842 MT while other waste such as biomedical waste, plastic waste, E-waste, and battery waste contributed around 321.61 MT.

Since we operate in a Business-to-Business (B2B) market for most of our products, hazardous waste generated in the course of usage is responsibly handled by our customers and is aligned with regulatory requirements. However, one of the products manufactured falls in the Business to Customer (B2C) product category; the plastic used by us in the packaging of this product is collected back from the market under Extended Producer Responsibility (EPR). This reporting year we have collected 48% more plastic under EPR as compared to the previous FY.

### Contribution of Waste C24



### Hazardous Waste Management

During FY 23-24, 3,56,866MT of hazardous waste was generated, of which 89% of the waste was recycled and reused of which 38.2% was utilised in the same unit, and the rest, 61.8% was sent to other AIL Unit or authorised recyclers. 7% of the total hazardous waste generated is sent to landfilling, 3% to co-processing and rest 1% to incineration. As per our philosophy of waste management, we consider waste that is reused, recycled or sent to co-processing as recovered waste.

### Details of Hazardous Waste T13

Waste Generated (MT)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Hazardous waste generated	2,24,088	3,28,547	3,49,316	3,56,866
Hazardous waste sent to recyclers	1,99,603	2,88,785	3,07,099	3,15,169
Hazardous waste to co-processing	0	3,431	7,366	11,462
Total Hazardous waste recovered	1,99,603	2,92,216	3,14,464	3,26,631
% of Hazardous waste recovered	89%	89%	90%	92%

## ENHANCING CIRCULARITY BY USE OF SPENT ACID IN PROCESS

During the nitration process a lot of spent acid is generated as a part of the process. We are looking for opportunities for recycling it in-house. The spent acid generated has challenges to utilize in the process due to traces of nitric acid present. After thorough process intensification, we were able to generate nitric-free spent acid, making it available for utilization. Recently we have stabilized its utilisation in one of the product completely replacing the acid from virgin source, thus enhancing the circularity and reducing the product carbon footprint of the product by 4%.

### Initiatives to Our Hazardous Waste Management

Development of waste management guidelines

Introduction of a comprehensive checklist for all vehicles carrying hazardous waste

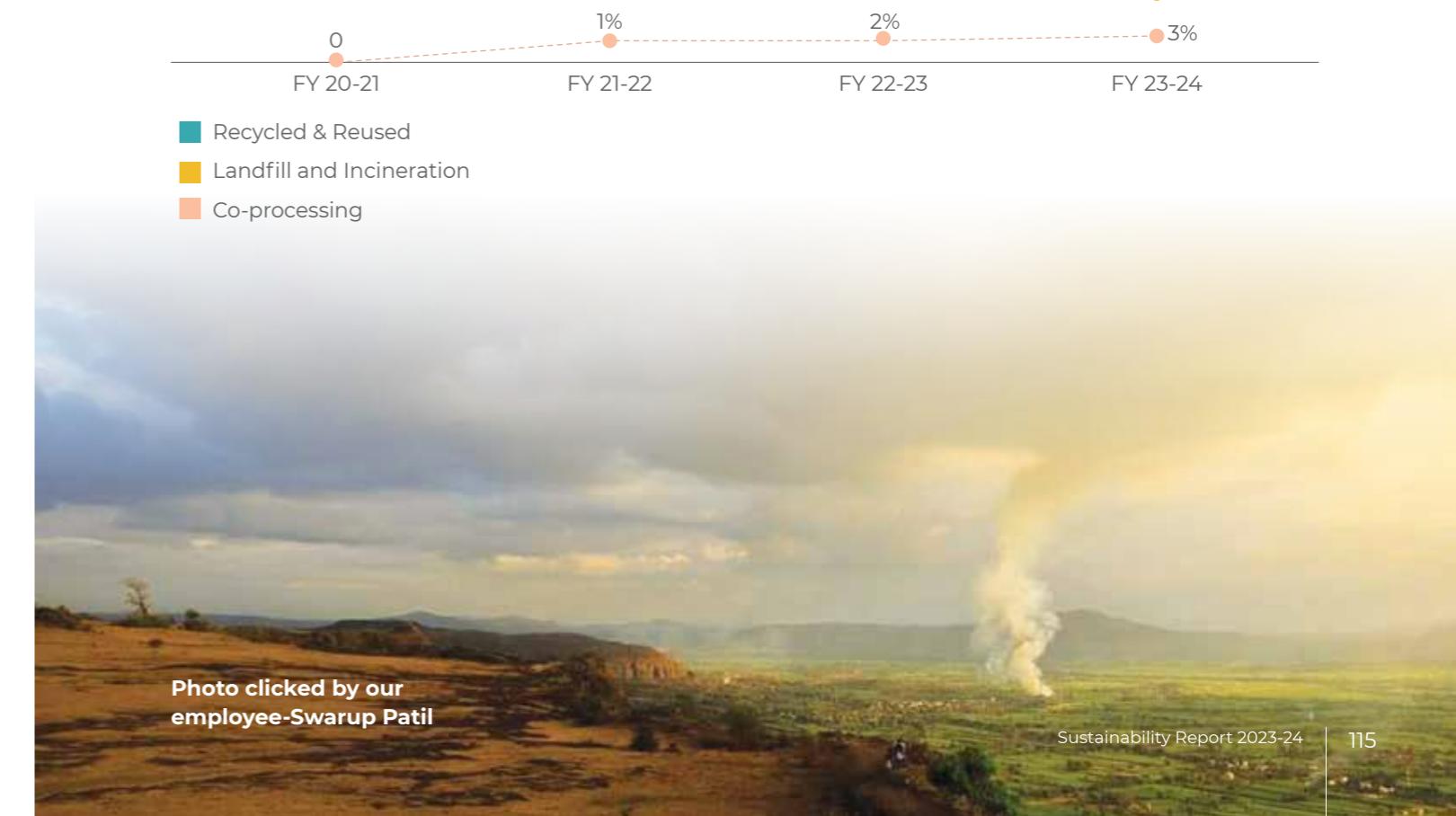
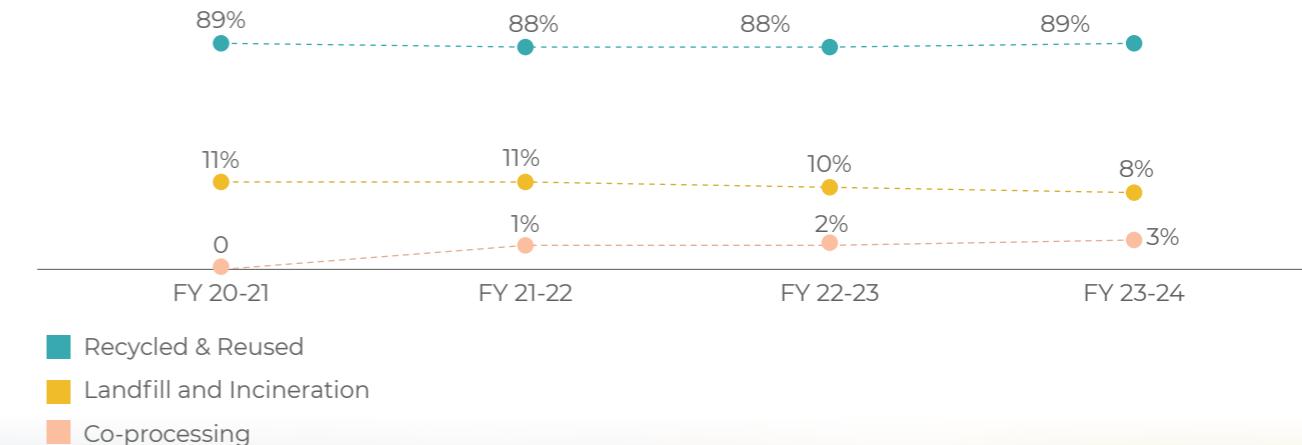
24/7 live tracking of these vehicles through our Aarti Logistics Centre (ALC)

Introduction of an audit and approvals system for end-users of hazardous waste. We have also completed Rule 9 trials conducted by CPCB

CPCB SOP for HCl conversion into  $\text{CaCl}_2$

Diversion hazardous waste from landfill to co-processing

### % of the Total Hazardous Waste Disposed C25



### Non - Hazardous Waste Management

During the reporting period, a total of 31,842 MT of non-hazardous waste was generated, a decrease of 25% from the previous year. By collaborating with the brick manufacturer, we were able to achieve zero-landfill in terms of fly ash disposal. ~0.1% of non hazardous waste was recycled in house, 99.5% was recycled through authorised recyclers, and less than 0.4% was disposed through incineration and landfilling.

#### Details of Non-Hazardous Waste T14

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Non Hazardous waste generated (MT)	32,992	33,711	42,332	31,842
% non hazardous waste recycled	99.8	100	99	99.6
% non hazardous sent for disposal	0.2	0	1	0.4

Non-hazardous waste was recycled, landfilled, incinerated and reused.

## APPROACH TO ZERO WASTE TO LANDFILL (ZWL)

We at AIL have aimed to achieve Zero Waste to Landfill (ZWL) certification to demonstrate our commitment to sustainable waste management. Our ZWL journey began with the ambitious target of achieving ZWL certification at all our manufacturing locations by 2028.

#### Waste Inventorisation

We inventoried our existing waste generation & disposal methods at all of our manufacturing locations.

#### Monitoring

We have implemented a robust tracking system for continuous monitoring of waste generation, disposal and diversion rates. Analytics of the data with help of digital tools provided us the gaps & areas of improvement.

#### Strategy

We have improvised waste reduction and diversion strategy, in line with the requirements of ZWL for reducing environmental impacts.

#### Training

Comprehensive training programs were conducted to ensure all the stakeholders/ employees are aware of ZWL and improvised waste management practices.

#### Collaboration

AIL has partnered with different vendors to explore new technologies like waste to energy to treat the non recyclable waste.

#### Accomplishments

With the implementation of this strategy two of our division Anushakti and Neo are certified as ZWL sites by external assurance body.

#### Details of Other Waste T15

Waste Generated (MT)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
E-waste	12	8.9	21	13.45
Battery waste	1.9	20.58	17	8.09
Biomedical waste	0.36	0.22	0.1	0.07
Plastic waste collected under EPR	0	0	202	300

#### Other Wastes

We adhere to respective waste management rules formulated under the Environment Protection Act, 1986. During the reporting period, we have generated 13.45 MT of E-waste and have responsibly sent it to recyclers in accordance with the E-waste (management) Rules as amended. We also generated 0.07 MT Biomedical Waste (BMW) during the reporting period, which has been duly sent to CPCB approved incinerator for disposal. 8.09 MT Battery waste that was regenerated was sent back to the purchaser as a buy back arrangement. AIL is registered as 'Brand Owner' under the EPR guidelines of Plastic Waste Management Rules for products categorized in the B2C category. Adhering to the rules, a detailed waste collection plan has been developed and submitted to the Central Pollution Control Board. In FY 2023-24, we reclaimed 300 MT of plastic packaging which has increased by 48% from previous year.

Furthermore, we do not generate any radioactive, construction and demolition waste.

#### EMBRACING CIRCULARITY

Embracing circularity in waste management involves shifting

from a linear "take-make-dispose" model to one where resources are reused, recycled, or repurposed, thus minimising waste and environmental impact. This includes strategies like recycling, composting, and designing products for durability and recyclability. Through our 4R approach of 'Reuse, Recycle, Recover and Repair' we are transitioning towards a circular economy. Following our approach of waste management we have utilised by-products and spent acids, done co-processing of hazardous waste, sent fly ash to brick manufacturers, recycling of used oil, composting of food waste into manure, and selling them to end-users, etc.

#### PARTNERING FOR WASTE MANAGEMENT (GRI 306-2)

We have partnered up with vendors serving the same purpose that we owe towards the environment by responsible waste handling and disposal. All our business partners responsible for handling the waste are onboarded only after thorough due diligence and assessment. They are audited in terms of integrity, viability of their operations, and how they utilise the hazardous waste in a safe and environmentally sound manner. Vendors are expected to adhere to all the waste regulations, policies, guidelines

mandated and exercise industry best practices. Only successful business partners who meet our criteria of responsible waste-handling and disposal are onboarding to our approved vendor list. In the FY 2023-24, we audited 16 new end-users.

## MANAGING SIGNIFICANT SPILLS

We adhere to American Petroleum Institute (API 754) classification for spill management. As per this procedure, events are classified into Tier-I, Tier-II, Tier-III, and Tier-IV categories. Tier-I is the most severe event having significant consequences, while Tier-IV refers to deviations from the prescribed SOPs.

We are cognisant of the severe hazards connected with such spills, hence we have implemented SOPs and engineering solutions for preventing spills and have also provided mitigation measures to neutralise spills if any from harming ecological and public health. We have designed and applied spill response and clean-up techniques. As a result of our robust system, there were no major chemical spills in the Tier-I category during the reporting period.

## ADVOCATING BEST WASTE MANAGEMENT PRACTICES

We regularly engage with key external stakeholders like Gujarat Industrial Development Corporation (GIDC) and Gujarat Pollution Control Board (GPCB). GIDC and GPCB are a part of several multilateral committees within the Vapi Industries Association (VIA), Jhagadia Industries Association (JIA), Dahej Industries Association (DIA), such as Environment, Water and Underground Drainage, PPF and Taxation. Several pressing and common issues of several industries are discussed within the ambit of these committees. Our representatives often chair or take the lead in these meetings and contribute to providing solutions. Notable examples are our contributions to the sound management of hazardous and solid waste, water recycling and various capacity building efforts.

## ENRICHING BIODIVERSITY (GRI 304-1, 304-2, 304-3, 304-4)

We understand that the spike in deforestation, overexploitation, habitat loss, and climate change is resulting in extreme

weather conditions. Hence, we aim to preserve ecological balance and biodiversity for future generations by making conscious business decisions, bolstering research, and implementing best practices to lead by example.

Our manufacturing operations are in the Notified Industrial Zones, thus imposing no significant effects on biodiversity and the ecosystem. Our steadfast executive management responsibly ensures that none of our operations falls under IUCN Red list areas. Being an environment-conscious entity, we undertake initial assessments to prevent any potential harm to biodiversity. As part of our ESG strategy, we have pledged to refrain from deforestation and have meticulously designed our future expansions to ensure that any production sites will not be situated near protected areas, including those safeguarding species and habitats that are vulnerable or have significant biodiversity value.

We have developed a green belt in the vicinity of our manufacturing plants in accordance with prescribed norms and industry practices. We have allocated a budget

for the development of the green belt. In FY 2023-24, we planted a total of 14000+ trees in different locations across Gujarat and Maharashtra as a part of afforestation initiatives.

## MATERIALS MANAGEMENT

We deal with several hazardous substances in our functioning owing to the nature of our business. However, we are committed to sourcing our raw materials from sustainable sources and are continuously working to integrate sustainability practices across our value chain. We prioritise the use of environmental and socially responsible materials, products and services that offer high performance, safety, and long-lasting value. Our focus is on promoting sustainable consumption, supporting sustainable markets for recyclable materials, and contributing to sustainable development through community and societal progress. We use Benzene and Toluene and its derivatives as major raw materials in most of our operations. We evaluate the potential for value addition and marketability of various co-products and by-products produced in our operations.

## Details of Raw Material, Packaging Material and Associate Process Materials T16

Parameters	Units	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Directly Sourced Raw Material MT	MT	4,93,911	5,79,789	6,37,851.3	6,66,676
Materials Recycled (Same Division)	MT	85,359	1,01,949	1,21,280	1,20,438
Materials Recycled (Other Division)	MT	1,37,170	62,488	31,401	83,974
Associate Process Materials (APM)	MT	8,351	13,650	31,373	2,33,184*
Packaging Materials	MT	2,563	26,645	12,513	9,919

\*During FY23-24 AIL has increased its purchase of steam

We reuse spent acid and hazardous waste generated in our plants within our boundaries. During the reporting period, we reused 23.47% of the total raw material, which amounted to 1,20,438 MT in the same unit of AIL and 83,974 MT in other units of AIL.

## ENVIRONMENTAL COMPLIANCE

Complying with relevant laws and regulations is essential for any business to maintain its operations. At AIL, we are committed to abide by all environmental norms and regulations at our manufacturing operations and Corporate Office as set forth by the relevant regulatory authorities. To guarantee and adhere to the legal and regulatory framework, we have implemented a third-party managed IT-based Compliance Management System, which houses all applicable regulations and necessary compliances. It has an inbuilt alert system that notifies relevant personnel about upcoming compliance procedures. We have implemented a license module within our compliance management system to track all applicable licenses, their validity periods, and application processes. Our personnel are informed well in advance about the license renewal deadlines. We have set an internal quality control criterion of applying for renewals at least 90 days

in advance to avoid delays in the renewal process. Thus, all enquiries related to environmental compliance are resolved promptly.

We have established a compliance governance system to monitor compliance at different levels through internal audit protocols reviewed by the company directors. We undergo focused third-party compliance audits of our systems and processes regarding compliance aspects. 100% of the sites in the reporting boundary have gone through the environment risk assessment process. This has enabled us in building a robust compliance management. During FY 2023-24, we did not incur any significant fines or penalties with regard to any environmental violations. Moreover, we have adopted a proactive approach to ensure adherence to the best compliance management practices. We provide specialised training to our employees to stay informed about applicable regulations.



Photograph clicked by our employee - Nisha Singh

# Together Shaping a Responsible Society

The success of AIL hinges on its dedicated workforce, equipped with the necessary skills, commitment, and welfare to drive progress. United in our vision, we foster an inclusive, empowering, safe, healthy, and growth-oriented ecosystem, thereby unleashing the limitless potential of our team. Upholding AIL's fundamental value of 'Care', we wholeheartedly strive to establish a thriving workforce.

## Key Topics

- Employee Engagement Talent Management
- Diversity and Human Right
- Occupational Health and Safety
- Supply Chain Sustainability
- Corporate Social Responsibility

**4.42/5**

Employee engagement score

**0.04**

LTIFR

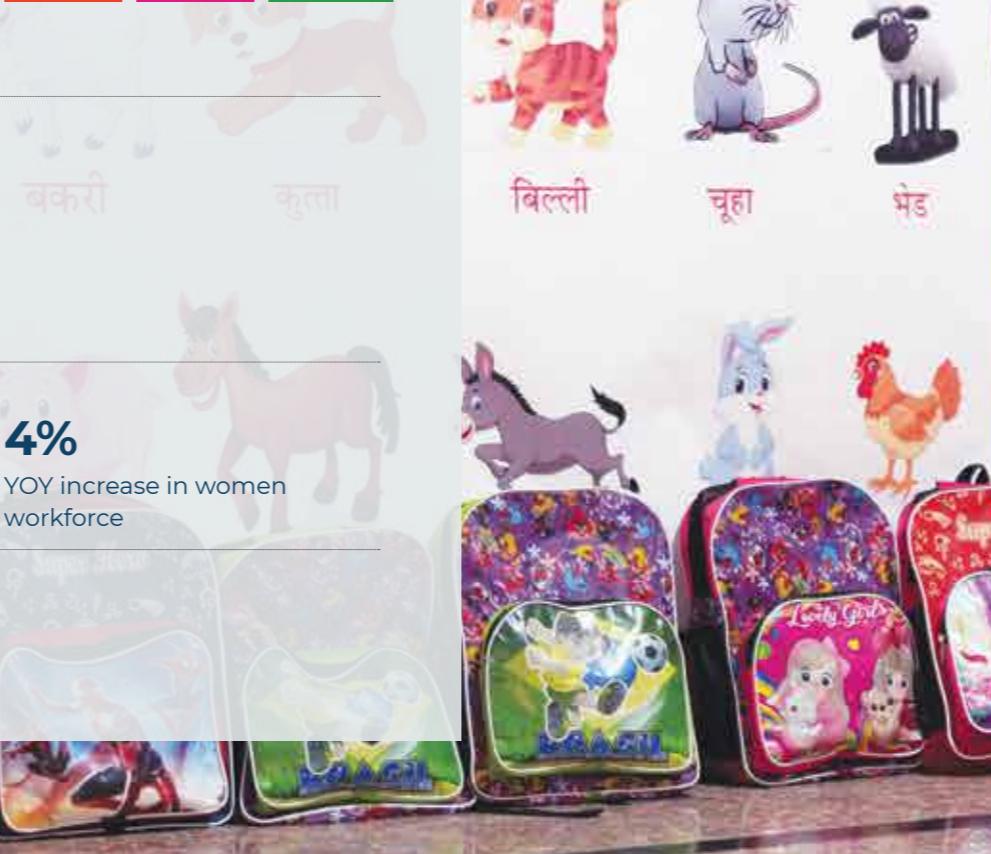
**₹17.46 Crores**

Spend on CSR

**4%**

YOY increase in women workforce

## Key SDG:



## CREATING A FUTURE-READY WORKFORCE

At Aarti Industries Limited (AIL), we firmly believe that our most valuable asset is our highly qualified and motivated workforce. Our commitment to fostering a positive and inclusive work culture, underpinned by a strong emphasis on diversity and equality, is unwavering and apparent in our people practices. By providing extensive opportunities for employee growth and development through various programmes, activities, and learning initiatives, we demonstrate our dedication to nurturing talent and making our workforce future-ready.

Our "Aarti Engaging Leaders" leadership model is deeply embedded in our "AIL approach" to human capital management. This ensures that every

employee is empowered to perform in their natural state-of-action and contribute towards co-creating a world class organisation.

We have established a holistic and progressive workplace where females constitute 3.08% of our workforce. There are equal opportunities for women to participate in managerial and leadership roles; we actively encourage their involvement at the manufacturing and process engineering levels. We aim to create a thriving workplace for all genders, free from bias.

Our focus on capability development equips our employees for next-level roles within the organisation. Additionally, our robust

employee experience programmes have been instrumental in talent retention and engagement resulting in maintaining a thriving workforce.

### PEOPLE STRATEGY AND MANAGEMENT

Our culture centered around people and driven by values establishes the groundwork for our future achievements. Our carefully constructed people strategy serves as the cornerstone of this success and propels meaningful initiatives at both an organisational level and for individual employees. Our approach covers multiple crucial areas, all essential for nurturing a flourishing workplace:

- Build vs Buy:** Ensuring a blend of developing internal talent and acquiring external expertise to maintain a robust talent pipeline.

- Enabling Organisation Design:** Assessing and restructuring our organisation structure to create a dynamic, future ready structure.

- Talent Fungibility:** Promoting versatile skill sets through targeted training programs, job rotation, and continuous learning opportunities that enable employees to transition seamlessly across verticals.

- Culture Building:** Positioning culture as a key differentiator which highlights key aspects such as hierarchy free, accountability, ownership and value centric inclusive environment.

- Employee first focus:** Prioritizing internal talent by providing opportunities that nurture the employee's potential and aspirations.

These strategies underpin every

#### Employee Break-Up T17

Particulars	Male	Female	Total
<b>Employees</b>			
Permanent	2,496	154	2,650
Other than Permanent	33	3	36
<b>Total Employees</b>	<b>2,529</b>	<b>157</b>	<b>2,686</b>
<b>Workers</b>			
Permanent	3,416	34	3,450
Other than Permanent	8,920	388	9,308
<b>Total Workers</b>	<b>12,336</b>	<b>422</b>	<b>12,758</b>

#### Region Wise Employee T18

Category	Gujarat	Maharashtra
Top Management	1	4
Senior Management	91	38
Middle Management	264	72
Junior Management	1,813	367
Supervisory/Technician	3,245	205
<b>Total</b>	<b>5,414</b>	<b>686</b>

## HR GOVERNANCE

### Board Level

The Nomination and Remuneration Committee (NRC) oversees key approvals, compensation decisions, and other board-level agendas. It is based on industry benchmarks, the company's performance vis-à-vis the industry, responsibilities shouldered, and performance/track record.

### Management level

The HR Council (HRC) oversees strategy development, guidance, and policies. Under the leadership of CHRO, policies and codes are implemented. The HRC is also responsible for informing the board about HR-related risks and developing mitigation plans.



### Execution/Implementation level

There are several working committees at Aarti Industries, each with distinct responsibilities:

- The Engagement Committee includes a steering committee to oversee actions at the organisational level.
- Vertical and Location forces implement actions within specific verticals and address local tasks at various sites, such as bus and infrastructure needs.
- The Vertical Calibration Committee ensures fairness in our performance management system
- Well-being Champions focuses on promoting a healthy and positive work environment
- The Sports Committees organise sports activities to keep employees fit and engaged
- The Canteen Committee addresses quality of food requirements and promote healthy food
- The Learning Circles provide a platform for employees to share knowledge and collaborate on learning

These committees are supported by site HR teams.



process, policy, and system within our organisation, creating a cohesive and supportive framework for all employees. Our approach encompasses several key areas, each integral to cultivating a thriving workplace. This holistic method ensures sustainable growth and prosperity, positioning us to meet future challenges with confidence and resilience.

### COMPREHENSIVE EMPLOYEE BENEFITS (GRI 401-2)

Our people are the foundation of our success, and we are deeply committed to their well-being and sense of security. To demonstrate this commitment, we have established a comprehensive framework of people care initiatives, including health insurance, term life insurance, group personal accident insurance, the

#### Employee Benefits Expenses: (In ₹ Crores) T19

	FY 2020-21	2021-22	2022-23	2023-24
Contribution to Provident Fund	19.96	24.5	16.9	18.19
Contribution to Superannuation Fund	0.44	0.46	0.39	0.44
Contribution to Gratuity Fund	5.07	11.14	6.33	5.88

### Progressive Parental Leave Policy (GRI 401-3)

Our progressive parental leave policy offers 30 weeks of maternity leave, exceeding the regulatory requirement of 26 weeks of leave and five days of paternity leave for all our employees. In FY 2023-2024, 443 males and 11 females have availed leave with a 100% return-to-work rate, i.e. all the employees who availed the leaves have returned to work on completion of those leaves. The retention rate\* for male employees was 68% and 60% for female employees.

### TALENT MANAGEMENT (GRI 404-2)

Our unique strategic approach, which balances 'buy vs. build,' is a testament to our unwavering commitment to our people's internal growth. We prioritise nurturing internal talent and facilitating holistic development by providing appropriate resources and cultivating a supportive culture. We understand and appreciate the interplay between capability building and cultural development.

Our robust talent management system and targeted capability-building programs are designed to ensure a strong future talent pipeline. Our talent philosophy aims for at least 80% of employees to advance to the next competency level within two years. Our competency framework is tailored to support personalised talent evaluations, segmentation, and development initiatives, recognising and nurturing each individual's unique potential, thereby making each stakeholder feel recognised and valued.

#### Talent Assessment:

We have evaluated over 400 managers and leaders using Aarti Leadership Competencies and cultural attributes. This comprehensive process, which includes self-evaluation, evaluations by managers and L2, stakeholder feedback, and external validation, aims to identify and nurture leadership qualities. Our Talent Segmentation strategy, which leverages a sophisticated 9-box matrix grid, categorises employees based on past performance and future potential, providing vital insights for our Vertical Talent Strategy across all divisions. This strategy offers invaluable perspectives on talent health and succession planning.

#### Talent Development:

We design tailored development paths for employees based on their readiness for leadership roles. Customised development journeys are created, blending 70% experiential projects, 20% social mentorship, and 10% formal learning to address leadership gaps identified in the assessment. We blend experiential projects, social mentorship, and formal learning to close leadership gaps. Initiatives such as one-on-one coaching sessions and immersive learning labs enhance learning effectiveness. Our intricately crafted program, Aayam, includes foundation sessions, deep dives, and leadership boot camps to enhance leadership skills.

Our internal job posting platform, designed to be fair and comprehensive, enables employees to pursue their career goals and apply for opportunities within the organisation. This process assesses candidates on their technical and behavioural competencies, ensuring a fair and comprehensive evaluation for all.

#### Technical and Need Skill Management:

The Procurement Agility and Capability Enhancement (PACE) program demonstrates our commitment to nurturing talent and driving organisational excellence. It began with a comprehensive assessment of over 50 leaders, managers, and officers across 14 procurement-related technical competencies. This led to the creation of personalised Individual Development Plans on a 70-20-10 model and a Group Development Journey, resulting in a remarkable 60% increase in internal talent mobility.

#### Aaghaz-Fueling the talent pipeline

The speciality chemical industry is a niche field, and attracting and retaining top talent presents a significant challenge. To address this, we annually onboard over 100 campus hires from leading colleges, strengthening our leadership pipeline through our comprehensive induction framework, Aaghaz. These recruits undergo a rigorous one-year training program to facilitate their seamless integration into AIL. Our Progressio initiative is dedicated to transforming these new hires into future leaders, driving our company's ongoing success and growth.

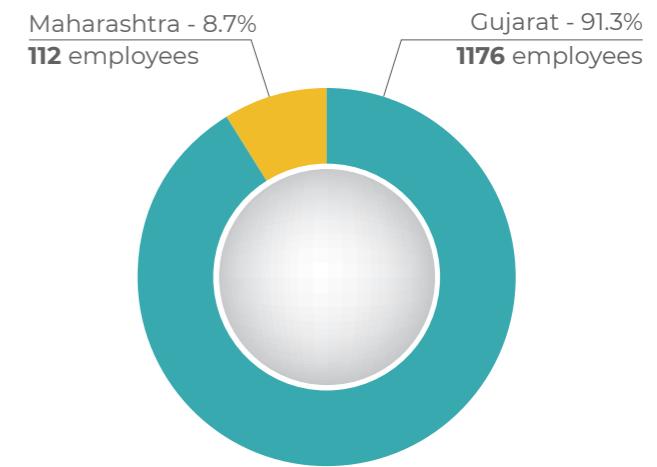
The Progressio Journey for campus recruits has evolved substantially, underscoring our commitment to cultivating the next generation of talent. In FY 2023-24, we welcomed 145 trainees from 44 prestigious engineering and management colleges, enrolling them in 18 specialised academies within AIL. Each academy offers a

structured program encompassing Common Training, Functional Training, and On-the-Job Training (OJT). Our Learning Management System (ATOMS 2.0) meticulously maps out each trainee's learning journey, ensuring well-planned and executed training by our internal experts. This phased approach ensures thorough skill development and integrates fresh, innovative perspectives into our organisation, equipping trainees to face new challenges confidently and competently.

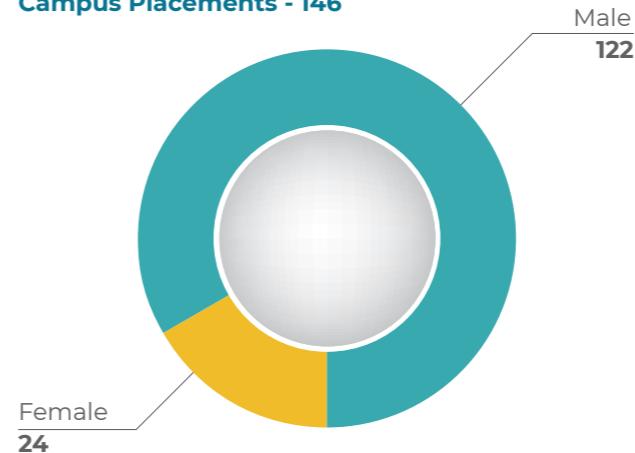
During Aaghaz, recruits are immersed in AIL's business functions, culture, values, and mission while engaging with our esteemed leadership team, gaining invaluable insights from their extensive experience.

### New Hires (GRI 401-1 New Employee Hires and Employee Turnover)

#### By Region C27



#### Number of New Joinees Through C26 Campus Placements - 146



16%

Female Hired in Campus Placement

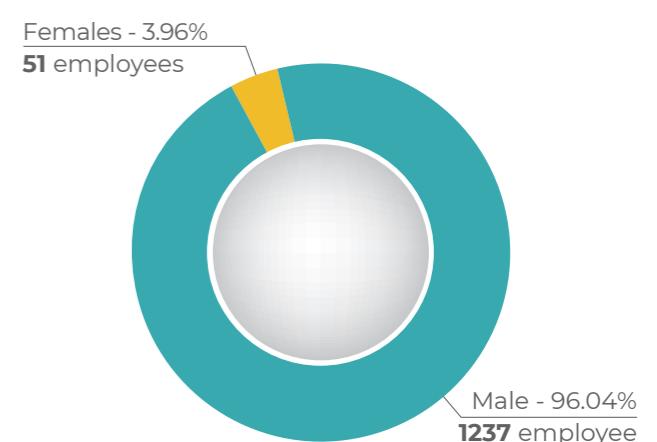
44

No of institution approached

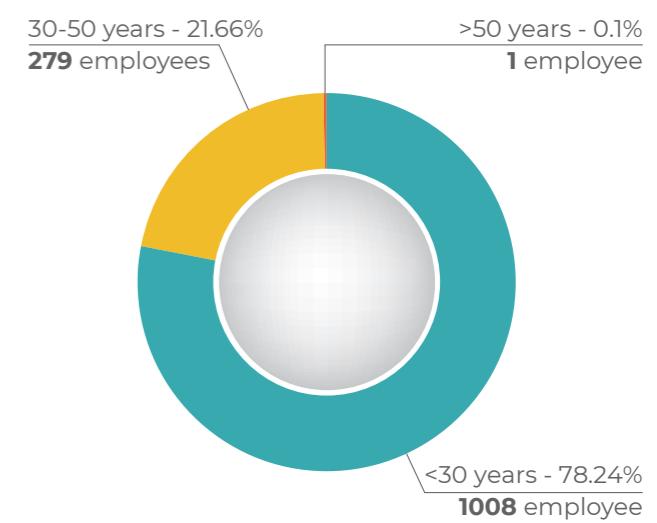
#### Fair and Inclusive Hiring

We are committed to transparent and fair hiring practices that value every candidate's potential without discrimination based on factors such as age, gender, race, religion, or any other status. Our recruitment process focuses on sourcing top talent from reputable institutions. In the last reporting period, a total of 1288 employees were hired. The breakdown of the employees hired based on gender and age group is provided below. Additionally, 40% of the senior leaders hired during the reporting period were from the local community.

#### By Gender C28



#### By Age C29



\* Retention rate is the total number of employee retained 12 months after returning to work following parental leave to total number of employee returning from parental leave in the prior reporting period

## EMPLOYEE ENGAGEMENT

We understand that high-performing teams thrive when engaged and their well-being is prioritised. Our employee engagement efforts guarantee a strong connection and understanding of our employees' dedication to their roles.

### Employee Engagement Survey

Our employee engagement efforts have led to significant improvements in our latest employee engagement survey, Voice 4.0, with the engagement score rising from **4.14 to 4.42 out of 5**, placing us in the top quartile globally. We have implemented comprehensive, employee-centric programs, such as the Anahata Employee Assistance Program, which provides support across various life dimensions. Additionally, our unique well-being survey revealed that 65% of our employees are thriving, reflecting the success of our well-being initiatives. **Our focus on physical, career, and social well-being is reflected in our high percentile rankings for "My Health is Near Perfect(97th global percentile)," "Everyday I Learn Something New( 86th percentile)," and "Friends and Family Give Positive Energy(85th percentile)," respectively. This demonstrates our commitment to fostering a positive and supportive workplace environment.**

Our employee engagement has significantly improved from 3.95 to 4.6 in the last four years. Based on the Employee Engagement survey results, a wide range of interventions were introduced year-on-year to engage team members and enhance their overall well-being. In the last few years, we have adopted platforms like Coffee with Gen Z, Aarti Utsav, Kushal Varta, Samvad, Pehal, Ullhaas, and Chai pe

Charcha for continuous dialogue and interaction with employees, keeping them connected and involved.

### Conversation

Our well-being survey results encouraged us further to introduce a unique intervention: 'Monthly Conversation', a dedicated conversation platform to help managers enhance their engagement with their team members. This platform empowers managers to engage in meaningful interactions and fosters belonging, open, and supportive dialogue, making team members feel heard and valued. Approximately around 500 people managers have regular conversations with their team members for their holistic well-being and resolving bottle-necks.

### Employee Assistance Program (EAP)

We have collaborated with one-to-one who provides confidential counseling and proactive wellbeing programs to address personal challenges affecting employee wellbeing. These services encompass counseling, financial guidance, and mental health resources. These services are highly confidential and available to all our employees. In the reporting period, more than 1900 Nos of employees availed of this service.

### Number of Employee Benefitted from EAP T20

	FY 20-21	FY 21-22	FY 22-23	FY 23-24
No. of Employee Availed Services	-	1477	1632	1948

## ACHIEVING EXCELLENCE THROUGH AN ENGAGED WORKFORCE AT JHAGADIA

The operations team at Jhagadia unit faced frequent breakdowns and new facility ramp-ups. They implemented a comprehensive engagement framework focused on developing internal talent, multi-dimensional recognition, and fostering a value-centric, respectful culture to address these. Initiatives included training programs, recognition platforms, safety-first

protocols, and relationship-building activities like 'Cheers for Peers' and 'Friendship Stories.' These efforts led to reduced breakdowns, smoother facility ramp-ups, enhanced employee morale, and a cohesive, high-performing team, demonstrating the power of values-driven employee engagement.

### Value Generated:

Engagement Grand Mean:

**4.6/5.0**

Engagement Ratio:

**40:1**

Recognition Score:

**4.44/5.0**

Best Friend at Work Score:

**4.71/5.0**



## Social Dialogue

At AIL, we pride ourselves on being a listening organisation that fosters open and effective communication across all levels. We have established various two-way communication platforms to ensure every employee's voice is heard.

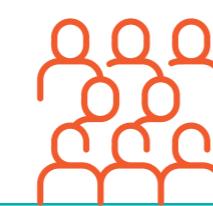
Our initiatives, including Metamorphosis, Chai pe Charcha, Sampark, and Workers Meet, are organised across different levels at particular intervals. The HR head and Site head lead these initiatives. The status of all the suggestions is communicated from time to time.

## Suggestion Received from Employees T21

Particular	FY 2023-24
No of suggestion received	85
No of suggestion resolved	58
No of suggestion pending	27

## CHAI PE CHARCHA:

Chai Pe Charcha is a unique initiative at AIL designed to promote collaborative problem-solving and enhance employee well-being. Held monthly across various locations in Zone-3, this forum brings together employees from all levels and job families for open conversations. Participants share insights, discuss challenges, and engage in meaningful dialogue. Leaders actively contribute to these discussions, offering real-time solutions



to the issues. This initiative has fostered a collaborative culture at Dahej, where we recognise and value your contributions, making you feel appreciated and motivated.

## STRENGTHENING BY NURTURING TALENT

In the fiscal year 2023-24, we demonstrated a strong commitment to nurturing internal talent and providing growth opportunities to our workforce. Around 20% of employees were given internal growth opportunities at AIL. We focused on developing the capabilities of our employees

to equip them for next-level roles within the organisation. During FY 2023-24, AIL experienced a turnover rate of 27.4% among permanent employees and ~17.8 % among Workers. While the chemical industry's competitive landscape challenges talent retention, our holistic approach to employee engagement and growth opportunities is crucial in mitigating turnover.

## Employee Turnover Rate T22

	2020-21	2021-22	2022-23	2023-24
Permanent employee turnover rate %	9.54%	18.2%	24.51%	27.44%
Permanent worker turnover rate %	7.67%	14.84%	28.06%	17.8%
Total average turn over rate %	8.6%	16.5%	26.3%	22.62%

## Employee Turnover T23

	No of employees separated from organisation	% turn over
<b>By Region</b>		
Gujarat	1255	23.18%
Maharashtra	98	14.29 %
<b>By Gender</b>		
Male	1307	22.11 %
Female	46	24.47 %
<b>By Age</b>		
Under 30 years	857	31.99%
30-50 years	462	15.20%
Over 50 years	34	8.90%

## CONTINUOUS TRAINING AND DEVELOPMENT (GRI 404-1)

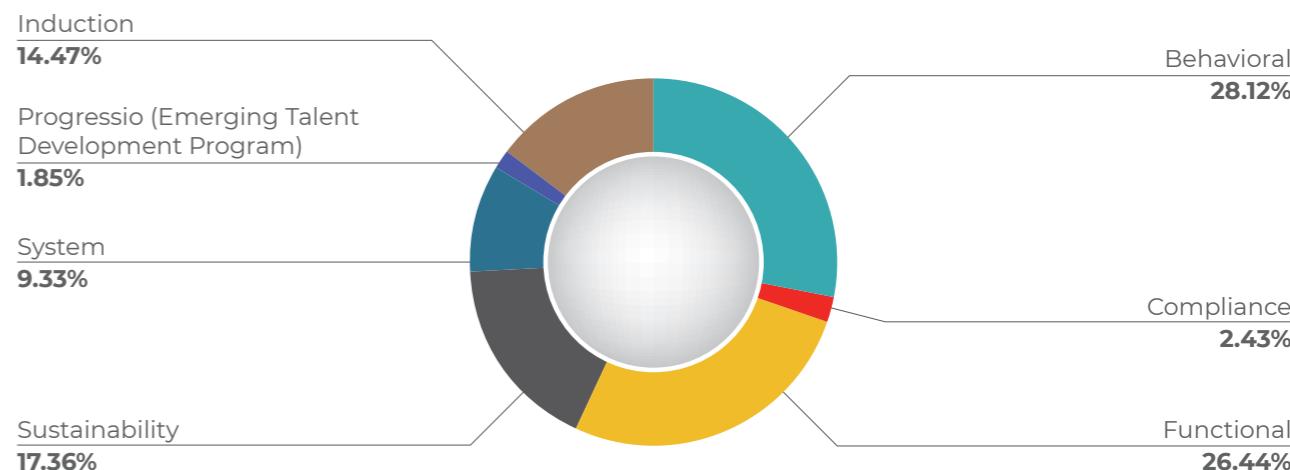
We are dedicated to improving performance, boosting motivation, and driving innovation through comprehensive development. We stay updated with evolving business trends and encourage a culture of lifelong learning. AIL is dedicated to fostering talent development and building a high-performance learning culture in which our workers are empowered, driven, rewarded, and have ample opportunities

to demonstrate their abilities and skills. AIL has tailored-made training initiatives that meet the requirements of every individual depending on the role and responsibility to be delivered. Our training programs fall under Behavioural, Compliances, Code of Conduct, Functional skill development, Systems and Sustainability including Health & Safety, Human Rights, Diversity and Discrimination, POSH. Every employee at AIL is mandated to get at least four man-days of training per annum, equivalent to 32 hours of training. During the reporting period, we

imparted 2,56,467 man-hours of training to our employees and workers, which accounts for an average of 35 hours of training per employee. 100% of our employees were provided training on the above topics. Furthermore, 100% of our Board of Directors (BOD), Key Managerial Personnel (KMPs) and 80% of employees and workers were provided training on ESG topics

We have collaborated with online educational platforms to facilitate external learning opportunities for all employees.

## Training Data C30



### Mandatory Training

We have identified specific training essential for everyone to complete to gain fair knowledge about the system. Regardless of their position within the organisation, everyone must undergo this training to ensure they are appropriately equipped to perform their work safely and

effectively while being adequately informed about their responsibilities and obligations. Every new employee has to complete this training in the first six months of joining the organisation. Later, structured refresher training is carried out every two years.

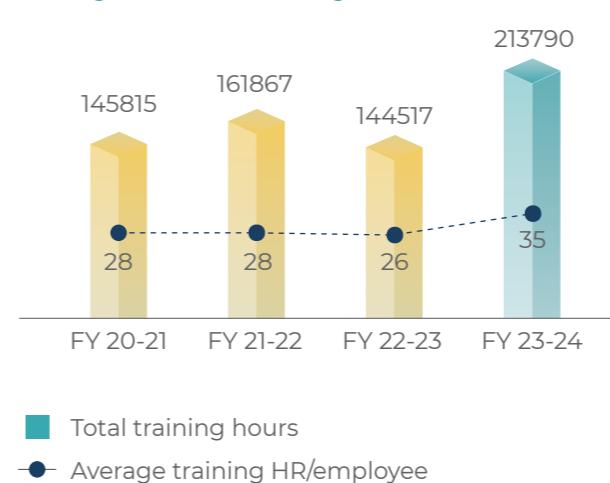
### Compliance Training (Refresher) T24

Module	POSH	Standing Instructions	Code of Conduct	Workplace Health and Safety
	%	%	%	%
Total	94	91	89	87
<b>Region Wise</b>				
Maharashtra	82	75	71	67
Gujarat	96	94	93	91
<b>Function Wise</b>				
Commercial	54	28	17	15
Development	91	89	87	83
Expansion	95	93	91	88
Governance	75	65	61	53
Manufacturing	99	98	97	96
People	77	72	68	64
Strategy	65	40	35	25

### Average Hours of Training (By Gender and Employee Category) T25

Category	Number of Hours per person		
	Male	Female	Total
Top Management	6	0	6
Senior Management	66	62	66
Middle Management	60	53	60
Junior Management	41	46	41
Supervisory/Technician	27	6	28
<b>Total</b>	<b>35</b>	<b>45</b>	<b>35</b>

### Average Hours of Training C31



constructive feedback and guide them to grow professionally and personally.

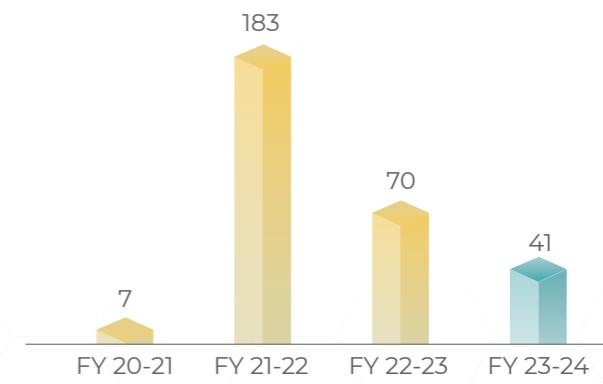
At the start of the appraisal cycle, our employees are assigned well-defined performance goals and indicators. These are identified as Specific, Measurable, Relevant, and Time-bound (SMART) goals. Sustainability-related parameters are also part of the set KPIs for each employee level. The performance incentive of mid- and senior-level personnel is linked with the company's sustainability performance.

In this reporting period, 100% of our employees and workers received performance and career development reviews. Around 936 employees and workers acquired family promotions or promotions in the reporting year.

### Navodaya

Our strategically conceptualised and implemented initiative Navodaya - our Internal Job Posting initiative launched to develop almost 80% of employees with next-level competencies and 20% of employees in each family for higher responsibility, has grown during the reporting period and FY 2023-24, 41 employees took different or higher roles in the organisation through Navodaya program. The employees taking up higher roles were given one month to shift to new roles and were provided with on-the-job training for 90 days.

### Employee Count - IJP C32



### PERFORMANCE AND CAREER DEVELOPMENT (GRI 404-3)

Our employees' professional and career development is significant to their growth and our business. Performance reviews were carried out for all our eligible employees. We periodically evaluate our employees' career progress and performance through a well-defined, digitised, structured performance management system. Line managers continuously engage with the reporters to provide

We are an equal opportunity employer. We strive to create an inclusive environment where all employees are treated equally regardless of their skills, experience, or background and are given equal opportunities, benefits, and training.

### PROMOTING DIVERSITY AND EQUAL OPPORTUNITY (GRI 405-1)

We are committed to creating a positive work environment for our employees and workers by building a diverse workforce that fosters creativity and innovation. Our merit-based, fair, and transparent recruitment process shows our commitment to equality. We are an equal-opportunity employer. We strive to create an inclusive environment where all employees are treated equally regardless of their skills,

experience, or background and are given equal opportunities, benefits, and training. We are firmly against any form of discrimination, including those based on race, colour, sex, language, religion, political or other opinions, national or social origin, property, birth, or other status in our recruitment and evaluation process. We maintain a vibrant and dynamic workforce with an average employee age 33. Our hiring process extends across PAN India, bringing together a rich blend of regionalities across our locations. We target colleges nationwide, from Delhi to Mumbai, West Bengal, Jharkhand to Orissa and beyond.

With a culture that emphasises hierarchy free working, we always maintain an open-door policy, ensuring easy accessibility to our leadership team. Our inclusive practices extend beyond our employees to encompass contract staff, family members, and the local community through various initiatives.

#### Employee Diversity T26

By Age	Male	Female
< 30 years	2567	112
30-50 years	2970	69
> 50 years	375	7
<b>Total</b>	<b>5912</b>	<b>188</b>

#### Cultural diversity: Thriving together

India is called the “ land of diversity” as we eat different foods, speak different languages, and celebrate various festivals. The majority of the diversity in India is because of the different religions and traditions we practice here; the same diversity is reflected in AIL. We believe different diverse cultures bring unique competence that enables organisations to thrive. We respect cultural diversity and nurture it. The diverse culture at AIL is based on religion, community, geography, gender, etc. Our teams are trained on human rights and inclusive leadership.

#### Inclusive Workplaces: Access for All

At AIL, we ensure discrimination-free workplaces for differently-abled employees. Following the Rights of Persons with Disabilities Act, 2016, all our premises are accessible. Wheelchair ramps and restrooms provide easy movement and convenience, fostering an inclusive environment. We believe in ensuring a discrimination-free, safe and inclusive workplace. We have 27 differently-abled employees and 67 differently-abled workers.

#### Differently-Abled Employees and Workers T28

Type of Workforce	Male	Female	Total
Total Permanent Employees	26	1	27
Other than Permanent Employees	0	0	0
Permanent Workers	39	0	39
Other than Permanent Worker	27	1	28

#### Promoting Gender Diversity

We always prioritise gender diversity to enrich our work culture and decision-making by offering all employees equal opportunities, growth, and privileges. We invested in initiatives like Anahata, Nirvana, and leadership programs to enhance women's representation. Our Work from work-from-home policy and flexible working hours

support work-life balance; training sessions on POSH and Self Protection ensure safety and wellbeing. To adopt measures for child-care support, we offer creche facilities for our employees at our sites. We have aligned women's diversity across all functions to promote women's workforce enhancement. We organise female employee meetings to address grievances every month.

We aim to have one entire plant operated by females. Measures taken for realisation are:

- Recruitment in the function of safety, environment, DCS panel
- 1-1 mentoring to build the skill and competency
- Through OJT on practical aspects of plant management
- Required supporting infrastructure.

#### Employee Diversity by Religion T27

in %	2020-21	2021-22	2022-23	2023-24
Employees from minority group	4.2%	4.56%	5.01%	6.08%
Executives from minority group	5.9%	4.95%	3.57%	3.73%

#### Employee Diversity by Gender T29

in %	2020-21	2021-22	2022-23	2023-24
Women in the workforce	2.34%	2.76%	2.93%	3.08%
Women in the Executives positions	2.38%	3.83%	7.69%	6.25%

**14.29%**

Women in Board

**3.08%**

Women in workforce

**6.25%**

Women in executive positions

**3.2%**

Share of women in management position in revenue-generating functions as % of all such managers

**3.21%**

Share of Women in STEM related position (as % of total STEM position)



## Gender Diversity Initiatives at AIL

### Women Mentorship

We mentor women under the "Miraki" and "Gurukul" programs. In Miraki, a fresher woman is assigned a Woman mentor, and in Gurukul, women at the leadership level are assigned a Woman Guru to guide them through the challenges they face and build their competencies.

which allows women employees to combine WFH with Maternity Leave.

### Self-defence Training

Self-defence training (zone I) was organised for on-roll and off-roll women employees. The event, held at the Sports Club of Vapi, attracted around 60 employees.

### Infrastructure facilities

We offer best-in-class creche and office infrastructure to provide a comfortable working environment for female employees.

### Women Care policies

We introduced benefits like the Work from Home Policy,

We undertake initiatives like Anahata and Nirvana to counsel women employees to maintain their mental and physical well-being.

**Women health awareness**  
Every year, Gynaecologist

sessions are conducted to create awareness about women's health issues, and free consultations are offered to all women in the workforce, including employees, apprentices, and contractors. This year, a cervical cancer session was conducted along with cervical cancer screening, in which more than 60 women benefited.

**Women's Day Celebration**  
Women plan and execute various initiatives during Women's Day as a token of appreciation for their value to the organisation.



## Unadjusted Pay Gap Ratio of Female to Male Employees C33



### Empowering Pay Parity

We strongly promote transparency, fairness and equality. Together, we build an inclusive and equal workplace at AIL that is as diverse as the communities in which we operate, where all employees can be themselves, thrive, and deliver great work.

The above graph shows the pay gap ratio of female to male employees. As can be seen from the graph, females are paid equally to their male counterparts for mid-management and workers. The pay parity for Senior management has improved from 0.76 to 0.9. Overall, there is improvement in pay parity across all employment categories.

### Living Wages

We are committed to comply with all applicable statutory, regulatory, and other requirements

of labour laws and go beyond the regulatory requirements. Our people practices ensure the best working environment and experience for all employees. We aspire to pay living wages to all our employees and contract labourers to meet a family's basic needs, including food, housing, transport, health, education, and other necessities. By going beyond legal compliance, we ensure that all our employees have the income to support their needs and those of their dependents, raising standards of health and wellbeing.

We have compared the monthly wages of all company employees under the standard family - 2+2 - 1.8 working family with monthly living wages of March 2024 provided by Wage Indicator Foundation for Gujarat. The details regarding the comparison are given below:

## Status of Living Wages T30

Category	% of company employee paid above Living wage standard family - 2+2 - 1.8 working - lowest - per month	% of company employee paid above Living wage standard family - 2+2 - 1.8 working - highest - per month	Number of company employees Paid Below Living Wage
Top Management employees	0	100	0
Senior Management employees	0	100	0
Middle Management employees	0	100	0
Junior Management employees	0	100	0
Supervisory/Technician employees	8.29	91.71	0
<b>Grand Total</b>	<b>4.69</b>	<b>95.31</b>	<b>0</b>

We are providing living wages to 100% for company employees.

## UPHOLDING HUMAN RIGHTS AND LABOUR PRACTICES(GRI 2-30, 402-1, 406-1, 407-1, 408-1, 409-1, 411-1)

We have a long-standing commitment to human rights across our value chain. It is reflected in our People Policy and HR Code and is demonstrated through respect and dignity for all, without discrimination. The policy has been implemented to adhere to applicable laws and uphold the spirit of existing international human standards and voluntary principles such as the Universal Declaration of Human Rights and the Fundamental Human Rights Conventions of the International Labor Organisation (ILO). We have conducted annual mandatory human rights and Vigil Mechanism training for all our employees and workers. Our CHRO, deputed as Ethics Officer, oversees investigations and addresses human rights concerns on priority.

During the reporting period, AIL had Zero reported violations of human rights concerning Indigenous people, Zero cases of child or

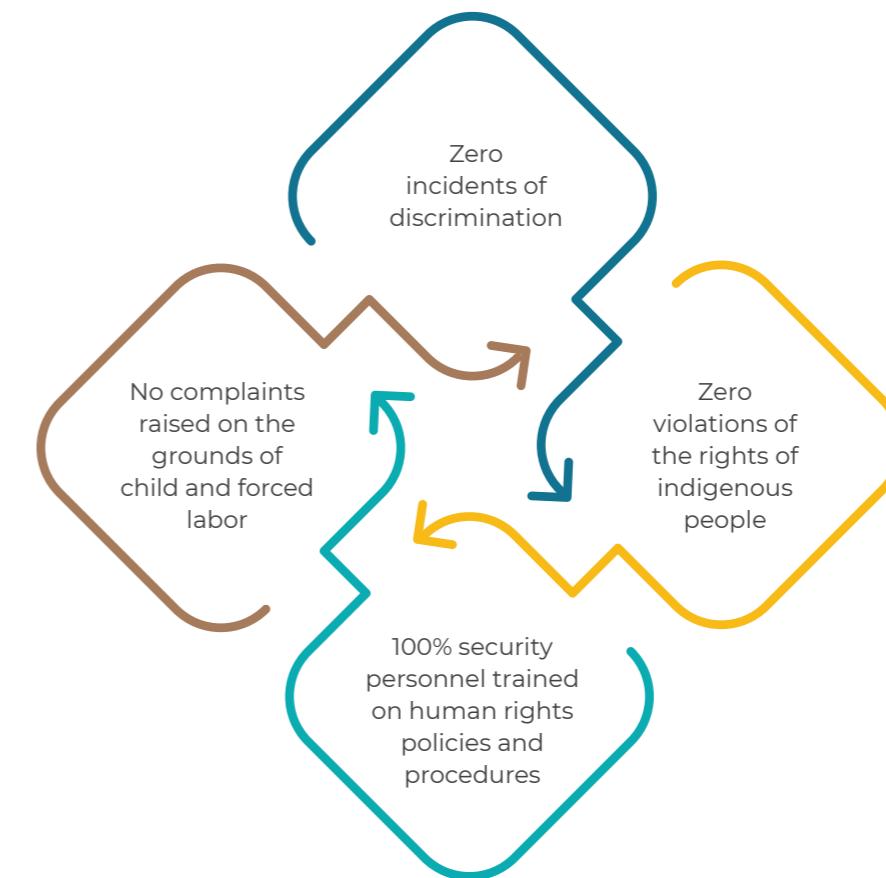
forced labour within our boundary, and zero discrimination instances.

### Prohibition of Child Labour and Forced Labour (GRI 408-1, 409-1)

We always ensure that no person below the age of eighteen years is employed in our operations. Forced or compulsory labour is strictly prohibited in our units. None of our operations and suppliers are considered to have significant risk for forced or compulsory labour incidents. During this reporting period, there were no instances of child labour, forced labour, discrimination, or violations related to human rights, labour rights, or minimum wages within our boundaries.

### Non-discrimination Against Indigenous People (GRI 411-1)

AIL has a zero-tolerance approach towards discriminating against any Indigenous and considers human rights to have respect and dignity for all. During this reporting period, there were no instances reported of violations involving the rights of indigenous peoples.



### Freedom of Association (GRI 2-30, 407-1)

Workers' right to form unions and bargain collectively is essential for improving working conditions in this sector. This includes ensuring safe working conditions, fair wages, and job security. Unions can also help to hold companies accountable and ensure that they are operating in a socially responsible manner. AIL recognises and respects the right of its employees to exercise or refrain from exercising the freedom of association and collective bargaining. During the reporting period, 75 employees are covered by a Collective Bargaining process at our units. We have also constituted a working committee comprised of equal workers and employers.

The committee helps workers report their concerns to management. Our notice period has been indicated in the employment and engagement contracts and complies with all national regulations.

### Prevention, Prohibition and Redressal of Sexual Harassment (GRI 406-1)

We have established a process for addressing complaints of harassment through our "Prevention of Sexual Harassment (POSH)" policy, which is by the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy applies to permanent employees/ workers, employees/workers on probation, trainees, apprentices,

contract workers, visitors, vendors, and any person visiting AIL. Internal Complaints Committees have been formed to handle any reports of sexual harassment and conduct investigations. The policy is displayed at all the locations for everyone's awareness. No sexual harassment or discrimination cases were reported during the reporting period.

### Grievance Redressal Mechanism

At AIL, we have a framework of strong and effective grievance redressal mechanisms. This is necessary to get feedback from our employees, which in turn enables us to build strong relationships through collaboration. Our grievance redressal mechanism ensures transparency and provides a channel to address concerns, including working conditions, salaries, or other specified matters. We prioritise open and structured discussions on labour practices and human rights grievances. Employment agreements and sexual harassment cases are handled individually, ensuring focused and dedicated attention to each issue.

We prioritise open communication to resolve issues. Employees can first discuss problems with their manager, but if they are unsatisfied with the solution provided, they can file a formal grievance with HR. Grievances are addressed fairly and promptly by a three-tier committee. The grievance management process is communicated to all employees through various channels.

# OCCUPATIONAL HEALTH AND SAFETY

## OCCUPATIONAL HEALTH AND SAFETY (GRI 403 -1, 403-8)

At AIL, we believe, "For Safety even World class is not enough!" Every Aarti Engagement Leader is committed towards the safety and well-being of our stakeholders. Cognizant of the fact that as a responsible organisation, it's our prime responsibility to ensure the Safety and well-being of our people, plant, and machinery. Guided by our transformation we enhance safety practices and realish our aspiration to "Be World Class and Shape the Future"

Ensuring Occupational Health and Safety (OHS) remains one of our top priorities as we adopt policy and implement advanced processes and techniques to improve Health, Safety and Environment (HSE) and security performance across AIL. We follow the International Labour Organisation (ILO) guidelines for monitoring work-related hazards. In line with our commitment to promote a safe and healthy work culture at AIL, we strive to prevent injury by sustaining an injury-free workplace with a mindset of zero tolerance towards any incident or injury. We continue to minimise risks related to health,

### Safety Mission

**Zero Injuries** to Our People, Contractors, and Visitors

**Zero Tolerance** of Unsafe Behaviour and Acts

**Zero Compromise** on Safety

**Zero Impacts** on Our Families and Communities



safety, security, and environment during the design, development, manufacturing, handling, storage and distribution phases of our products.

Demonstrating our commitment towards excellence, reliability and sustainability, all our sites are IMS certified (ISO 9001:2018, ISO 14001:2018, ISO 45001:2018), thereby signifying our compliance with quality, environment, and health and safety requirements.

## ENHANCING THE SAFETY CULTURE

"Safety culture refers to the enduring value, priority and commitment placed on safety by every individual in the organisation and it is reflected in its safety performance. At AIL we have adopted focus approaches in sensitisation and encouraging the workforce for adopting required cultural and behavioral approaches towards occupational health and safety. The required safe behaviors are formulated and communicated across the organisation through standing instruction and Aarti safety rules. Every personnels is trained on these behaviors in the local languages. We are committed to keep ourselves engaged in building safety culture through different initiatives.

We always ensure the safety of our employees. We have launced a behavioral safety program (i-case) that focuses on emotional content and focuses on eliminating unsafe conditions.



## JOURNEY ON ENHANCEMENT OF SAFETY CULTURE

AIL has initiated its journey of enhancing its safety culture by knowing its pulse on safety perception through "Aarti Suraksha Survey" conducted by independent renowned consultant. The online survey indicated that AIL's safety culture is on the verge of Independent culture and moving towards Interdependent one in the Bradly's curve. The survey has also provided many insights. Taking it forward, a Safety Culture Enhancement program is now carved.

Keeping the BESAFE DNA of AIL intact and bringing up a new perspective of "how we can better ourselves or what more(plus) can be done to improve from here?".

AIL launched a new initiative for safety culture enhancement journey during Dec '2023, namely BESAFE+ (aka Safety Dil se), here '+' or " Dil se"...signifies emotional connection with Safety which we feel is the booster for fostering safety culture.

The BESAFE+ initiative is enhancing the Safety culture @ AIL. Under the initiative, new concepts are being rolled out to enhance the safety culture. One such initiative is the "Personal Safety Action Plan" (PSAP). Leaders and Managers across organisations have developed a PSAP to reaffirm their safety commitment. PSAP focuses on individuals' presence on the shop floor to enable shop floor teams to perform their duties while maintaining high safety standards. We firmly believe that emotional involvement in safety structured commitment through PSAP will raise safety at AIL to new heights.



### Board Oversight

The board headed by the Chairman is responsible for shaping AIL's OHS-related policies and strategies and ensuring compliance with all applicable regulatory norms. OHS performance of the company is communicated to the board every quarter. Board is supported by various committees such as Risk Management Committee (RMC), Stakeholders Relationship Committee, Corporate Social Responsibility Committee for managing safety related physical and transition risks.



### OHS GOVERNANCE

At AIL, We have a well-established prominent OHS governance in place. It enables us to promote and maintain the highest degree of people's health, safety and well-being and thus ensures the operational continuity. It ensures that the process that is implemented surpasses the regulatory requirement and builds a strong reputation in the industry and trust in the community and stakeholders. Adaptation of digitisation has enhanced our governance system by providing insight on the health and safety performance and effective control of the initiatives. Guided by our HSE Policy all employees, contractors, and subcontractors are engaged in operations including full-time, part-time, and temporary workers across various levels and functions within the company are engaged in the OHS initiatives.

### OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

AIL operates in multiple states of India and has developed Occupational health and safety management system, which not only complies with the Legal requirements (e.g. The Factory Act, Maharashtra and Gujarat Factories Rules, Static and Mobile Pressure Vessels Rules etc.) but also takes care of the recognised Risk Management systems (e.g. OHSAS 18000, ISO 450001) This dual approach has enabled a comprehensive Risk Management framework for maintaining high standards of Occupational Health and Safety. All employees, contractors, and subcontractors

### Management-level Governance

The APEX Sustainability Council is responsible for reviewing the progress of OH&S Management across the organisations every quarter and reports to the board. Apex Sustainability council is supported by various sub-councils that ensures the sustainability agenda is driven in their respective functions. The Chief Manufacturing Officer reviews the Health and Safety status monthly at respective manufacturing Zones during operational group reviews.



### Working group

The Safety Team, led by the Safety Head and zonal safety team is responsible for implementing the policy, identifying hazards and risks, conducting training on health and safety, reporting and investigating OHS incidents, reviewing OHS performance, and implementing ground-level initiatives across the organisation.



engaged in operations directly under the control of the organisation. This includes full-time, part-time, and temporary workers across various levels and functions within the company. The occupational health and safety management system is implemented through Aarti Management System (AMS), which encompasses 15 elements and various codes and procedures. AIL has also digitized the health management system which tracks the compliance of individuals to the health management system as well as provide insights about occupational and non health conditions.

### Handling of Hazardous Chemicals

Handling of hazardous chemicals involves a huge element of risk. We are continuously evaluating potential hazards and reducing the impact of HSE risks on all personnel associated with AIL business operations, including customers and the community at large. In an effort to systematically mitigate the risks related to chemical handling, the following systems are in place:

- Safety Data Sheets (SDS) database
- Thermal stabilities studies for raw materials, intermediates, residues, and finished goods
- Powder safety studies for products
- Chemical interaction matrix
- Material interaction matrix
- Area-wise PPE matrix
- Hazardous area classification
- Hazardous work permit
- Closed sampling setups

## CYANOSIS PREVENTION: ENHANCEMENT IN CONTROL MEASURES

### INTRODUCTION

As a care value-driven company, employee health and well-being are paramount. AIL handles Nitro-amino chemicals cause cyanosis in a person on exposure to it. Cyanosis is detected by observing saturated blood oxygen content and bluish skin discolouration during high exposure, which requires immediate medical attention.

### OBJECTIVES

The primary objective is to implement a zero cyanosis action plan, aiming to:

- Prevent cyanosis incidents, enhance early detection, Improve employee awareness and self-management capabilities.

### CYANOSIS PREVENTION ACTIONS :

A comprehensive zero cyanosis action plan was designed and implemented across all plants, incorporating the following key components:

#### 1. Elimination

- Closed automated packing system.

#### 2. Engineering Controls

- AHU (Air Handling Unit): Enhanced capacity with improved maintenance plan.
- Breathing air points: Supplementary air supply points provided in the critical identified areas.

#### 3. Administrative Controls

- No loose packing
- The critical identified areas are marked in the layout.
- Collaborated with external experts for cyanosis awareness.
- G6PD test for all employees & contractor personnel & especially for persons working in cyanosis-prone areas.
- Only qualified person are allowed to work in these restricted area
- Work duration at a stretch restricted to only 4 hours in the critical identified areas.
- SPO2 monitoring during entry and exit from these areas
- VOC monitoring (VOC) every two hours for critical identified areas
- Refresher training on cyanosis prevention & protection every three months

### 4. Personal Protective Equipment (PPE)

- Dedicated contractor supervisor/function supervisor to ensure usage of PPE compliance
- Strengthened protocol for entry: Cartridge mask made mandatory along with other PPEs

### 5. Additional Controls (Related to Emergency Response and Health Monitoring)

- Adequate Methylene blue stock availability at OHC.
- Tie ups with nearby Hospitals,
- Making the hospitals aware of Cyanosis and the treatment protocol

### OUTCOME OF CYANOSIS PREVENTION EFFORTS

No occurrence of cyanosis among the employees involved in the operation. This positive outcome underscores the effectiveness of our safety systems and continuous monitoring in high-risk operations, ultimately safeguarding the health and well-being of employees.

### CONCLUSION

Focusing on awareness, early detection & self-management, preventive measures at shop floor and OHC improvement, the incidences of cyanosis were reduced, aligning with broader sustainability goals. This case study underscores the importance of preventive occupational health & safety measures and their role in promoting long-term health system sustainability.



## Transportation Safety

As a Responsible and Sustainable organisation, AIL has taken many steps to ensure safe transportation of chemicals. Our steps are focussed on three critical areas associated with transportation safety i.e. impacting behavioral aspects of drivers, proactive tracking and governance of transport vehicles and last but not the least emergency support.

One such step is the setting up of Aarti Logistics Control Center. This control center is mutually helping transporters as well as AIL for safer transport of the

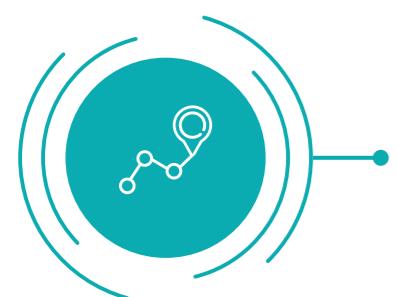
chemicals on the road. Aarti logistics control center consists of 24x7 dedicated manpower along with well-equipped monitoring systems for tracking. Aarti Logistics Centre tracks more than 1000+ trucks transporting more than 350 chemicals (raw material, finished goods, by products and hazardous waste on a daily basis. The following are key deliverables of Aarti Logistics Centre:

- Proactive defensive driving behaviour development through live tracking of vehicles
- Spot the violations and take actions
- Support during the handling of emergencies by coordinating

with various agencies,  
• Activating the quick response team and emergency response vehicle on a need basis

AIL is capable of handling any transport related emergency as we have a QRT Team available 24 X 7 across 3500 kms and it covers 4 States of India For Emergency Response on Incident Site. As part of our transport safety management we provide training to drivers for handling of hazardous waste during transportation through our authorized training center at Vapi location.

## Chemical Transport Safety



### Proactive Tracking and Governance of TTs

(Aarti Logistics Control Room) aiming-Defensive Driving)



### Emergency Support

(support during Transport Emergency to minimise impact on community & Environment)



### Behavioral Aspect

(Impacting Driver's behavior through Training-Defensive Driving)

### Transport Safety Meet:

Being the beacon of Responsible Care, AIL has been unwavering towards nurturing a safety culture that knows no bounds. In perfect alignment with our ethos, our Safety team orchestrated a momentous gathering in Vapi - the "Transporters' Safety Meet." This assembly brought together a diverse spectrum of stakeholders from the transportation sector to engage in constructive dialogue about challenges and innovative solutions to the transport of hazardous chemicals.



## HEALTH SERVICES @ AIL (GRI 403-3, 403-6)

### Occupational Health Services

At AIL Occupational Health(OH) is one of the fundamental pillars of sustainability. At AIL, Occupational Health and Safety are given the highest priority with Zero Tolerance policy towards deviations. AIL has a 12-member Medical Board which comprises highly qualified doctors including specialists in diverse fields such as toxicology, pulmonologist etc. 24x7 well-equipped Occupational Health Centres with a dedicated full time medical team (FMOs & Nurses) and state of art medical facilities (Lab for testing Methemoglobin, in house G6PD testing, Audiometry, AED, Central Oxygen Line, Decontamination room, and Ambulances with advanced facilities) are provided. Trained First Aiders are available in every shift in all plants to handle medical emergencies at site. First Aid boxes are available per 150 employees across the plants. Tie up and liaising with local and specialist hospitals are done to ensure timely medical care in emergencies Pre-employment medical examination is mandatory for all company employees and contract workers and records are maintained. Periodic medical examination is held at a frequency of 6 months for those working in hazardous processes and 12 months for others and records are maintained, training are provided to the employees periodically by FMO and OHC staff. FMO and OHC nurses carry out plant rounds to identify occupational health hazards at the workplace Industrial Hygiene Audits. PPE matrix is being prepared and displayed at workplaces to communicate the importance of required PPEs for a specific activity in a specific area.

### Non-occupational Health Services

At Aarti, we've consistently upheld the conviction that our most valuable asset is our people. The cornerstone of our organisation has always been our core value of 'Care'. This ethos has propelled us forward and shaped our identity, guiding us towards excellence. We firmly hold the conviction that nurturing happiness in each individual cultivates a vibrant and thriving culture within the organisation. We envision a workplace where health, happiness and well-being is part of our everyday practice. For holistic well-being of employees and workers we have developed the NIRVANA program with an aim to build a better world at work, and encourage employees and workers to take care of their own self as they discharge their professional duties. Intention of this program is to promote physical, emotional, and mental wellbeing at the workplace. Every year, we bring out a calendar for the whole year with activities planned year-round around five dimensions of well-being: Career, Social, Financial, Community, and Physical. We rope in external experts and speakers in addition to internal experts who share their experiences and insights, enriching our employees and workers collective understanding.

In addition to the above, we conduct health awareness sessions by expert doctors, and health camps with leading hospitals for creating awareness about the non occupational health-related topics in our shop floor employees, we also circulate health bulletins and conduct psychological counselling sessions for our employees and workers. A structured followup programmes are also arranged

**Aarti Medical Board**

At AIL, Occupational Health and Safety are given the highest priority with Zero Tolerance policy towards deviations. AIL has a twelve-member medical board comprising highly qualified doctors, including specialists in diverse fields such as toxicology, pulmonologist etc. We have 24x7 well-equipped Occupational Health Centres with a dedicated full-time medical team (FMOs & Nurses) and state-of-art medical facilities (Lab for testing Methemoglobin, in-house G6PD testing, Audiometry, AED, Central Oxygen Line, Decontamination room, and Ambulances with advanced facilities) are provided at our sites.

by Factory Medical Officer for those employees who are identified with non-occupational illness during periodic medical checkups.

For improving and tackling the non occupational health related issues of our workforce we have an Employee Assistance Programme (EAP) initiative under the banner of Anahata which provides assistance services to employees and their family members through a specialised agency. Through this platform, employees have access to various well-being

assessments, confidential counselling sessions which are of immense help to the employees, thus creating an environment of care within the organisation. During the FY 23-24 a total of more than 1900 employees have taken benefits of the EAP program.

We also organised health awareness sessions i.e., International Heart Day, World No tobacco day, International Yoga Day, health awareness sessions by expert doctor, health camps, shop floor health awareness by OHC team and psychology counseling sessions. etc. to provide awareness among the employees. For ensuring the safe and hygienic working conditions for our employees we conduct Industrial hygiene audits to assess qualitative and quantitative risks at the workplace and mitigate them on priority.

## HEALTH CAMPAIGN - MY HEALTH MY RIGHT/ HEALTH FOR ALL BY ALL (HABA)

The Occupational Health and Care (OHC) team at our manufacturing locations have launched a transformative initiative prioritising holistic well-being of our employees and workers. This campaign focuses on strategic health objectives (to be decided by employees and workers), emphasising dietary habits, weight control, and incremental lifestyle changes. This program aims to revolutionise employee health, encouraging active engagement through goals like weight tracking, dietary awareness, and the mantra "Walk When You Talk." With a commitment to 10,000 steps daily, this is more than an initiative; it's a journey toward a healthier, vibrant AIL. Under this program we are conducting talks and sessions with leading doctors/ dieticians aimed to dispel misconceptions and emphasise on the significance of identifying and addressing lifestyle diseases. In addition, during the program our OHC team held online and offline session (on the shop floor) on lifestyle diseases and how to prevent them.

This program has created tangible benefits for 300+ employees, and instilled a healthy routine in their daily lifestyle.

## HAZARD IDENTIFICATION AND RISK ASSESSMENT (GRI 403-2)

With commitment of zero harm to our people and the environment, it becomes very essential that the hazards at the workplace are effectively assessed and managed. This also ensure reliability of our operations.

We have developed several tools to regularly evaluate potential workplace-related health and safety hazards and their risks. We deploy Hazard Identification and Risk Assessment (HIRA), a qualitative risk assessment tool for our routine activities.

Additionally, for non-routine tasks, we conduct Job Safety Analysis (JSA) to identify and analyze job-related hazards. We then implement control measures to minimize risks. Safety audits are being conducted internally by deploying external subject matter experts to verify our control measures. These audits are documented, tracked, and reviewed regularly at various governance platforms. The concept of TACIT Knowledge for learning and development is introduced which enables safety capability building. To ensure inherent safe design and operation, we conduct process safety studies for existing and new projects, including Thermal Safety Studies (DSC, TSu, RCle) and Powder Safety studies & also to ensure continual Risk reduction, process parameters validation, Criticality Class Study, SIL, QRA, and HAC studies are conducted.

Implementation of Risk based process safety through risk register & barrier management plant-wise top risk identified to monitor the healthiness of existing barriers.

100% of the sites in the reporting boundary have gone through Hazard Identification and risk assessment process. External assessments and certifications further validate our commitment to excellence. At AIL, our unwavering dedication to health and safety assessment guarantees the wellbeing and protection of our valued employees and other relevant stakeholders.

The risk assessment process has helped us identify significant risks and ensure adequate control measures for managing them effectively.



## Incident Reporting, Investigation, and Learning (GRI 403-2)

AIL fosters a culture of safety, accountability, and transparency, ultimately creating a safer and more productive work environment for all employees. We have established and implemented a clearly defined process for incident reporting and investigation of occupational injuries and illness. A well-defined incident investigation process helps to identify the critical factors that are involved in an incident. It also helps to take appropriate corrective actions to avoid such recurrence. The investigation is being carried out through the '5 Whys technique' in which for each identified cause, the team asks "why" repeatedly to identify the root cause of the incident. It helps to cover the causes involving organisational, procedural, and systemic factors that may have contributed to the incident. We follow a hierarchy of controls to determine appropriate corrective measures. The learnings from the incident investigation are shared with other locations for horizontal deployment.

## Reporting Work-related Hazards and Hazardous Situations

To create a safe and supportive work environment, we have processes in place for workers to report work-related hazards and hazardous situations. We actively encourage incident reporting and investigation, allowing and recognising anyone in the plant to report unsafe conditions and unsafe acts for prompt action. Additionally, it protects workers against reprisals which is crucial to ensure their safety and job security. The following are the channels for reporting work-related and hazardous situations by workers:

-  Open Communication Channels
-  Reporting Forms Incident
-  Reporting to Safety Committees
-  Behaviour Based Safety (Reporting Module)
-  Safety Committee Meeting
-  Written Policies and Procedures
-  Reporting to Supervisors/ Managers
-  Unsafe Condition Reporting Module
-  Monthly Gate Meetings
-  Near-Miss Incident Reporting Forms

We have policies and processes for workers to authorize them to stop any activity or operation in case they find it unsafe. The knowledge gained from such incidents is being communicated across the organisation and integrated into the ongoing improvement of the occupational health and safety management system.

#### **Worker Participation, Consultation (GRI 403-4)**

At AIL, we promote a collaborative and participative approach by fostering employee and worker participation, consultation, and communication on health and safety aspects. This is accomplished through monthly gate meetings, where workers share their insights about the work environment and suggestions for contributing to important decisions. Workers also participate in process safety studies and incident investigations to capture their insights and recommendations. Further, they can also participate in auditing plant conditions and safety behaviour observations along with their buddy. Additionally, daily meetings are conducted to ensure regular communication and updates. OHSMS documentation is easily accessible by displaying guidelines and alerts on

notice boards. To enhance communication, we use various channels, including BE SAFE Huddles, and ensure that permits and guidelines are written in clear and understandable regional language. Training and awareness programmes are provided to equip workers with the required knowledge and skills.

#### **Joint Labour Management Health and safety Committee**

At AIL, we have constituted a joint labour health and safety committee of equal numbers of elected workers and company employees at all our manufacturing units, to voice their concerns, share their insight and recommendation. The committee meets monthly to discuss concerns related to work environment and health and safety issues. In addition to the joint labour committee, we have a canteen committee to resolve the concerns of workers in a time-bound manner. During the meeting, the MoM of the last meetings is reviewed and the status on the action decided is communicated to all members. Any new safety, health, and environmental issues raised by all members are updated in MoM. The updated MoM is being shared with all members with the proposed compliance date.

#### **Emergency Preparedness and Response**

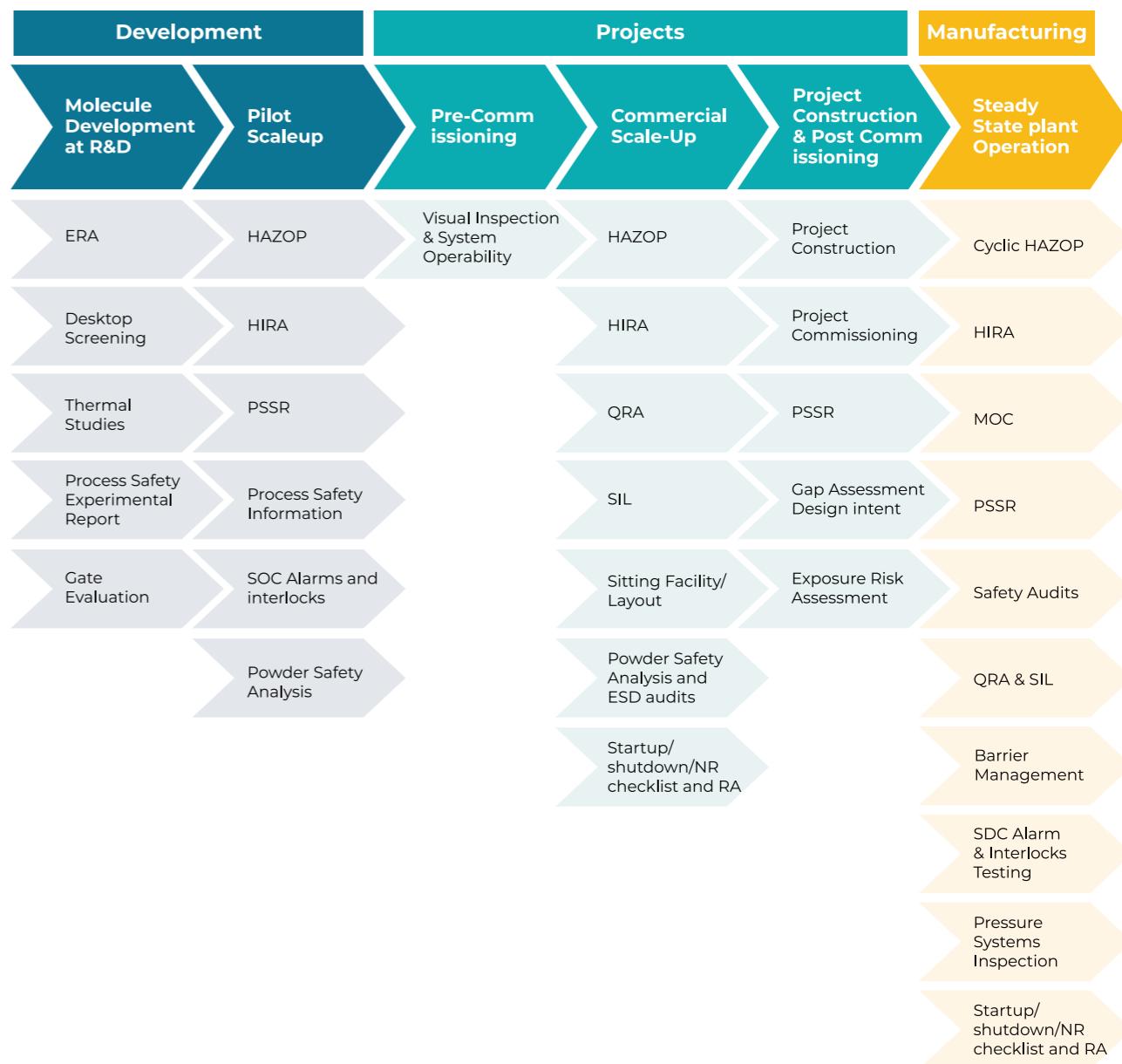
In line with our commitment to prevent injury and provide a safe and healthy workplace we have developed and adopted detailed onsite and off site emergency plans (OSEP) for all our manufacturing locations. The plan covers various scenarios that are anticipated to cause emergencies inside the plants. These carefully drafted plans outline the strategies for detailed response, escalation hierarchies and control measures to contain the emergencies effectively. To accomplish the objective of our OSEP we have a dedicated team of skilled experts equipped with infrastructure at each of our manufacturing locations to handle any on-site and/or off-site emergency. Additionally the comprehensive training to our employees and nearby community equips them with the necessary skills to handle unforeseen situations and emergencies. By conducting regular mock drills we prepare our employees and also assess the effectiveness of our OSEP and make it ready to tackle a variety of emergencies. AIL has also signed mutual aid agreements with neighbouring industries and provides support to them and communities in case of emergency situations.

#### **PROCESS SAFETY:**

Process safety is a cornerstone of our commitment to sustainability and it is crucial for preventing incidents and the release of harmful substances that could jeopardize human health, the environment, and nearby communities. By

implementing rigorous safety measures, conducting thorough risk assessments, maintaining strict safety protocols, and developing effective emergency response plans, we ensure the highest level of protection for our employees, facilities, and the public.

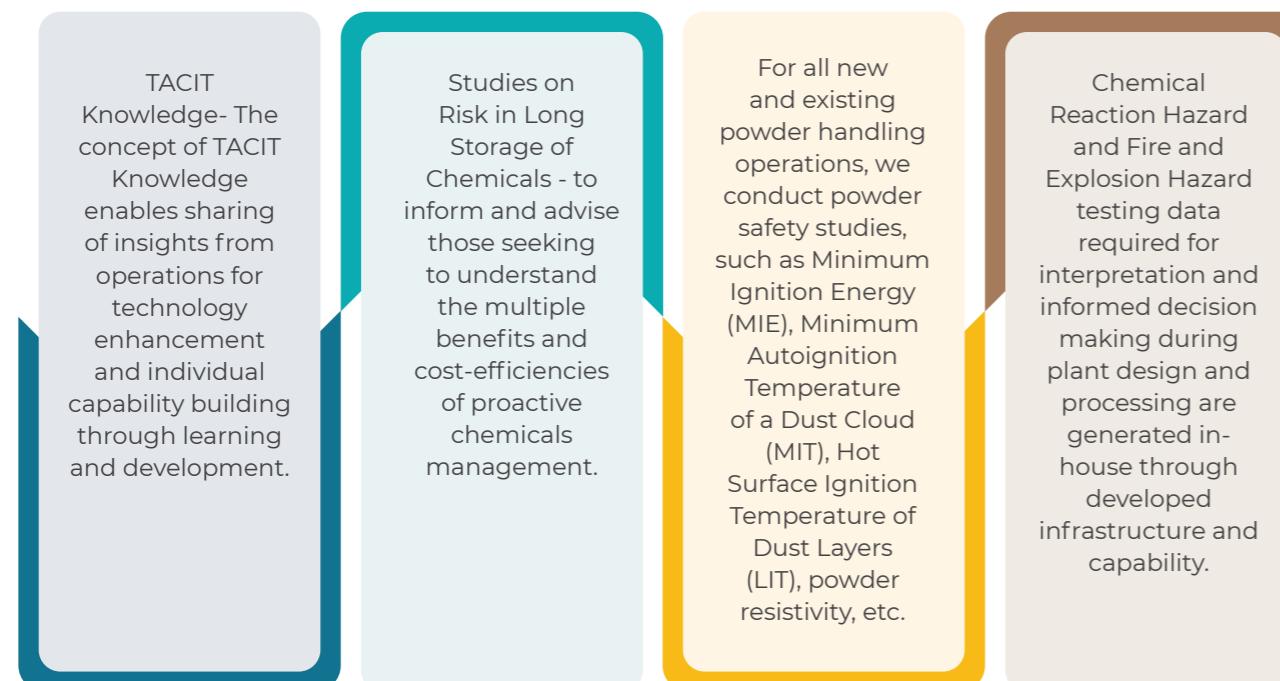
Outlined below are best practices to ensure inherently safe processes at every stage, from product development to commercialization/manufacturing.



#### **Worker Participation on Health and Safety T31**

Status	2021-22	2022-23	2023-24
Total health and safety issue raised	230	218	270
Total issues resolved	230	218	255
Total issues pending	0	0	15

We have established a dedicated Process Safety team at our corporate and manufacturing locations, and have also set up a world-class infrastructure and research facility - Aarti Research and Technology Center.



#### Process Safety Initiative: Assurance of Robust Control on High Risk

Chemical interaction matrix is developed as part of our hazard identification process as it represents concisely the possible hazardous interactions between chemicals present in a plant and between chemicals and construction materials.

Daily Process Deviation Monitoring – To have high vigilance on plant operations and processes, process engineers monitor daily process parameters for enables our supervisors to promptly recognise and resolve any concerns, guaranteeing that the procedure stays compliant and authorise.

Interlock Integrity Assurance – By rigorously testing, verifying, and monitoring the functionality of our interlock systems, we

ensure reliable and fail-safe operations, minimizing the risk of accidents and protecting both our employees and assets.

Hazardous material storage and handling system enhancement.

Robust Hazard Identification and Risk Assessment procedure - HIRA in place, which is done for each individual activity/step involved in Standard Operating Procedures (SOPs).

Job Cycle Check provides assurance that finding of risk assessments are implemented in the true sense and each activity of operation is properly documented in the SOP.

Continual Improvement - The process is improved by safety audits, storage condition validation, and process parameter validation. The results

of these process evaluations are presented along with any remaining hazards and are used as input for design consideration.

Process Safety Capability building - The concept of TACIT Knowledge for learning and development is introduced which enables the capability building of individuals.

Subject Matter expert & Learning - Monthly LFI sessions for 360 degree action implementation from external incident and internal experiences, on boarding of National & International Subject matter experts for training Audit & Inspection.

## BARRIER MANAGEMENT AIL'S JOURNEY IN RISK MANAGEMENT

The purpose of Barrier Management is to consolidate the identified risk from different sources and prioritise the top risks/event with their respective preventive and mitigative barriers to ensure adequacy, reliability and effectiveness of barriers. Where we can get the benefit are

- Risk Based Process Safety
- Assurance & robust control of high risks
- Understanding of risks at shop floor level
- Risk Sensitization
- Qualitative simple approach
- Proactive Emergency Preparedness
- Company level risks are focused & well managed

**The objective is assurance that all the top risks are in control & well managed**

### Top Risk Identification

**Input from**

- HAZOP
- QRA
- SIL & LOPA
- Study Tacit Knowledge
- Internal & External Audit & Other Sources

**Risk Assessment (As per Risk Matrix)**

**Risk Calibration & Prioritization**

### Barrier Management

- Identification of Preventive & Mitigative Barrier
- Adequacy Assessment
- Barrier Assurance
- Barrier Ownership

### People Competency

**For Barrier Owner**

- Capabilities
- Competency
- Validation

---

**For other people**

- Training & Awareness
- Session on Top Risk & its Barrier

### Audit & Governance

**Governance**  
Plant to BOD Level

**Audit Programme**  
Plant to Company Level

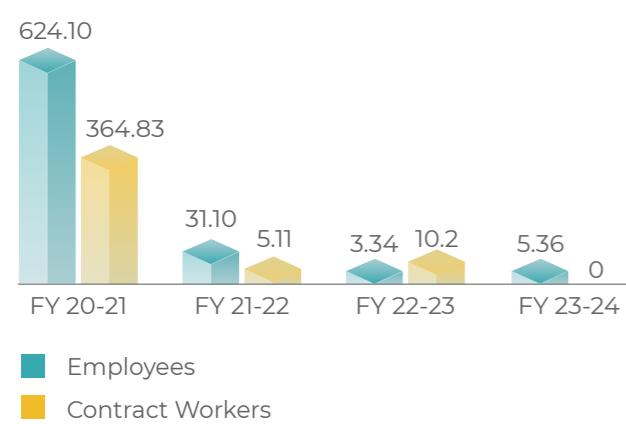


#### LTIFR (per Million Manhours) G34



Employees  
Contract Workers

#### LTISR (per Million Manhours) G35



Employees  
Contract Workers

#### OUR OH&S PERFORMANCE

Our Occupational Health and Safety performance is monitored through various lagging and leading indicators of Aarti Management System's elements. These indicators are reviewed periodically by our senior leadership team in operational group review and sub-councils. The outcome of these reviews are discussed in the Apex Sustainability council chaired by our chairman.

100% of our plants and offices were assessed for working conditions, health, and safety practices. No fatalities were reported during FY 2023-24. Zero cases of high-consequence work-related injuries (excluding fatalities) were recorded during the reporting period.

Lost Time Injury Frequency Rate (LTIFR) and Lost Time Injury Severity Rate (LTISR) are used as measures for our safety performance. During the

reporting period we have reduced both frequency and severity rates as a result of various health and safety interventions. During FY 2023-2024 Rate of Lost time injury Frequency reduced from 0.15 (FY 2022-23) to 0.04 (FY 2023-24). Rate of Lost Time Injury Severity reduced from 7.64 (FY 2022-23) to 2.37 (FY 2023-24).

#### Enhancing Safety Through Training (GRI 403-5)

**37,110**

man-hours of safety training for permanent employees and workers

**42,709**

man-hours of safety training for non permanent workers.

Trainings are central at AIL to ensure that safety aspects are understood, employees and workers are aware about workplace hazards and control measures. We assess the training needs through various interventions and analytics and provide health and safety-related trainings to our employees and workers. All the employees and workers are given safety induction training during their induction. The training sessions on occupational health and safety are conducted by internal and external trainers as required and, in a local language, easily understood by workers. We have also enhanced our training by digitisation and introduced self-paced training E-Modules on Standing Instructions 111A (Health & Safety Requirements) with the following objectives to enhance the learning experience and enable assessment at the end of the training modules.

During the reporting period, our employees and workers were trained on various health and safety topics, including but not limited to Material Safety Data Sheet (MSDS), National Fire Protection Association (NFPA) Diamond, material handling, work permit system, basic use of Personal Protective Equipment (PPEs), basics of fire and fire extinguisher, fire hydrant, emergency response, fire detection and alarm system, behaviour-based safety, general plant conditions, standing instructions, etc.

Specific Training	On The Job Training	System Training	External Training
Contract Workers Induction Contract	Fire Fighting	Work Permit System	Scaffolding Inspector Training
Supervisor Training	First Aid	Job Safety Analysis (JSA)	First Aid and ERT Member
Hazardous Goods	Safe Operating Procedure (SOP)	Job Cycle Check	HAZOP
Transportation Safety	Safety Inspection	General Plant Condition	
Marshall Training	Last Minute Risk Assessment	Management of Change	
Defensive Driving	SCBA Training	Behaviour Safety Safety	
Toolbox Talk	Use Diphtherine Kit	Emergency Response System	
111A-Right of Workers	Rigging and Lifting Safety	Standing Instruction	
	Permit Authorisation Training		
	Forklift Driver Training		

#### Details of Safety Trainings T32

Category	Units	2022-23	2023-24
<b>Employees</b>			
Top Management employees	Numbers	Not monitored	4
	Hours	Not monitored	32
Senior Management employees			
	Numbers	8	80
	Hours	76	274
Middle Management employees			
	Numbers	100	312
	Hours	600	1264
Junior Management employees			
	Numbers	1147	2204
	Hours	8796	13005
Supervisory/Technician employees			
	Numbers	1619	2282
	Hours	15071	22535
<b>Non Permanent Workers</b>			
	Number	32625	20976
	Hours	54572	42709

# SUPPLY CHAIN MANAGEMENT

We at AIL, believe in bolstering our supply chain in terms of ethical, environmental and social stewardship. We understand that a sustainable supply chain is crucial for business continuity since we are heavily dependent on raw materials for production. Thus, we consider them as not just our vendors or suppliers but our "Business Partners" (BPs).

We have formulated and implemented a robust responsible procurement policy and supplier code of conduct with a vision to be a 'Global Partner of Choice'. Our policy and code are in consonance with applicable legal and other requirements related to Occupational Health, Safety, Environment, Quality, and other applicable ESG aspects. Through our policy, we adhere to various facets of good governance, human rights, and ethical business practices. Our supplier code of conduct enshrines widely accepted guidelines such as the United Nations Global Compact (UNGC) principles and the International Labour Organisation (ILO) conventions. Our code is drafted as per the guidance provided by responsible procurement policy prohibiting BPs from obtaining conflict minerals which directly or indirectly finances or benefits armed groups in the countries that are conflict-affected or high-risk. We are also committed to not sourcing these "Conflict Minerals" from "Covered Countries."

Our Policy serves as a roadmap to achieve our goal of reducing carbon emissions associated

with transportation by committing to procuring locally available materials/ products of required high quality whenever feasible. This also serves as a medium for fostering economic growth within the communities where we operate.

Guided by our responsible procurement policy, we are committed to source locally available materials/ products of required high quality whenever feasible. This mandate aligns with our goal of reducing carbon emissions associated with transportation while simultaneously fostering economic growth within the communities where we operate. During the FY 2023-24 we have spent a total of ₹3,072.13 Crores on procurement of raw materials, ₹1,694.52 Crores on purchasing engineering goods and services and ₹7 Crores on packing material. Out of the total spent of ₹4,773.66 Crores, 98% of engineering goods and services 66% raw materials and 100% packing material were sourced from local suppliers. By prioritising local suppliers, we contribute to regional development and support sustainable economies.

## SUSTAINABLE PROCUREMENT PLEDGE

As a responsible organisation, we are aware about our responsibilities to ensure the sustainable practices are detailed with our business partners. All the buyers and sustainability champions at

AIL have taken the sustainable procurement pledge "Let's drive the change together". All the buyers and sustainability champions at AIL have become a SPP Ambassador and are driving responsible procurement agenda through their personal engagement with BP's on a daily basis.

## SUSTAINABLE PROCUREMENT STRATEGY

We have meticulously woven ESG performance metrics in our screening criteria for new BPs and evaluation of existing ones.

All the new business partners are screened and onboarded on signing the commitment to follow AIL's sustainability protocols. All business partners are required to sign General Conditions of Contract (GCC) and General Conditions of Purchase (GPC) additional requirements of HSE, labour practices, and policies on POSH, Responsible procurement policy and Supplier Code of Conduct at the time of award of contract/work to them, these are part of their contracts. All business partners are required to give written confirmation regarding the understanding and commitment to comply with these before the start of engagement. Till 31st March 2024 100% of our BP's have signed and provided commitment towards AIL's supplier code of conduct and their contract agreement includes clauses on environment, safety, labour and human rights.

The first step for the assessment of our existing BPs involves the identification of critical BP's or Tier 1 BP's based on the spend, country of supply, and sectors in the preceding financial year. The BPs from the sector of engineering goods and services with whom we have done business worth more than ₹1 Crore during the previous financial year are identified and accessed for ESG risk during the following financial year.

Similarly for the raw material and packaging material critical suppliers are identified based on spent i.e., more than 80% of the spent for preceding financial year and the country from which we are importing.

All our BPs are evaluated based on environmental criteria such as carbon emissions, climate actions, water usage, and waste management practices. For social criteria, we consider occupational health and safety practices and facilities provided by suppliers to their workforce, human rights and labor practices, remuneration, freedom of association, and collective bargaining, while for governance topics anti-bribery and anti-corruption practices, compliance with regulatory requirements, material sourcing, and trade control are considered.

All the new suppliers once onboarded have to undergo online sustainability performance assessment along with our existing supplier based on the spent criteria mentioned above. These assessments are valid for the period of three years.

## UPHOLDING AIL'S VALUE - INTEGRITY

Inline with our core value of "Integrity", we always strive to maintain the highest ethical and moral standards. Our procurement department guided by Chief Procurement Officer (CPO) led by example in creating awareness among our BP's on the importance of ethical conduct, transparency, and maintaining a fair and inclusive workplace environment. During the festival season our procurement reached out to more than 3000 business partners and created awareness among them regarding AIL's "Gift and Hospitality (G&H) policy" and "No Gift Acceptance Guidelines". This initiative created awareness among our BP's and resulted in making sure that no gifts are exchanged during the festival season and our BP's are not obliged to send gifts to the buyers.

## EVALUATION OF BUSINESS PARTNERS (GRI 308 -1, 308-2, 414-1, 414-2)

### Business Partner Assessment

At AIL, we have developed a robust process of conducting due diligence of our potential business partners on the criteria of Financial capabilities, Ethics, Environmental and Safety performance, Climate actions and Labour and Human rights. This process is not empowered by inclusion in business partners pre-qualification process through digital tools. During FY 2023-24 151 new BP's were assessed out of whom, 37 were raw material suppliers and 114 were engineering goods and services business partners. 56 business partners were not onboarded owing to the high ESG risk and other risks identified during the pre qualification assessment.

### New Business Partners Screened on ESG Criteria T33

	FY 20-21	FY 21-22	FY 22-23	FY23-24
No of BPs screened	20	129	256	151
No of BPs onboarded	15	117	171	95
No of BPs declined	5	12	85	56

During the last four years, we have identified 588 strategic BPs for ESG audit. Out of these, audit was done for 448 BPs (76%). We have increased our assessment and in FY 23-24, 51 % of our spend is now assessed for ESG risk and classified into high-risk, medium-risk and low-risk. The list of sustainable business partners considered as low risk by AIL is hosted on website [Click here](#).

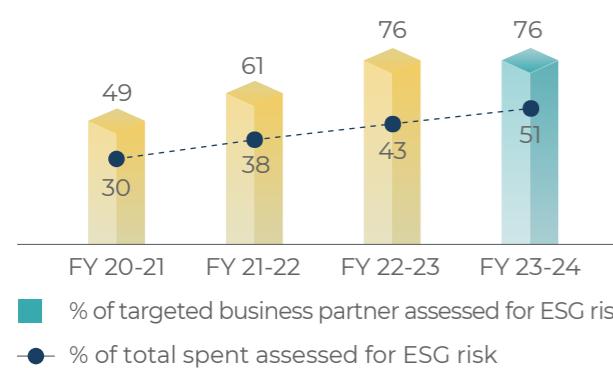
#### Business Partner's Assessment on ESG Criteria T34

	FY 20-21	FY 21-22	FY 22-23	FY23-24
No of target business partner	121	130	432	588
No of business partner assessed	59	79	330	448
% of BP assessed against target BP	49	61	76	76

#### Business Partner's Onsite Audit on ESG Criteria T35

	FY 20-21	FY 21-22	FY 22-23	FY23-24
No of target business partner	81	99	258	295
No of business partner assessed	53	66	190	222
% of BP audited against target BP	65	67	74	75

#### % of Suppliers Assessed Vs Spent C36



are integral part of it. We continuously engage with them for continual improvement. Based on the classification and following our responsible procurement policy to carry out continual improvement, we engaged with high-risk business partners on a continuous basis. The engagement with high-risk business partners was to ensure that we share consensus ad idem with them in terms of sustainability by adhering to our responsible procurement policy. Corrective and Preventive Action plan (CAPA) are developed along with their alignment for the risk reduction. For the year 23-24 the CAPA are agreed upon by all the identified high risk suppliers and engagement with them is ongoing for their conversion to low and medium risk.

#### Engaging with our Suppliers

We have a focused approach of building a sustainable supply chain, our business partners

#### Status of Corrective Actions of BP's T36

	FY 20-21	FY 21-22	FY 22-23	FY23-24
No of suppliers identified with corrective action plan need	26	45	173	62
No of suppliers with whom corrective actions were agreed	26	45	173	62
% suppliers identified with significant actual and potential negative impact	0	0	0	0
No. of suppliers moved from high risk to medium and low risk as result of engagement	12	18	102	*
No. of supplier put on holiday as result of poor performance	14	27	71	*

\*the engagement with suppliers is ongoing

#### Voice of BP's:

To establish a two way communication system with our BP's we make sure their views are heard through VOICE surveys. During FY 23-24 a total of 128 BP's with spent of more than ₹650 Crores participated and gave their views on following practises of AIL.



We were rated 4.34 out of 5 by our BP's during the FY 23-24. We have identified pain points from the survey and have started on resolving the issues raised by our business partners.

BP's in the above categories.

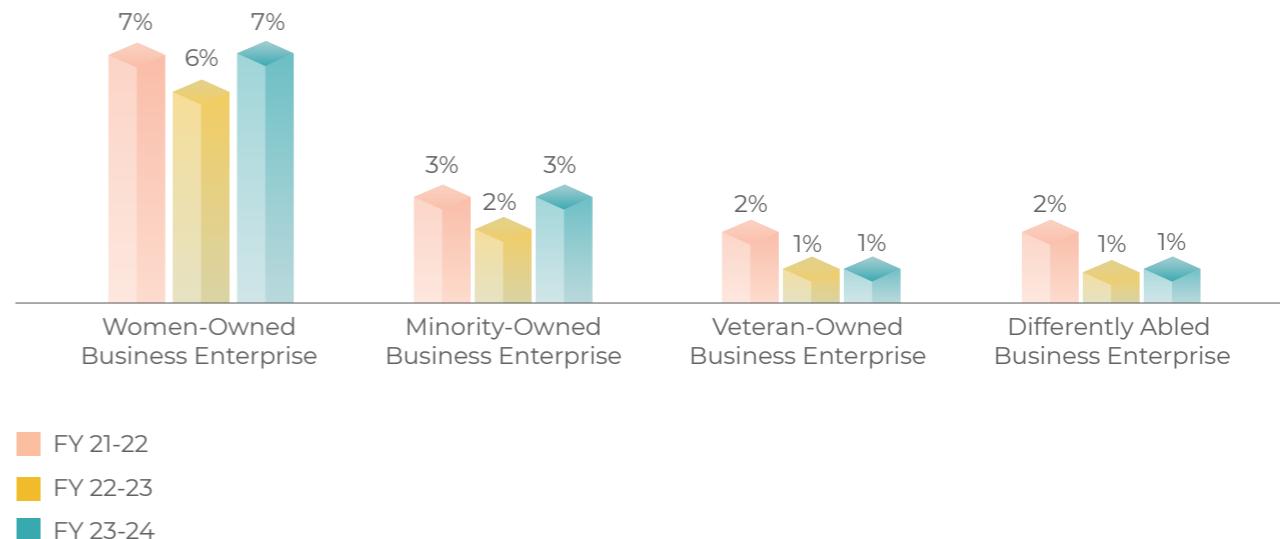
#### Women Entrepreneur

To encourage and participate in the growth of women led business we have identified goods and services that can be sourced from women led businesses and during FY 2023-24 we have procured ₹1,182 Crores of goods and services from Micro Small and Medium Industries, this is an increase of 39% from last year.

#### DIVERSITY IN PROCUREMENT

AIL is committed to have a diverse supply chain, we track our spending on business partners from various backgrounds such as women owned, minority owned, veteran owned, and business owned by differently abled. During the last three years we have spent ₹1,006 Crores on 454 different

#### % of Spent with Diverse Business Partners C37



### Circular Economy in Procurement

To improve circularity and to bring the concept of reuse, repair, and recycling (3Rs) into procurement of material, we have adopted a minimalistic approach to reduce our environmental footprints by imbibing circularity in our operations through optimum utilisation of surplus material and equipment. We provide a list of surplus and good condition equipment available with us for sale on our website ([Click here](#)), along with the equipment required by us ([Click here](#)).

## TRAINING OF BUSINESS PARTNERS AND BUYERS

### Training and Capacity Building of Business Partners

Sustainability is the journey and hence we have called on our business partner to join in. It has lots of commitment toward collaboration in the sustainability domain and hence needs efforts on capability building. By sharing knowledge, providing resources, and offering training, we empower business

partners to embrace sustainable practices, contributing to a more responsible supply chain. During FY 2023-24, a sustainability awareness workshop was conducted through a third party expert for the BPs. The workshop aimed to enhance the understanding and awareness of sustainability principles and practices, importance of sustainability and its relevance to supply chain among 113 participants from various industries and encourage them to integrate sustainable strategies into their respective organisations. This program also achieved the objective of knowledge sharing among participants to drive sustainable initiatives.

### Training and Capacity Building of Buyers

All our Buyers (Procurement team) have committed toward a sustainable procurement pledge. They have an important role of embedding sustainability in procurement decisions. To encourage the buyers to make sustainable choices, we have sustainability related KPIs included in the annual goal setting exercise, buyers' performance evaluation at the end of the year is done on the sustainability related goals assigned to them at the start of the year. Buyers are also given refresher training on the topics of ESG during the FY

2023-24 covering benefits of integrating ESG considerations into procurement practices, guidance on incorporating ESG criteria in supplier selection, evaluation, and contracting processes. This training encouraged the team members to drive ESG related initiatives and contribute to the organisation's sustainability goals. All the buyers 62 (100%) attended the training on ESG during FY 2023-24.

### SUPPLIER'S RECOGNITION

We recognise the high-performing BPs every year based on their demonstration of commitment and enhanced performance on various parameters such as quality, timely delivery, improvement in environment performance, climate actions, improvement in social indicators, recognition received from third party on ESG, etc. during FY 2023-24. We have recognised 34 BPs for their performance on above mentioned parameters. To provide a transparent and accessible resource to encourage all the BPs to adopt sustainable practices, we update and publish a list of sustainable business partners on our website every quarter. The list available on our website as of September 30, 2023.



## EMPOWERING COMMUNITIES

At AIL, we embrace the principles of Corporate Social Responsibility (CSR) as an integral part of our organisational ethos. Since inception, we have strived to fulfil the role as a responsible corporate citizen. Our passion for developing unique solutions for the speciality chemicals industries also extend to undertaking life-changing community initiatives. Our commitment to community development is reflected through our CSR activities, which aims to foster sustainable growth while upholding

our responsibilities towards society. We strive to make a positive impact in areas such as poverty alleviation, healthcare, education, women's upliftment in rural India, and environmental protection by implementing a diverse range of projects and initiatives. We remain committed to upholding our Corporate Social Responsibility and invite stakeholders to join us in this journey towards a brighter and more sustainable future.

We have adopted the CSR Policy, which is approved by the Board, and serves as a comprehensive

guide for the implementation of CSR programs at AIL. The policy ensures that our CSR initiatives are aligned with the provisions outlined in Schedule VII of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Through Aarti Foundation, we undertake a wide range of interventions to enhance the lives of the communities around us. We have a collaboration with numerous implementing agencies to carry out need assessments and make impactful interventions.



## Our CSR Initiatives

**₹1,745.81 Lacs**  
Amount Spent on CSR activities

**1,53,946**  
Lives benefitted by our CSR activities

**₹83.61 Lacs**  
Amount Spent

**54,863**  
Lives Impacted



**₹679.25 Lacs**  
Amount Spent  
**2450**  
Lives Impacted



**₹40 Lacs**  
Amount Spent  
**15**  
Lives Impacted



**₹40 Lacs**  
Amount Spent  
**54,680**  
Lives Impacted



Green Environment and Water Conservation

Livestock Development

OUR CSR THRUST AREAS

Livelihood Opportunities

Healthcare

Women Empowerment

Tribal and Rural Development

Other CSR Initiatives

**₹761.04 Lacs**  
Amount Spent  
**755**  
Lives Impacted



**₹104.13 Lacs**  
Amount Spent  
**4,1183**  
Lives Impacted



**₹9 Lacs**  
Amount Spent



#### 4 QUALITY EDUCATION



#### EDUCATION AND SKILL DEVELOPMENT

**₹679.25 Lacs**  
Amount Spent

**2450**  
Lives Impacted

**1500**  
Students Benefited

Lift for Upliftment (LFU)

**Infrastructure Development for Education**  
Project Category

**₹65 Lacs**  
Amount Spent

**200 Students**  
Lives Impacted

**Ulgulan,  
Dharashiv**  
Place

V-Excel Educational Trust - School for Specially abled Children at Solapur

**Infrastructure Development for Education**  
Project Category

**₹40 Lacs**  
Amount Spent

**Approx. 300 special children**  
Lives Impacted

**Solapur**  
Place

Vicharta Samuday Samarthan Manch (VSSM)

**Infrastructure Development for Education**  
Project Category

**₹154.59 Lacs**  
Amount Spent

**900 students each year**  
Lives Impacted

**Ahmedabad**  
Place

Shree Jethalal Nonghabhai Gada Vagad Education, Welfare & Research Centre

**Scholarship & Other Education Welfare**

Project Category

**₹67 Lacs**  
Amount Spent

**72 students**  
Lives Impacted

**Vasai, Thane**  
Place

Shri Hirji Bhojraj & Sons Kutchi Visha Oswal Jain Chhatralaya

**Scholarship & Other Education Welfare**

Project Category

**₹75 Lacs**  
Amount Spent

**35**  
Lives Impacted

**Mumbai**  
Place

Shree Mahavir Jain Charitra Kalyan Ratnashram

**Scholarship & Other Education Welfare**

Project Category

**₹30 Lacs**  
Amount Spent

**467**  
Lives Impacted

**Songadh, Tapi**  
Place

#### Other Education Initiatives

One of the best schools in the region, funded by the Aarti Group.  
Location: Nana Bhadiya, Kutch, Gujarat.  
Students: 406

**Shree Ram-Krushna Dev Vidhya Sankul**  
Primary and secondary Gujarati medium boarding school for 1st to 10th standard.  
Location: Ratnapar, Kutch District.  
Students: 436

**Yusuf Meherally Centre (YMC) - YMC runs 3 different institutions**  
Vallabh Vidyalaya:  
Providing primary and secondary education.  
Students: 835

**Vicharta Samuday Samarthan Manch (VSSM) -**  
Boys' and girls' hostel providing a safe and supportive environment.  
Location: Ahmedabad.  
Students: 476

**Centres for Salt Pan Workers' Children:**  
Primary education for children of salt pan workers.  
Locations: 11  
Students: 312

**Centres for Fishermen's Children:**  
Primary education for children of fishermen.  
Locations: 3  
Students: 48

Institutions	Category	Place	People Benefitted	Amount Spent (in lacs)
Sushil Trust, Shree Ram-Krushna Dev Vidhya Sankul, Khadir, Ratanpar, Kutch	Ongoing	Ratanpar	436	76.04
Expenses Under Vidhya Sarthi project	Ongoing	Nana Bhadiya	13	8.59
Vicharta Samuday Samarthan Manch (VSSM)	Ongoing	Ahmedabad	135	6.00
Yusuf Meherally Centre ( Vallabh Vidyalaya + Sagar Shala)	Ongoing	Kutch	835	29.45
Shree Jethalal Nonghabhai Gada Vagad Education, Welfare & Research Center	Scholarship	Vasai, Thane	72	67.00
Shri K.V.O. Jain Mahajan Mumbai	Scholarship	Mumbai	422	21.00
Shree Kutchhi Visha Oswal Sthanakwasi Jain Mahajan	Scholarship	Mumbai	35	50.00
Shri Hirji Bhojraj & Sons Kutchi Visha Oswal Jain Chhatralaya	Scholarship	Mumbai	35	75.00
Shri Mahavir Jain Charitra Kalyan Ratnashram	Scholarship	Songadh, Tapi	467	30.00
V-Excel Educational Trust	Infrastructure	Solapur	N.A.	40.00
Lift for Upliftment	Infrastructure	Ulgulan, Dharashiv	N.A.	65.00
Vicharta Samuday Samarthan Manch (VSSM)	Infrastructure	Ahmedabad	N.A.	154.59
Others				56.58
<b>Total</b>			<b>2450</b>	<b>679.25</b>



**3** GOOD HEALTH AND WELL-BEING



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

## HEALTHCARE

**₹761.04 Lacs**

Amount Spent

**755**

Lives Impacted



Shree Shanti Nath Educational Medical Research & Charitable Trust (Powai)

**Healthcare**

Project Category

**₹75 Lacs**

Amount Spent

**300**

Lives Impacted

**Powai**

Place

Tirthankar Mahaveer Jain Hospital

**Healthcare**

Project Category

**₹90 Lacs**

Amount Spent

**Bihar**

Place

Shri K. K. Shah Sabarkantha Arogya Mandal (Shrimant Fatehsinhrao Gaekwad General Hospital (Vatrak Hospital))

**Healthcare**

Project Category

**₹75 Lacs**

Amount Spent

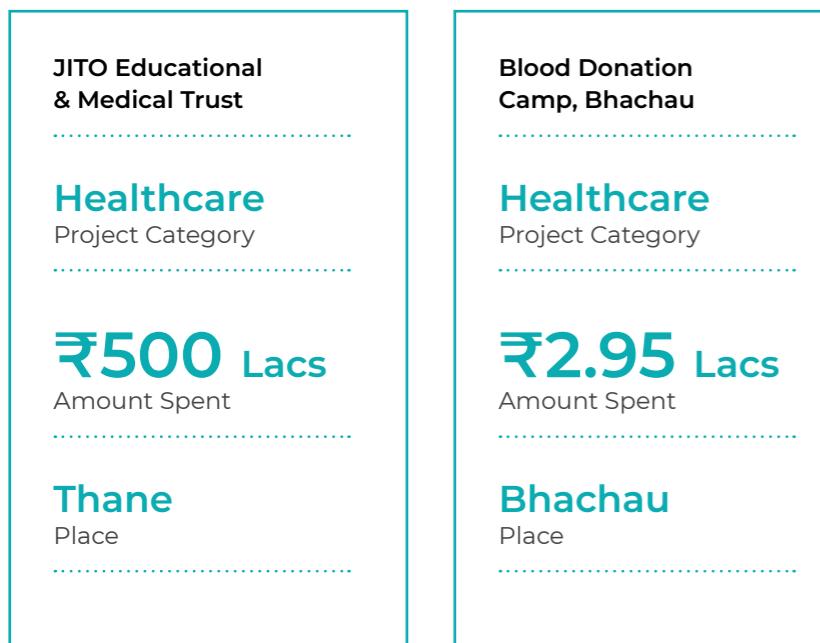
**430**

Lives Impacted

**Vatrak**

Place





Details	Category	Place	People Benefitted	Amount Spent (in lacs)
Shree Shanti Nath Educational Medical Research & Charitable Trust	Infrastructure	Powai	300	75.00
JITO Educational & Medical Trust	Infrastructure	Thane	NA	500.00
Dhan Vallabh Welfare Foundation	Infrastructure	Nalanda, Bihar	NA	90.00
Shri K K Shah Sabarkantha Arogya Mandal	Healthcare	Vatrak	430	75.00
Blood donation camp	Healthcare	Bhachau	NA	2.95
Gram Swarajya Samiti	Medical Grant	Malegaon	NA	2.00
Shri KVO Jain Mahajan Mumbai	Medical Grant	Mumbai	25	10.00
Other Medical Grants	Medical Grant		NA	6.09
<b>Total</b>			<b>755</b>	<b>761.04</b>



<b>Number of villages - targeted</b>	150
<b>Number of villages – covered</b>	157
<b>Manager and Supervisors</b>	15
<b>Village level workers</b>	155
<b>Vallabh Vidyamandir School (since April 2022) (1st to 4th Standard, 5th Standard from April 2024)</b>	Students – 320 Teachers – 6 Other staff – 2
<b>Ramdev School (since Feb 2024) (1st to 3rd Standard)</b>	Students – 200 Teachers – 5 Other staff – 2
<b>Coaching Classes</b>	152
<b>Average number of students per coaching class</b>	45
<b>Illiterate students studying in coaching class</b>	950
<b>Illiterate students enrolled in school</b>	677
<b>Drop outs students studying in coaching class</b>	551

<b>Drop outs re-enrolled in the school</b>	276
<b>Self-help groups (SHGs)</b>	204 groups in 142 villages
<b>Total members</b>	2,281 For the remaining 15 villages process is on to start SHGs
<b>Total Saving of SHGs so far</b>	Rs. 43,33,660
<b>Total loan given to SHG members</b>	Rs. 29,43,480
<b>Number of poor malnourished pregnant, children and TB patients are given supplementary nutrition</b>	45 pregnant and lactating mothers 50 children 78 TB patients 173 total beneficiaries
<b>Vegetable seed packets distribution</b>	10,000 packets distributed to all the families in 157 villages
<b>Paramedical workers</b>	117 paramedical workers Each treating approx. 65 patients per month for common ailments Approx. 7605 patients / month
<b>Total Number of patients treated by mobile dispensary – MBBS doctor</b>	25,000 till March 2024
<b>TB patients put on treatment</b>	78 - Most of them taking regular treatment
<b>Epilepsy patients put on treatment</b>	44 – taking regular treatment
<b>Leprosy patients put on treatment</b>	6
<b>Sanitary Pads</b>	5,005 packs distributed
<b>SP Cases (families or individuals who need special attention and care)</b>	200



Details	Category	Place	People Benefitted	Amount Spent (in lacs)
Bhansali Trust	Tribal	Bihar	40,957	86.00
Karunah Society for Development	Tribal	M.P.	226	15.83
Other	Rural	Bhachau, Kutch		2.30
<b>Total</b>			<b>41,183</b>	<b>104.13</b>



## GREEN ENVIRONMENT AND WATER CONSERVATION

**₹83.61 Lacs**  
Amount Spent

**54,863**  
Lives Impacted



**Shree Siddhivinayak Sevabhavi Sanstha (Beed)**

**Green Environment and Water Conservation**  
Project Category

**₹27.81 Lacs**  
Amount Spent

**2665 People**  
Benefited

**Rui Village of Beed District**  
Place

**Advocating Green & Sustainable Chemistry**

**Green Environment and Water Conservation**  
Project Category

**₹7.5 Lacs**  
Amount Spent

**Kutch Nav Nirman Abhiyan (Jal Mandir Abhiyan)**

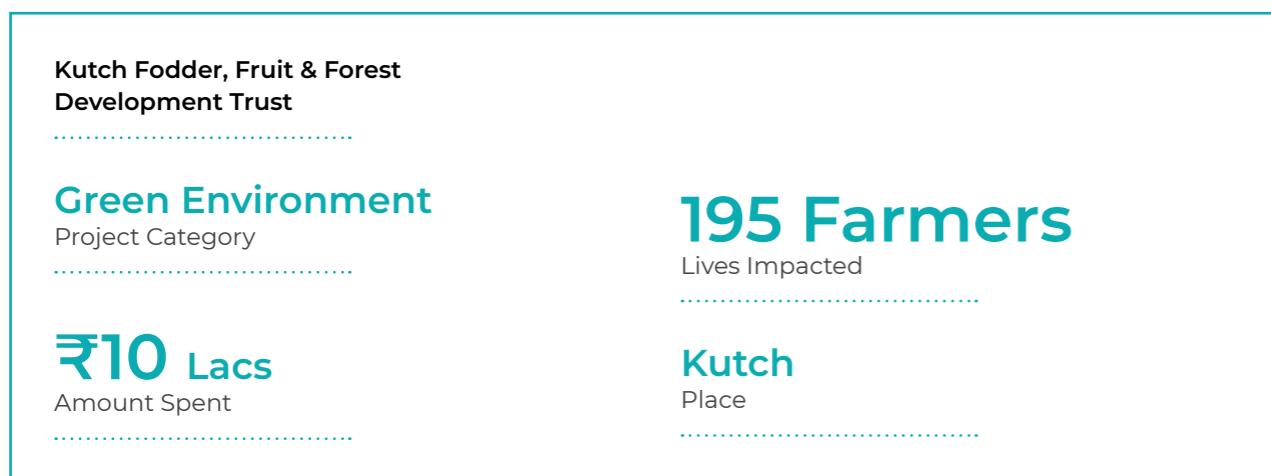
**Water Conservation**  
Project Category

**₹35.80 Lacs**  
Amount Spent

**52,003 People +**

**33,184 Animals**  
Lives Impacted

**Kutch**  
Place



**WOMEN EMPOWERMENT**

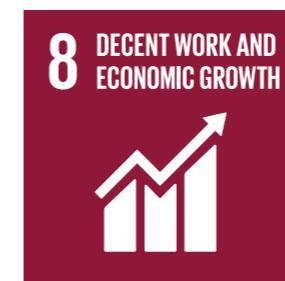


Details	Category	Place	People Benefitted	Amount Spent (in lacs)
Kutch Fodder Fruit & Forest Development Trust	Environment	Khadir, Kutch	195	10.00
Green Chemistree Foundation	Environment	Mumbai	N.A.	7.50
Kutch Jal Mandir Abhiyan	Water Conservation	Kutch	52,003	35.80
Shree Siddhivinayak Sevabhavi Sanstha	Water Conservation	Beed	2,665	27.81
Sujalam Sufalam Jal Abhiyan	Water Conservation	Kutch	N.A.	2.50
<b>Total</b>			<b>54,863</b>	<b>83.61</b>



<b>Villages covered</b>	3700 + villages of 10 Dist. in Assam 220 villages of 3 Dist. in Meghalaya
<b>Total Staff</b>	207 at Assam 14 at Meghalaya
<b>Micro Credit Groups (Self-help group)</b>	14,500 + Micro Credit groups Covering 1,67,800 + women families Most of the families are now debt free
<b>Income generation projects</b>	<ul style="list-style-type: none"> <li>• Mushroom farming</li> <li>• Incense Stick (Agarbatti) making</li> <li>• Weaving</li> <li>• Bamboo craft</li> <li>• Tailoring classes</li> </ul>
<b>Training camps for Women &amp; girls</b>	900 training & awareness camps for women & girls including 36,000 participants. Topics covered in the camp: <ul style="list-style-type: none"> <li>• Hygiene</li> <li>• Vices like alcohol, tobacco</li> <li>• Injectable drug abuse</li> <li>• Importance of education</li> <li>• Supplementary income through family planning, organic farming etc.</li> </ul>
<b>Mental Health care</b>	1250+ Patients are treated in 9 Camps

Details	Place	People Benefitted	Amount Spent (in lacs)
Tribal Integrated Development & Education Trust	Assam & Meghalaya	54,680	40
<b>Total</b>		<b>54,680</b>	<b>40</b>



## LIVELIHOOD OPPORTUNITIES

₹40 Lacs  
Amount Spent

15  
Lives Impacted



Samast Mahajan

**Livelihood Opportunities**  
Project Category

₹40 Lacs  
Amount Spent

**15 People**  
Lives Impacted

Ahmedabad  
Place

Details	Category	Place	People Benefitted	Amount Spent (in lacs)
Samast Mahajan	Livelihood Opportunities	Ahmedabad	15	40
<b>Total</b>			<b>15</b>	<b>40</b>





## LIVESTOCK DEVELOPMENT

**₹28.77 Lacs**

Amount Spent

Bhagwan Mahavir Pashu Raksha Kendra

### Livestock Development

Project Category

**₹20 Lacs**

Amount Spent

Kutch

Place

Cattles in Gaushalas

### Livestock Development

Project Category

**₹7.77 Lacs**

Amount Spent

Maharashtra

Place

Other Livestock Development Cost

### Livestock Development

Project Category

**₹1.0 Lacs**

Amount Spent

## AWARDS AND ACCREDITATIONS



Quality Circle Forum of India Award for QC & Allied Concepts



Quality Circle Forum of India Excellence Award for Quality Concepts



15th Exceed OHS & Security Award 2023 for Occupational Health & Safety



Green Gujarat Award 2023



Paryavarana Award 2023



Gold Award for Environment Preservation



Quality Circle Award on Theme: 5S



## OUR PRIORITISED SDGs



## Ensure healthy lives and promote well-being for all at all ages

AIL harmoniously strives to promote a safety culture within the organisation by ensuring physical health and mental well-being for all employees, customers, and other stakeholders. Several programs have been implemented to improve healthcare infrastructure and services. Furthermore, AIL prioritises employee health and safety by implementing comprehensive occupational health and safety measures across operations. This is to reduce injuries among our employees and contractors.

### What we Target?

TARGET 3-9	TARGET 3-8
 REDUCE ILLNESSES AND DEATH FROM HAZARDOUS CHEMICALS AND POLLUTION	 ACHIEVE UNIVERSAL HEALTH COVERAGE

**37,110**  
man hour training  
to permanent  
employees and  
permanent  
workers

**42,709**  
man hour training  
to non-permanent  
workers

**Zero fatalities**

### Safety of Employees and Workers

#### Lost Time Injury Rate in 2023-24

**Employees**  
0.08

**Workers**  
0

Unit: Case/1,000,000 hours worked

### Alignment with our ESG Objective

- Safety culture and employee well being

### Capitals Impacted

- Human Capital
- Financial Capital
- Manufacturing Capital

### Our Aspirations

To be at interdependent stage on Bradley curve

### Key Projects

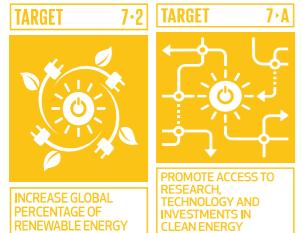
- Engagement of DSS+ for safety culture enhancement
- 200+ knowledge capsules every year, 900+ BESAFE+ Huddles, 50+ learning from incidents (LFI) sessions
- Every month 2000+ Behaviour Based Safety (BBS) rounds, 2000+ internal inspections, 1500+ work permit audits
- Monthly gate meeting on the 4th day of every month
- Learning from incident sessions to foster the involvement of employees and encourage learning from incidents
- Health Campaign - My Health My Right/ Health for All By All (HABA)



## Ensure access to affordable, reliable, sustainable and modern energy for all

Aarti Industries Limited (AIL) strives to increase the consumption of clean and sustainable energy. AIL has been actively involved in promoting renewable energy and sustainable practices. AIL has invested in renewable energy projects, such as installation of hybrid renewable energy park, to reduce reliance on fossil fuels and promote clean energy generation. Additionally, AIL has implemented energy efficiency measures across its operations, aiming to minimize energy consumption and reduce carbon emissions. Furthermore, AIL is in final stages of setting up an additional 13-15 MW of hybrid renewable energy plant to cater to the electricity requirements of AIL.

### What we Target?

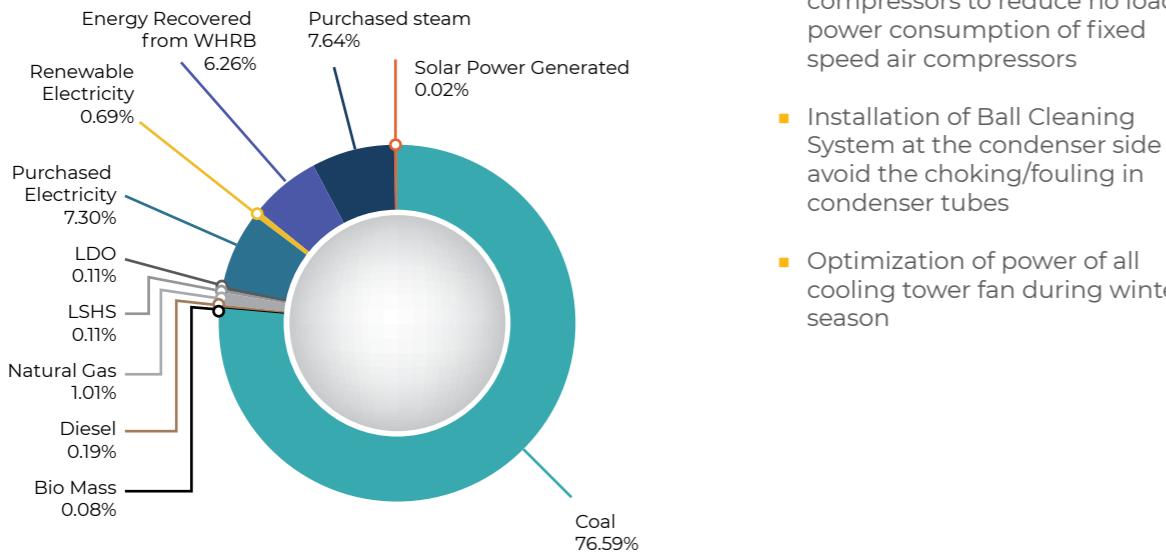


**10,12,622 GJ**

Energy Recovered from process through process intensification

**6.3 Million KWH**  
Energy Saving from Energy efficiency improvement Initiatives

### Our Energy Mix



### Alignment with our ESG Objective

- Accelerate Climate Actions

### Our Targets

**Reduce specific energy consumption by 20% from 2019-20 level for FY 2028**

**25% of total energy from renewable sources from 2019-20 level for FY 2028**

### Our Aspirations

### Capitals Impacted

- Natural Capital
- Manufacturing Capital
- Financial Capital

### Our Aspirations

**Maximizing consumption of renewable energy**

### Key Projects

- VFD installation in Power boiler feed pump and FD Fan to minimise head losses
- Install VRV Remote controller and timer in lighting circuit
- Installation of VFD operated air compressors to reduce no load power consumption of fixed speed air compressors
- Installation of Ball Cleaning System at the condenser side to avoid the choking/fouling in condenser tubes
- Optimization of power of all cooling tower fan during winter season

## 8 DECENT WORK AND ECONOMIC GROWTH



## Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

AIL strives to foster economic growth and community development, enhancing business ethics and compliance. AIL is contributing to SDG 8 through various business operations and initiatives, such as creating employment opportunities, fostering inclusive economic growth, and promoting fair labor practices. AIL prioritises employee well-being, providing training, fair benefits, and ensuring decent working conditions.

### What we Target?



**4%**  
YoY increase in women workforce

**0.94**  
Female to Male Wages ratio

**Zero**  
Human Rights Infringement Incidences

### Our Targets

### Alignment with our ESG Objectives

- Promoting Human Rights
- Responsible Sourcing
- Employee - Well being

### Our Aspirations

**Employee satisfaction and engagement surveys for decent working conditions**

**Zero instances of human rights at workplace**

**Robust policies and governance system in place**

### Capitals Impacted

- Human Capital
- Social and Relationship Capital

### Our Aspirations

**Conduct human rights impact assessments across all the locations**

**100% internal fill rate for manager and above roles**

**Accredited as exceptional workplace by reputed body**

### Key Projects

- Anahata – Employee Assistance Program
- Nirvana – Employee Wellness Program
- Employee Engagement interventions
- Metamorphosis for Executives and Associates
- Focused intervention for Gen Z



## What we Target?

TARGET 9-4	TARGET 9-1

UPGRADE ALL INDUSTRIES AND INFRASTRUCTURES FOR SUSTAINABILITY  
DEVELOP SUSTAINABLE, RESILIENT AND INCLUSIVE INFRASTRUCTURES

**15 patent**  
applications corresponding to 10 patent families

**85 Crores**  
Invested in R&D

**6,100 Employee**  
Trained on Information Security

**ISO 27001 certified**  
for our R&D centre, pilot plant and technology centre & 3 Manufacturing locations.

## Key Projects

- Batch to semi continuous in fluorination reaction
- Validated Continuous vapor technology in pilot plant
- Developed in house Photochemistry technology
- Evaluation of micro reaction technology for highly hazardous chemical reactions
- HCl purification technology

# Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

AIL strives to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation pacing with excellent R&D. Our focus on sustainable R&D excellence is not just a commitment, but a promise for a future that is responsible, sustainable, and filled with promising innovations. AIL has played a significant role in promoting sustainable industrialisation by implementing advanced manufacturing processes and technologies. Through these efforts, AIL has contributed to economic growth, job creation, and the development of sustainable industries.

## Alignment with ESG Objectives

- Embracing circularity
- Fostering culture of innovation for sustainable product development
- Robust IT Systems
- Intellectual Capital
- Natural Capital
- Social and Relationship Capital

## Our Targets

**Adopting Life Cycle Technology Management to enhance existing products**

**Incorporating Lean construction methodologies and precast concrete in infrastructure development**

**Introducing innovation and technological advancements at manufacturing facilities**

## Capitals Impacted

- Intellectual Capital
- Natural Capital
- Social and Relationship Capital

## Our Aspirations

**Conduct LCA for 100% of products to identify impacts associated with GHG emissions, ODS Emission, water impact, toxicity, etc. by FY 2025**

**Assess the environmental footprint of product along with its environmental footprint during the use stage by FY 2027**

**Identify opportunities for new product development with low environmental footprint (e.g., BioBenzene) based on business and market review by FY 2030**



## What we Target?

TARGET 13-2	TARGET 13-3

INTEGRATE CLIMATE CHANGE MEASURES INTO POLICIES AND PLANNING  
BUILD KNOWLEDGE AND CAPACITY TO MEET CLIMATE CHANGE

**₹149.15 Crores**  
of Climate Budget

Emission avoided:  
**97,718 tCO<sub>2</sub>e**

# Take urgent action to combat climate change and its impacts

Aarti Industries Limited (AIL) robustly undertake measures to combat climate change and its catastrophic impacts by reducing scope 1, scope 2 and scope 3 emissions and integrating decarbonization strategy by enhancing clean energy solutions. AIL has made substantial investments in renewable energy sources, such as solar and wind, to decrease reliance on fossil fuels. Additionally, we have implemented energy-efficient practices across our operations and adopted innovative technologies to minimize greenhouse gas emissions. AIL has also conducted climate risk assessment for all the manufacturing locations and ranked them in order of highest to lowest climate risk.

## Alignment with our ESG Objective

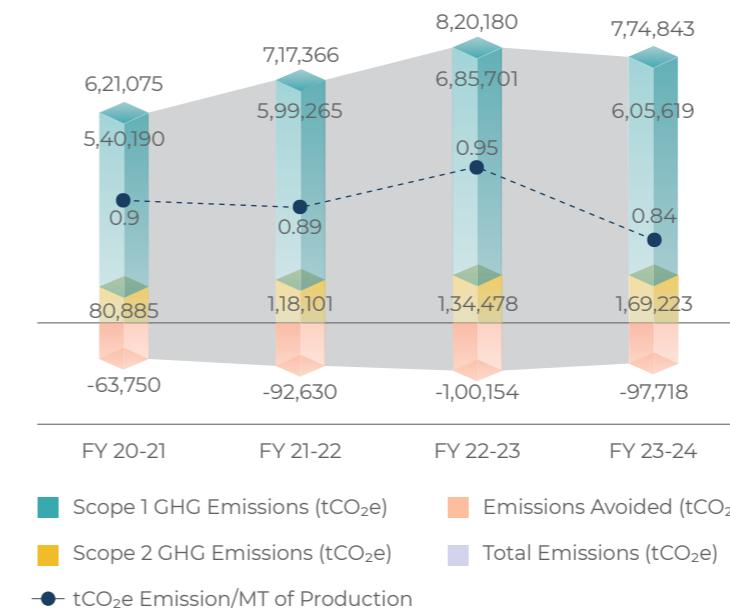
- Accelerate Climate Actions

## Our Targets

**Reduce specific GHG emission by 35% from 2019-20 level for FY 2028**

**Reduce Specific Energy Consumption by 20% from 2019-20 Level for FY 2028**

## Our Emissions



## Capitals Impacted

- Natural Capital
- Manufacturing Capital
- Financial Capital

## Our Aspirations

## Target validation by SBTi

## Key Projects

- Improve waste heat steam generation per ton ESA from 1.1 to 1.23 using new converter design
- Replacement of conventional fuels by biofuels
- Purchasing of renewable energy
- Recover LLPS steam from CLB Steam Generating Condenser and use it in a Single Effect Evaporator (SEE) for evaporation
- Elimination of energy loss

## UNSDG MAPPING

Sustainable Development Goal	SDG Target	SDG Target Description	Page Number
	Target 1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	165, 168
	Target 4.1	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	160-162, 165-166, 169-170
	Target 5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	169
	Target 6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	108-112, 167-168
	Target 10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	165, 169
	Target 10.4	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	169

Sustainable Development Goal	SDG Target	SDG Target Description	Page Number
	Target 12.2	By 2030, achieve the sustainable management and efficient use of natural resources	92-119
	Target 12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment	92-119
	Target 12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	92-119
	Target 14.1	By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	167-168
	Target 15.6	Promote fair and equitable sharing of the benefits arising from the utilisation of genetic resources and promote appropriate access to such resources, as internationally agreed	167-168, 172
	Target 16.5	Substantially reduce corruption and bribery in all their forms	62-63

## UNGC PRINCIPLES

UNGC Principles	Description of the Principle	Section in Report
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	136
Principle 2	Make sure that they are not complicit in human right abuses	136
Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	136
Principle 4	The elimination of all forms of forced and compulsory labour	136
Principle 5	The effective abolition of child labour	136
Principle 6	The elimination of discrimination in respect of employment and occupation	125, 129, 132
Principle 7	Business should support a precautionary approach to environmental challenges	92-119
Principle 8	Undertake initiatives to promote greater environmental responsibility	92-119
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	82-86
Principle 10	Business should work against corruption in all its forms, including extortion and bribery	62-63

## GRI INDEX

GRI Standard	Disclosure	Justification for Omission / Remarks	Page No
<b>1. The organization and its reporting practices</b>	2-1 Organizational details 2-2 Entities included in the organization's sustainability reporting 2-3 Reporting period, frequency and contact point 2-4 Restatements of information 2-5 External assurance		8-19 4-5 4-5 5 5
<b>2. Activities and workers</b>	2-6 Activities, value chain and other business relationships 2-7 Employees 2-8 Workers who are not employees		14-17 122 122
<b>3. Governance</b>	2-9 Governance structure and composition 2-10 Nomination and selection of the highest governance body 2-11 Chair of the highest governance body 2-12 Role of the highest governance body in overseeing the management of impacts 2-13 Delegation of responsibility for managing impacts 2-14 Role of the highest governance body in sustainability reporting 2-15 Conflicts of interest 2-16 Communication of critical concerns 2-17 Collective knowledge of the highest governance body 2-18 Evaluation of the performance of the highest governance body 2-19 Remuneration policies 2-20 Process to determine remuneration 2-21 Annual total compensation ratio		54-57 60 58 54, 58 64 64 62-63 63 55-56, 60 61 60 60 60

GRI Standard	Disclosure	Justification for Omission / Remarks	Page No
<b>4. Strategy, policies and practices</b>	2-22 Statement on sustainable development strategy		20-21
	2-23 Policy commitments		65
	2-24 Embedding policy commitments		65
	2-25 Processes to remediate negative impacts		62-63, 137
	2-26 Mechanisms for seeking advice and raising concerns		62-63, 137
	2-27 Compliance with laws and regulations		63
	2-28 Membership associations		25
<b>5. Stakeholder engagement</b>	2-29 Approach to stakeholder engagement		30-31
	2-30 Collective bargaining agreements		137
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics		32-37
	3-2 List of material topics		32-37
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		64
<b>GRI 202: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed		68-71
	201-2 Financial implications and other risks and opportunities due to climate change		52-53, 94-98
	201-3 Defined benefit plan obligations and other retirement plans		69
	201-4 Financial assistance received from government		70
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		135
<b>GRI 203: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		135
	202-2 Proportion of senior management hired from the local community		125
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		155-172
<b>GRI 204: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported		155-172
	203-2 Significant indirect economic impacts		155-172
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		152-155

GRI Standard	Disclosure	Justification for Omission / Remarks	Page No
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers		155
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		62-63
<b>Anti-Corruption</b>	205-1 Operations assessed for risk related to corruption		62
	205-2 Communication and training about anti-corruption policies and procedures		62
	205-3 Confirmed incidents of corruption and actions taken		62-63
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		62-63
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices		62-63
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		70-71
<b>GRI 207: Tax</b>	207-1 Approach to tax		70-71
	207-2 Tax governance, control, and risk management		70-71
	207-3 Stakeholder engagement and management of concerns related to tax		70-71
	207-4 Country-by-country reporting		205
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		118
<b>Materials 2016</b>	301-1 Materials used by weight or volume		118
	301-2 Recycled input materials used		118
	301-3 Reclaimed products and their packaging materials		118
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		101-102

GRI Standard	Disclosure	Justification for Omission / Remarks	Page No
<b>Energy 2016</b>	302-1 Energy consumption within the organization		101-102
	302-2 Energy consumption outside of the organization	We are currently in the process of tracking our energy consumption outside the organisation and will be reporting on it in the upcoming years.	NIL
	302-3 Energy intensity		101-102
	302-4 Reduction of energy consumption		101-102
	302-5 Reductions in energy requirements of products and services	Most of our products are B2B oriented. Therefore, we have limited information about the energy requirements of sold goods category.	NIL
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		108-112
<b>Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource		108-112
	303-2 Management of water discharge-related impacts		108-112
	303-3 Water withdrawal		108-112
	303-4 Water discharge		108-112
	303-5 Water Consumption		108-112
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		118
<b>Biodiversity 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		118
	304-2 Significant impacts of activities, products and services on biodiversity		118
	304-3 Habitats protected or restored		118
	304-4 IUCN red list species and national conservation list species with habitats in areas affected by operations		118

GRI Standard	Disclosure	Justification for Omission / Remarks	Page No
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		103-107
<b>Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions		103-107
	305-2 Energy indirect (Scope 2) GHG emissions		103-107
	305-3 Other indirect (Scope 3) GHG emissions		103-107
	305-4 GHG emissions intensity		103-107
	305-5 Reduction of GHG emissions		103-107
	305-6 Emissions of ozone-depleting substances (ODS)		106-107
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions		106-107
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		113-117
<b>Waste 2020</b>	306-1 Waste generation and significant waste-related impacts		113-117
	306-2 Management of significant waste-related impacts		113-117
	306-3 Waste generated		113-117
	306-4 Waste diverted from disposal		113-117
	306-5 Waste directed to disposal		113-117
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		152-153
<b>308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria		152-156
	308-2 Negative environmental impacts in the supply chain and actions taken		152-156
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		122-123
<b>Employment 2016</b>	401-1 New employee hires and employee turnover		125, 128-129
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	All benefits are extended to all employees and workers	123
	401-3 Parental leave		124
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		122-123

GRI Standard	Disclosure	Justification for Omission / Remarks	Page No	GRI Standard	Disclosure	Justification for Omission / Remarks	Page No
<b>Labor / Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	Any operational changes in AIL are carried out by the Management of Change (MOC) process. All the affected employees are part of this MOC process during which all the employees affected by the change are trained and evaluated prior to assigning work to them.	136-137	<b>Training &amp; Education 2016</b>	404-1 Average hours of training per year per employee		129-131
					404-2 Programs for upgrading employee skills and transition assistance programs		131
					404-3 Percentage of employees receiving regular performance and career development reviews		131
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		138-141	<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		132-135
<b>Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system		138-151	<b>Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees		132-135
	403-2 Hazard identification, risk assessment and incident investigation		138-151		405-2 Ratio of basic salary and remuneration of women to men		132-135
	403-3 Occupational health services		138-151	<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		136
	403-4 Worker participation, consultation and communication on occupational health and safety		138-151	<b>Non-Discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken		136
	403-5 Worker training on occupational health and safety		138-151	<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		137
	403-6 Promotion of worker health		138-151	<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		137
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		138-151	<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		136
	403-8 Workers covered by an occupational health and safety management system		138-151	<b>Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor		136
	403-9 Work-related injuries		138-151	<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		136
	403-10 Work-related ill health		138-151	<b>Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		136
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		129-131	<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		131
				<b>Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures		131
				<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		136

GRI Standard	Disclosure	Justification for Omission / Remarks	Page No
<b>Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	All our operations are located within industrial area and there were no cases of violation involving rights of indigenous people	136
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		157-172
<b>Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments and development programs  413-2 Operations with significant actual and potential negative impacts on local communities		157-172
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		152
<b>Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria  414-2 Negative social impacts in the supply chain and actions taken		152-156
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		69
<b>Public Policy 2016</b>	415-1 Political contributions		69
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		84-85
<b>Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories  416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		84-85 89
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		87

GRI Standard	Disclosure	Justification for Omission / Remarks	Page No
<b>Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling  417-2 Incidents of non-compliance concerning product and service information and labeling  417-3 Incidents of non-compliance concerning marketing communications		87
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics		77
<b>Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		79

## SASB INDEX

Topic	Metric	Category	Unit of Measurement	Code	Page Number/ Rationale	Topic	Metric	Category	Unit of Measurement	Code	Page Number/ Rationale
<b>Greenhouse Gas Emissions</b>	Gross global Scope 1 emissions, percentage covered under emissions limiting regulations	Quantitative	Metric tons(t) CO <sub>2</sub> -e, Percentage (%)	RT-CH-110a.1	103-105	<b>Water Management</b>	(1) Total water withdrawn, (2) total water consumed, percentage of each region	Quantitative	Thousand cubic metres (m <sup>3</sup> ), Percentage (%)	RT-CH-140a.1	108-112
	Discussion of long-and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	RT-CH-110a.2	99-100 104-105		High or Extremely High Baseline Water Stress	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	RT-CH-140a.2
<b>Air Quality</b>	Air emissions of the following pollutants: (1) NOx (excluding N <sub>2</sub> O), (2) SOx, (3) volatile organic compounds (VOCs), (4) hazardous air pollutants (HAPs)	Quantitative	Metric tons(t)	RT-CH-120a.1	106-107	<b>Hazardous Waste Management</b>	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	RT-CH-140a.3	108-112
	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy	Quantitative	Gigajoules (GJ), Percentage (%)	RT-CH-130a.1	101-102		Amount of hazardous waste generated, percentage recycled	Quantitative	Metric tons(t), Percentage (%)	RT-CH-150a.1	113-117
<b>Energy Management</b>						<b>Community Relations</b>	Discussion of engagement processes to manage risks and opportunities associated with community interests	Discussion and Analysis	n/a	RT-CH-210a.1	157-172
							(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	Rate	RT-CH-320a.1	138-151
<b>Product Design for Use-phase Efficiency</b>						<b>Workforce Health &amp; Safety</b>	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussion and Analysis	n/a	RT-CH-320a.2	138-151
							Revenue from products designed for use- phase resource efficiency	Quantitative	Presentation currency	RT-CH-410a.1	80-86

Topic	Metric	Category	Unit of Measurement	Code	Page Number/ Rationale
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	Quantitative	Percentage (%) by revenue, Percentage (%)	RT-CH-410b.1	87
	Discussion of strategy to (1) manage chemical of concern and (2) develop alternatives with reduced human and/or environmental impact	Discussion and Analysis	n/a	RT-CH-410b.2	80-84
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Quantitative	Percentage (%) by revenue	RT-CH-410c.1	NIL
Management to the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion and Analysis	n/a	RT-CH-530a.1	119
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Quantitative	Number, Rate	RT-CH-540a.1	138-151
	Number of transport incidents	Quantitative	Number	RT-CH-540a.2	138-151

## CSA INDEX

CSA Topic	Description	Page Number
<b>Company Information</b>		
<b>Economic Dimension</b>	Transparency & Reporting Corporate Governance Materiality Risk & Crisis Management Business Ethics Policy Influence Supply Chain Management	4-5 54-58 32-37 50-53 62-63 65 152-156
	Tax Strategy Information Security/ Cybersecurity & System Availability	70-71 74-79
<b>Environmental Dimension</b>	Environmental Policy & Management Energy Waste & Pollutants Water Climate Strategy Biodiversity	92-119 101-102 113-118 108-112 94-100 118
<b>Social Dimension</b>	Labour Practices Human Rights Human Capital Management Customer relations Occupational Health & Safety Privacy protection	122-137 136 122-137 88-89 138-151 74-79

## ESG Data Pack - Index Highlighting all The Sustainability Performance Numbers of AIL for FY 2023-24

### SUSTAINABILITY PERFORMANCE DATA

#### Governance

**Number of Confirmed Information Security Incidents** (GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data)

FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
0	0	0	0

**Number of Confirmed Corruption Incidents** (GRI 205-3 Confirmed incidents of corruption and actions taken)

FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
0	1	0	0

#### Environment

**Energy** (GRI 302-1 Energy consumption within the organisation,GRI 302-2 Energy consumption outside of the organisation)

Source	Energy consumption (in GJ)			
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Coal	53,10,678	58,33,376	67,08,371	59,05,285
Bio Mass	0	0	3,426	6,134
Diesl	8,996	9,048	14,319	14,391
Natural Gas	1,18,167	81,548	77,532	78,111
Furnace Oil /LSHS	8,841	942	0	8,262
LDO	5,883	8,170	10,339	8,458
Purchased Electricity	3,14,306	4,65,624	6,17,588	5,63,183
Renewable Power	-	-	-	53,580
Power Consumed from WHRB	68,969	77,969	72,225	71,754
Steam consumed from WHRB	3,04,946	3,42,532	2,44,718	4,11,209
Purchased steam	1,23,407	1,68,970	1,31,367	5,88,866
Solar Power Generated	2,122	1,496	745	1,372
<b>Total</b>	<b>62,66,316</b>	<b>69,89,677</b>	<b>78,80,630</b>	<b>77,10,605</b>

**Total Energy Consumption in MWH** (GRI 302-1 Energy consumption within the organisation, GRI 302-2 Energy consumption outside of the organisation, RT-CH-130a.1. (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable)

Source	Energy consumption (in Mwh)			
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Coal	14,75,188	16,20,382	18,63,436	16,40,370
Bio Mass	0	0	952	1,704
Diesl	2,499	2,513	3,978	3,998
Natural Gas	32,824	22,652	21,537	21,698
Furnace Oil /LSHS	2,456	262	0	2,295
LDO	1,634	2,269	2,872	2,349
Purchased Electricity	87,307	1,29,340	1,71,552	1,58,976
Renewable Power	-	-	-	15,482
Power Consumed from WHRB	19,158	21,658	20,063	19,932
Steam consumed from WHRB	84,707	95,148	67,977	1,14,226
Purchased steam	34,280	46,936	36,491	1,63,575
Solar Power Generated	590	416	207	381
<b>Total</b>	<b>17,40,643</b>	<b>19,41,577</b>	<b>21,89,064</b>	<b>21,44,985</b>

**Energy Intensity** (GRI 302-3 Energy Intensity)

	Energy Intensity (GJ/INR)			
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Energy Intensity per Rupee of Turnover	0.000086	0.000088	0.000108	0.000111

**GHG Emissions Intensity** (GRI 305-4 GHG emissions intensity)

	Scope 1 and Scope 2 Emission Intensity (TCO2e/INR)			
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Scope 1 and Scope 2 Emissions per Rupee of Turnover	0.0000124	0.0000091	0.0000113	0.0000111

**Renewable Energy Consumption** (GRI 302-1 Energy consumption within the organisation)

	Renewable Energy Consumption (Mwh)			
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
In-house Solar Power Generation	590	416	207	381
Energy Consumed from Biomass	0	0	951	1,704
Renewable energy through grid	0	0	0	15,482
<b>Total Renewable Energy Consumed</b>	<b>590</b>	<b>416</b>	<b>1,158</b>	<b>17,567</b>

**Water Withdrawal** (GRI 303-3 Water withdrawal)

Water Withdrawal						
Parameter	Unit	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	
<b>Water Withdrawal by Source</b>						
Surface Water	KL	0	0	0.00	0.00	
Groundwater	KL	0	0	0.00	0.00	
Third party water	KL	18,47,766	23,29,428	25,96,187.00	26,57,491.00	
Seawater	KL	-	-	-	-	
Others (Rainwater)	KL	1160	6,010	6,547	8,223	
Total Volume of Water Withdrawal	KL	18,48,926	23,35,438	26,02,734	26,65,714	
Total Volume of Water Consumption	KL	17,34,395	21,59,297	23,86,749	24,29,970	
Water Recycled	KL	8,98,773	10,29,293	11,30,511	11,65,616	
Water Intensity per Rupee of Turnover	KL/INR	0.0000418	0.0000273	0.0000328	0.0000347	

**Effluent Discharge** (GRI 303-4 Water Discharge)

Effluent Discharge by Destination (in KL)				
Parameter	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Surface Water	0	0	0	0
Groundwater	0	0	0	0
Seawater	0	40,191	76,465	1,02,756
Third parties	1,13,371	1,35949	1,39,520	132988
Others	0	0	0	0
<b>Total Effluent Discharged</b>	<b>1,13,371</b>	<b>1,76,140</b>	<b>2,15,985</b>	<b>2,35,744</b>
<b>Total Pollutant Discharge (COD in MT)</b>	<b>93.3</b>	<b>52.5</b>	<b>57.2</b>	<b>59.6</b>
<b>Number of person Trained on Environment</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
Environmental (Nos)	5156	5828	6185	6100

**Social****Headcount by Gender** (GRI 2-7 Employees, GRI 2-8 Workers who are not employees)

Parameter	Details of Employees and Workers							
	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24	
	Male	Female	Male	Female	Male	Female	Male	Female
<b>Employees</b>								
Permanent	2,010	102	3,040	157	2,582	154	2,496	154
Other than Permanent	114	5	67	2	25	1	33	3
<b>Total Employees</b>	<b>2,124</b>	<b>107</b>	<b>3,107</b>	<b>159</b>	<b>2,607</b>	<b>155</b>	<b>2,529</b>	<b>157</b>
<b>Workers</b>								
Permanent	2,329	2	2,627	4	3,422	27	3,416	34
Other than Permanent	8,412	176	6,062	375	6,918	344	8,920	388
<b>Total Workers</b>	<b>10,741</b>	<b>178</b>	<b>8,689</b>	<b>379</b>	<b>10,340</b>	<b>371</b>	<b>12,336</b>	<b>422</b>

**Headcount for Employees by Designation and Age** (GRI 2-7 Employees, GRI 405-1 Diversity of governance bodies and employees)

Category	FY 2020-21			FY 2021-22			FY 2022-23			FY 2023-24		
	<30 years	30 - 50 years	>50 years	<30 years	30 - 50 years	>50 years	<30 years	30 - 50 years	>50 years	<30 years	30 - 50 years	>50 years
<b>Top Management employees</b>	-	-	-	-	-	-	-	-	-	1	5	-
<b>Senior Management employees</b>	0	62	31	0	83	40	2	85	39	0	88	41
<b>Middle Management employees</b>	10	239	20	15	316	39	15	297	38	16	282	38
<b>Junior Management employees</b>	917	778	55	885	1085	84	1,133	1,041	80	1,050	1,046	84
<b>Supervisory/Technician employees</b>	1473	1429	142	1403	1659	215	1,652	1,597	200	1,613	1,622	215
<b>Total</b>	2400	2508	248	2303	3143	378	2802	3021	362	2679	3039	382

**% of Female Employees in Board Level** (GRI 405-1 Diversity of governance bodies and employees)

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	13.33%	18.75%	18.75%	14.29%

**Parental Leave (GRI 401-3 Parental leave)**

Parameter	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of Employees Entitled to Parental Leave	5,044	112	6,559	210	6,004	181	5912	188
Total Employees Who Took Parental Leave	164	0	249	0	457	5	443	11
Total Number of Employees Who Returned to Work in the Reporting Period After Parental Leave Ended	164	0	249	0	457	5	443	11
Total Number of Employees Who Returned to Work After Parental Leave Ended and are Still Employed 12 Months after Their Return to Work.	126	0	249	0	142	0	310	3
Return to Work Rate (%)	76.89%	-	100%	-	100%	100%	100%	100%
Retention Rate (%)	-	-	-	-	57.03%	-	67.83%	60.00%

**New Hires (GRI 401-1 New employee hires and employee turnover)****New Hires – By Gender**

Category	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24	
	Male	Female	Male	Female	Male	Female	Male	Female
Top Management employees	0	0	0	0	0	0	0	0
Senior Management employees	24	1	14	1	19	2	5	0
Middle Management employees	81	5	42	5	36	2	21	2
Junior Management employees	522	35	677	55	778	66	559	34
Supervisory/Technician employees	487	3	696	2	1010	10	652	15
Total	1114	44	1429	63	1843	80	1237	51

**New Hires – By Age**

Category	FY 2020-21			FY 2021-22			FY 2022-23			FY 2023-24		
	<30 years	30 - 50 years	>50 years	<30 years	30 - 50 years	>50 years	<30 years	30 - 50 years	>50 years	<30 years	30 - 50 years	>50 years
Top Management employees	0	0	0	0	0	0	0	0	0	0	0	0
Senior Management employees	0	18	7	0	10	5	2	15	2	0	5	0
Middle Management employees	5	78	3	8	39	0	2	35	1	3	20	0
Junior Management employees	388	168	1	516	215	1	649	193	2	439	153	1
Supervisory/Technician employees	390	100	0	578	120	0	851	169	0	566	101	0
Total	783	364	11	1102	384	6	1504	412	5	1008	279	1

**Workforce Turnover (GRI 401-1 New employee hires and employee turnover)****Workforce Turnover – By Gender**

Category	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24	
	Male	Female	Male	Female	Male	Female	Male	Female
Top Management employees	0	0	0	0	0	0	0	0
Senior Management employees	3	0	14	0	18	0	12	0
Middle Management employees	22	1	45	4	59	2	67	5
Junior Management employees	111	12	385	33	594	55	621	34
Supervisory/Technician employees	180	1	429	1	849	4	607	7
Total	316	14	873	38	1520	61	1307	46

**Workforce Turnover – By Age**

Category	FY 2020-21			FY 2021-22			FY 2022-23			FY 2023-24		
	<30 years	30 - 50 years	>50 years	<30 years	30 - 50 years	>50 years	<30 years	30 - 50 years	>50 years	<30 years	30 - 50 years	>50 years
Top Management employees	0	0	0	0	0	0	0	0	0	0	0	0
Senior Management employees	0	2	1	0	9	5	0	13	5	0	9	3
Middle Management employees	0	20	3	7	38	4	1	58	2	8	60	4
Junior Management employees	81	30	9	277	131	10	403	240	6	401	245	9
Supervisory/ Technician employees	130	35	19	313	101	16	600	237	16	448	148	18
Total	211	87	32	597	279	35	1004	548	29	857	462	34

**Security Training (GRI 410-1 Security personnel trained in human rights policies or procedures)****Security Guards Training Count - Human Rights**

Category	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Male	239	452	390	228
Female	5	10	8	7
Total	244	462	398	235

**Safety** (GRI 403-9 Work-related injuries, RT-CH-540a.1. Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR) RT-CH-320a.1. (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees, RT-CH-540a.2. Number of transport incidents)

**Work-related Injuries**

Parameter	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Number of Fatalities as a Result of Work-Related Injury	Employees	1	0	0
	Workers	1	0	0
Rate of Fatalities as a Result of Work-Related Injury (per 1,000,000 Hours)	Employees	0.1	0	0
	Workers	0.06	0	0
Number of High-Consequence Work- Related Injuries (Excluding Fatalities)	Employees	0	0	0
	Workers	0	0	0
Rate of high-consequence workrelated injuries (excluding fatalities) (per 1,000,000 hours)	Employees	0	0	0
	Workers	0	0	0
Number of Man-Hours Worked	Employees	9916633	1,15,77,039	1,28,66,295
	Workers	16961274	1,87,99,029	2,15,73,790
Rate of Recordable Work-Related Injuries and Illness (per 1,000,000 hours)- TRIFR	Employees	2.12	2.68	1.94
	Workers	1.41	1.76	1.62
Process Safety Incident Count (PSIC)		0	0	0
Process Safety Total Incident Rate (PSTIR)		0	0	0

**Work-Related Ill Health (GRI 403-10 Work-related ill health)**

Parameter	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Fatalities as a Result of Work Related-Ill Health	Employees	1	0	0
	Workers	1	0	0

**Worker Training on Occupational Health and Safety** (GRI 403-5 Worker training on occupational health and safety)

Category	Unit	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Training on Safety - Non Permanent Worker	Number of Non Permanent Worker	38258	27891	32625	20976
	Hours	47428	35165	54572	42709

**Average Hours of Training per Year per Employee** (GRI 404-1 Average hours of training per year per employee)

Type of Training	% of Total Hours			
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Behavioural	12.00%	33.40%	20.20%	28.12%
Compliance	3.00%	0.70%	0.60%	2.43%
Functional	20.00%	23.10%	39.70%	26.44%
Sustainability	30.00%	38.80%	16.90%	17.36%
System	15.00%	-	10.30%	9.33%
Progressio (Emerging Talent Development Program)	-	-	-	1.85%
Induction	20.00%	4.00%	12.30%	14.47%

**Country-by-country reporting** (GRI 207-4)

Tax Jurisdiction	India	Europe
Name of Resident Entities	<ul style="list-style-type: none"> <li>• Aarti Industries Ltd</li> <li>• Aarti Corporate Service Limited</li> <li>• Nascent Chemical Industries Limited</li> <li>• Shanti Intermediates Private Limited</li> <li>• Innovative Envirocare Jhagadia Limited</li> <li>• Aarti Polychem Private Limited</li> <li>• Aarti Spechem Limited</li> </ul>	Trading in chemicals and pharmaceuticals Products through an office
Primary Activities of the Organisation	Manufacturing of speciality chemicals	Trading in chemicals Products through an office
Number of Employees and Basis of Calculation for this Number	6099	1
Total Employee Remuneration	403.74	GBP 28984
Taxes Withheld and Paid on the Behalf of Employees	0	0
Taxes Collected from Customers on Behalf of Tax Authority	639.76	GBP 6657
Industry Related and Other Taxes or Payments to Government	0	0
Significant Uncertain Tax Positions	0	0
Revenues from Third Party Sales		
Revenues from Intra Group Transactions with Other Tax Jurisdictions	0	0
Profit/Loss Before Tax	395.41	GBP (40325)
Tangible assets other than cash and cash equivalents	0	
Corporate income tax paid on cash basis	0	0
Corporate income tax accrued on profit/loss		0
Reasons for difference between corporate income tax accrued on profit/loss and the tax due if the stationary tax rate is applied to profit/loss before tax'	0	0
The time period covered by the information reported above	01.04.2023 to 31.03.2024	01.04.2023 to 31.03.2024



## Independent Assurance Statement

To  
The Directors and Management,  
Aarti Industries Limited,  
Plot No.-801/23, G.I.D.C Estate, Phase III, Vapi-396 195, Dist.-Valsad, Gujarat, India

Aarti Industries Limited (hereafter 'AIL') commissioned TUV India Private Limited (TUVI) to conduct independent external assurance of non-financial information disclosed in ESG KPI (Key Performance Indicators of AIL (hereinafter 'the ESG data') based on the principles of the Global Reporting Initiative (GRI) standards. The reporting period runs from April 1, 2023, to March 31, 2024. This engagement comprised "limited assurance" of AIL's sustainability information following the ISAE 3000 (Revised) standard applied for assurance of the Report.

### Management's Responsibility

AIL has monitored the ESG data and is responsible for identifying materiality, and related sustainability issues, establishing, reporting performance management, data management, and quality. The management of AIL is responsible for the information provided in the ESG data and the process of collecting, analysing, and reporting the information presented in web-based and printed forms, including website maintenance and its integrity. The AIL's management is responsible for accurately monitoring and reporting the ESG data following the applied criteria so that it is free of intended or unintended material misstatements. AIL will be responsible for archiving and reproducing the disclosed data for the stakeholders upon request.

### Scope and Boundary

In particular, the assurance engagement included the following:

1. Verification of the application of the principles as mentioned in the Global Reporting Initiative (GRI) Standards, and the quality of information presented in the ESG data over the reporting period;
2. Review of the policies, initiatives, practices and performance described in the Report;
3. Review of the non-financial disclosures made in the Report against the requirements of the GRI Standards;
4. Verification of the reliability of the GRI Standards Disclosure on environmental and social topics by verifying sample data;
5. Specified information was selected based on the materiality determination and needs to be meaningful to the intended users.

TUVI has verified the below-mentioned disclosures as per GRI Standard 2021

Topic	Indicator	GRI Disclosure
Material Management	Proportion of spending on local suppliers	204-1
	Materials used by weight or volume	301-1
	Recycled input materials used	301-2
	Reclaimed products and their packaging materials	301-3
Market Presence	Ratios of standard entry level wage by gender compared to local minimum wage	202-1
	Proportion of senior management hired from the local community	202-2
Governance	Anti-corruption	205-1, 205-2, 205-3
	Anti-competitive behavior	206-1
Water	Water withdrawal, Water discharge, Water consumption	303-3, 303-4, 303-5
Waste	Waste generated	306-3
	Waste diverted from disposal	306-4
	Waste directed to disposal	306-5
Emissions	Direct (Scope 1) GHG emissions	305-1
	Energy indirect (Scope 2) GHG emissions	305-2
	Other indirect (Scope 3) GHG emissions*	305-3
	GHG emission intensity ratio	305-4
	Reduction of GHG emissions	305-5
	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	305-7
Energy	Energy consumption within the organization	302-1
	Reduction in energy consumption	302-4
Occupational Health and Safety	Workers covered by an occupational health and safety management system	403-8
	Work-related injuries	403-9
	Work-related ill health	403-10
Employment	New employee hires and employee turnover	401-1

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Training	Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2
Employee Development and Engagement	Average hours of training per year per employee	404-1
	Percentage of employees receiving regular performance and career development reviews	404-3
Diversity and Equal Opportunity	Diversity of governance bodies and employees	405-1
Human rights	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	407-1
	Operations and suppliers at significant risk for incidents of child labor	408-1
	Security personnel trained in human rights policies or procedures	410-1
Supply chain sustainability	New suppliers that were screened using social criteria	414-1
	Negative social impacts in the supply chain and actions taken	414-2
Supplier Environmental Assessment	New suppliers that were screened using environmental criteria	308-1
	Negative environmental impacts in the supply chain and actions taken	308-2
Local communities	Operations with local community engagement, impact assessments and development programs	413-1
Customer Health and Safety and Engagement	Incidents of non-compliance concerning the health and safety impacts of products and services	416-2
Marketing and Labeling 2016	Requirements for product and service information and labeling	417-1
IT security and data privacy (Customer Privacy)	Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1

\*GHG sources under Scope-3 emissions are considered for 13 categories.

The reporting boundaries for the above topics includes 14 divisions of Gujarat, 1 division of Maharashtra, a research centre in Navi Mumbai, corporate office in Mumbai and Vadodara and other subsidiaries of AIL. Out of this onsite assessment was performed for below divisions in the month of February and May 2024.

- i. Organic - M/s. Aarti Industries Ltd., Plot No.: 801, 801/23, 806 & 807, Phase III, GIDC Estate, Vapi
- ii. Acid - Aarti Industries Ltd. (Acid Division), Plot No 802, 803, 804/3, Phase III, GIDC, Vapi- 396195
- iii. Fertilizer - Aarti Fertilizers (A Division of Aarti Industries), Plot No - 801/15 to 19,21 & 22, III Phase, GIDC, Vapi- 396195
- iv. Amine - M/s. Aarti Industries Ltd., Plot No.: 285,286/1, A-1322/12, 23& 24, Phase III, GIDC Estate, Vapi - 396195
- v. Alchemie - M/s. Aarti Industries Ltd, Plot No.902,923 and 930, Phase III, GIDC Estate, Vapi - 396195
- vi. Unit 1- Aarti Industries Ltd. Plot No 758/1-2-3, GIDC Estate Jhagadia, Dist.-Bharuch
- vii. Unit 2- Aarti Industries Ltd. Plot No 756/2A&2B, 756/4&4B,756/5A&5B, 756/6,756/7,756/8+9,779, GIDC Estate Jhagadia, Dist.-Bharuch
- viii. Neo - M/s. Aarti Industries Ltd. Plot No. Z/103/H, Dahej SEZ II, Ta. Vagra, Dist Bharuch.
- ix. Diamond - M/s. Aarti Industries Ltd. Plot No. Z/103/C, GIDC Estate Dahej SEZ II, Ta. Vagra, Dist Bharuch.
- x. Saffron - M/s. Aarti Industries Ltd. Plot No. Z/111/B, SEZ II Dahej, Ta. Vagra, Dist Bharuch; and
- xi. Aarti Industries Ltd. - 4th Floor, Tower C, Embassy 247 Park, Gandhi Nagar, Vikhroli West, Mumbai 400083, Maharashtra, India

Desk review was carried out for other AIL sites within the reporting boundary. Applicable boundaries for disclosures are explained in the Report.

### Limitations

TUVI did not perform any assurance procedures on the prospective information disclosed in the ESG data, including targets, expectations, and ambitions. Consequently, TUVI draws no conclusion from the prospective information. During the assurance process, TUVI did not come across any limitations to the agreed scope of the assurance engagement. TUVI is contracted by the AIL and answerable to the AIL's management only. TUVI verified the data on a sample basis; the responsibility for the authenticity of the data entirely lies with AIL. TUVI expressly disclaims any liability or co-responsibility in the case of erroneous data reported or for any decision a person or entity would make based on this assurance statement.

### Our Responsibility

TUVI's responsibility in relation to this engagement is to perform assurance and to express a conclusion based on the work performed. Our engagement did not include an assessment of the adequacy or effectiveness of AIL's strategy, management of ESG-related issues, or sufficiency of the ESG data against the principles of the GRI Standards, and ISAE 3000 (Revised) standard, other than those mentioned in the scope of the assurance. TUVI's responsibility regarding this verification is in reference to the agreed scope of work, which includes non-financial quantitative and qualitative information (KPIs) disclosed by AIL. The intended users of this assurance statement are the management of 'AIL'. This

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assurance engagement is based on the assumption that the data and information provided to TUVI by AIL are complete and true.

#### **Verification Methodology**

During the assurance engagement, TUVI adopted a risk-based approach, focusing on verification efforts with respect to disclosed KPI's. TUVI has verified the KPIs and assessed the robustness of the underlying data management system, information flows, and controls. In doing so:

1. TUVI examined and reviewed the documents, data, and other information made available by AIL for all disclosed KPIs (non-financial disclosures).
2. TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of the AIL, during the onsite verification.
3. Review the level of adherence to the principles of the GRI standards

#### **Opportunities for Improvement**

The following are the opportunities for improvement reported to AIL; however, they are generally consistent with the management's objectives and programme.

1. The energy, GHG, water footprint, and waste intensities can be calculated by considering the Purchasing Power Parity (PPP) factor;
2. AIL can monitor the spending on well-being measures as a % of total revenue of the company;
3. AIL can monitor % of total purchases from MSMEs/ small producers within India;
4. AIL can develop the "Equivalence document" to establish correspondence between the existing monitoring systems and the reporting requirements under BRSR and GRI,
5. AIL can collect the data pertaining to the end use of the non-hazardous material to arrive at the diversion ratio.

#### **Our Conclusion**

In our opinion, the ESG data is reported along with referenced information providing a fair representation of the performance disclosures adequately. During the verification we have performed nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement is not prepared, w.r.t. scope of engagement.

**Disclosures:** TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements. AIL refers to general disclosure to report contextual information about AIL, while the Management Approach is discussed to report the management approach for each material topic.

**Universal Standard:** AIL followed GRI 1: Foundation 2021: Requirements and principles for using the GRI Standards; GRI 2: General Disclosures 2021: Disclosures about the reporting organisation. General Disclosures were followed when reporting information about an organisation's reporting practices, activities and workers, governance, strategy, policies, practices, and stakeholder engagement. GRI 3: Material Topics 2021: Disclosures and Guidance about the Organisation's Material Topics GRI3 was selected for the determination of material topics and the disclosure of the material topics.

TUVI is of the opinion that this report has been prepared in reference with the GRI Standards.

**Topic Specific Standard:** 300 series (Environmental topics) and 400 series (Social topics); these Topic- specific Standards were used to report information on the organization's impacts related to environmental and social topics. TUVI is of the opinion that the reported material topics and Topic-specific Standards that AIL used to prepare its ESG-related issues are appropriately identified and addressed.

**Limited Assurance Conclusion:** Based on the procedures we have performed; nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement was not prepared in all material respects. In the context of Assurance, the following contemporary principles have been observed:

**Independence:** TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. It is confirmed that the assurance team is selected to avoid situations of self-interest, self-review, advocacy and familiarity. The assessment team was safeguarded from any type of intimidation.

**Quality control:** The assurance team complies with the code of ethics for professional accountants issued by the IESBA, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In accordance with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In the context of GRI reporting, the following contemporary principles have been observed:

#### **Evaluation of the adherence to other contemporary Principles**

**Inclusivity:** Stakeholder identification and engagement is carried out by AIL on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

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**Materiality:** The materiality assessment process has been carried out based on the requirements of the GRI Standards, considering topics that are internal and external to the AIL range of businesses. The Report fairly brings out the aspects and topics and their respective boundaries of the diverse operations of AIL. In our view, the Report meets the requirements.

**Responsiveness:** TUVI believes that the responses to the material aspects are fairly articulated in the report, i.e., disclosures on AIL policies and management systems, including governance. In our view, the Report meets the requirements.

**Impact:** AIL communicates its ESG performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, and its policy framework encompassing the Environmental, Social, Governance and other policies

#### **Our Assurance Team and Independence**

TUVI is an independent, neutral third-party providing sustainability services with qualified environmental and social specialists. TUVI states its independence and impartiality and confirms that there is "no conflict of interest" with regards to this assurance engagement. In the reporting year, TUVI did not work with AIL on any engagement that could compromise the independence or impartiality of our findings, conclusions, and recommendations. TUVI was not involved in the preparation of any content or data included in the Report, with the exception of this assurance statement. TUVI maintains complete impartiality towards any individuals interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar  
Product Head – Sustainability Assurance Service  
TUV India Private Limited



Date: 18/06/2024  
Place: Mumbai, India  
Project Reference No: 8122301871



**Registered Office**

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