

HPL Additives Limited

2024 CDP Corporate Questionnaire 2024

Word version

Important: this export excludes unanswered questions

This document is an export of your organization's CDP questionnaire response. It contains all data points for questions that are answered or in progress. There may be questions or data points that you have been requested to provide, which are missing from this document because they are currently unanswered. Please note that it is your responsibility to verify that your questionnaire response is complete prior to submission. CDP will not be liable for any failure to do so.

[Terms of disclosure for corporate questionnaire 2024 - CDP](#)

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C14. SME Introduction

(14.3) Provide an overview and introduction to your organization.

(14.3.1) Organization type

Select from:

☒ Privately owned organization

(14.3.2) Description of organization

HPL Additives is a leader in the polymer additives industry, specializing in Chemical Blowing Agents, Antioxidants, and other speciality chemicals. With four state-of-the-art manufacturing facilities in Haryana & Punjab (India), we prioritize safety and sustainability. Our R&D cell, certified by the Government of India, drives innovation and quality. We have completed a Double Materiality Assessment, making climate change a core focus of our ESG strategy. With three years of GHG inventory and third-party assurance, along with EcoVadis disclosure for supply chain transparency, we are advancing sustainability. We are also committed to setting net-zero targets via SBTi and optimizing our processes through solvent recovery, recycling, and Zero Liquid Discharge (ZLD) installations. By engaging suppliers on ESG standards and implementing circular economy principles, we strive to reduce our environmental impact and align with global sustainability practices for a greener future.

[Fixed row]

(14.4) State the end date of the year for which you are reporting data.

	End date of reporting year	Alignment of this reporting period with your financial reporting period
	03/30/2024	Select from: <input checked="" type="checkbox"/> Yes

[Fixed row]

(14.5) How do the entities you are including in your CDP response compare to those included in your financial statements?

	Are the entities included in your CDP response the same as those included used in your financial statements?
	<i>Select from:</i> <input checked="" type="checkbox"/> Yes, the entities included in my CDP disclosure are the same as those included in my financial statements

[Fixed row]

(14.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

ISIN code – bond

(14.6.1) Does your organization use this unique identifier?

Select from:

☒ Yes

(14.6.2) Provide your unique identifier

INE05JC01015

ISIN code – equity

(14.6.1) Does your organization use this unique identifier?

Select from:

☒ No

CUSIP number

(14.6.1) Does your organization use this unique identifier?

Select from:

☒ No

Ticker symbol

(14.6.1) Does your organization use this unique identifier?

Select from:

☒ No

SEDOL code

(14.6.1) Does your organization use this unique identifier?

Select from:

☒ No

LEI number

(14.6.1) Does your organization use this unique identifier?

Select from:

☒ Yes

(14.6.2) Provide your unique identifier

3358002FEC8W6TBIST66

D-U-N-S number

(14.6.1) Does your organization use this unique identifier?

Select from:

☒ No

Other unique identifier

(14.6.1) Does your organization use this unique identifier?

Select from:

☒ No

[Add row]

C15. SME Identification, Assessment and Management of Risks and Opportunities

(15.1) Does your organization have a process for identifying, assessing, and managing environmental risks and opportunities?

(15.1.1) Process in place

Select from:

☒ Yes

(15.1.2) Risks and/or opportunities evaluated in this process

Select from:

☒ Both risks and opportunities

(15.1.4) Please explain the process

Concerned departments have their respective approaches to assess E&S risks. Departments: Safety, Production, Quality Control, Maintenance, Procurement, Customer Engagement & Marketing To read more about individual approaches, refer to Risk Assessment Section of the attached Draft ESG Report. Upon receiving E&S issues from various departments, the core group undertakes a structured process to assess risks & opportunities. The core group, consisting of the MD, CFO, HRD, and Corporate Development, follows a structured methodology for assessing E&S risks & opportunities. Frequency of assessment- at least once a quarter with occasionally meeting to address special agenda. Agenda is circulated to 3 Executive Directors & 3 independent directors. Proceedings happen both in-person and virtually. Classification of risks (including for E&S issues)- Reputational Risks, Legal and Compliance Risks, Operational Risks, Health and Safety Risks, Financial Time horizon: Short-term(ST) less than 1 year MT 1 to 3 years LT more than 3 years Impact: Low: Less than 0.5% Sales (in INR) Low-Medium: 0.5-1% Sales Medium: 1-2% Sales Medium-High: 2-5% Sales High: More than 5% Sales Description: Core group begins with internal consultation, working closely with department heads to categorize risks (see above) thoroughly understand each risk's impact (ve & -ve). The group then engages external stakeholders, including customers to understand their sustainability expectations, investors & board members to address ESG concerns, regulators to ensure compliance, and suppliers and value chain partners to assess ESG alignment. This approach incorporates external perspectives to gain a comprehensive view of the risks. The financial impact of these risks is assessed in two stages: for pre-identified risks, the CFO leads an internal analysis based on historical data to estimate potential costs, while for emerging risks, such as climate change or supply chain transparency, the company collaborates with consultants & experts to assess & quantify the risks. External auditors are also involved to validate assumptions & ensure proactive risk management. Simultaneously, the group identifies opportunities related to E&S through leadership engagement at industry seminars, customer and supplier dialogues & benchmarking against competitor ESG strategies. Strategic investments in renewable energy, resource-efficient technologies or sustainable supply chains are considered based on these insights. Finally, the group integrates the findings into decision-making processes, developing strategies to mitigate risks and seize opportunities, with results documented & shared with the Board and stakeholders for strategic planning and continuous monitoring of high-risk areas. Recently, HPL undertook a third-party led E&S DD to identify risks based on the Conformance Assessment with

requirements such as national legal requirements on Environment, Occupational Health Safety & Social Welfare; International Finance Corporation (IFC) Performance Standards; and World Bank Group's Environmental Health and Safety Guidelines. The company is now preparing an ESAP. Going forward HPL will review & restructure the risk assessment & management procedure to formalize ERM, drawing from following frameworks- COSO, TCFD, IPCC AR-5/6 Refer to Risk Assessment Section of the attached Draft ESG Report to read about proposed ERM process.

[Fixed row]

C16. SME Disclosure of Risks and Opportunities

(16.1) Are you aware of any risks created by environmental issues which have had a substantive effect on your organization in the reporting year or may in the future?

	Environmental risks identified
Climate change	Select from: <input checked="" type="checkbox"/> Yes, both in direct operations (our own operations) and upstream/downstream value chain (our suppliers, distributors, and customers)

[Fixed row]

(16.1.1) Provide details of the risks created by environmental issues which have had a substantive effect on your organization in the reporting year or may in the future.

Climate change

(16.1.1.1) Risk identifier

Select from:

☒ Risk1

(16.1.1.3) Risk type and primary source of the environmental risk

Policy

☒ Changes to national legislation

(16.1.1.4) Value chain stage where the risk occurs

Select from:

☒ Direct operations (our own operations)

(16.1.1.5) Country/area where the risk occurs

Select all that apply

☒ India

(16.1.1.7) Organization-specific description of risk

Closure of sites from violation of ambient air quality during winter months at the plants located in heavily polluted Delhi-National Capital Region (NCR). Three out of four sites are located in Delhi-NCR. Risk identified from recent observation of past reports during third-party E&S Due Diligence. While most of the emission test results were within the CPCB prescribed limits, it was observed that both PM10 & PM2.5 readings (provided in an audited report by an accredited third-party) at one plant location exceeded the CPCB prescribed limits. In past the Supreme Court of India and Delhi government had passed orders & developed policies for relocation of industries arising from environmental issues. For instance, In 1996 the Supreme Court ordered the closure of hazardous, noxious, heavy and large industries operating in Delhi, as well as the relocation of manufacturing units from residential areas not conforming to the Master Plan of Delhi 2001. Furthermore, the Delhi government framed an industrial relocation scheme in 2006, affecting approximately 1.25 lakh small units and around 25 lakh workers. Risky type: Reputational, Legal and Compliance Time Horizon is Long-term i.e., more than 7 years Impact is High as these 3 plants contribute to 55-90% of total sales (by extension turnover). Read15.1 Likelihood is moderate (33-66%) as Indian & state governments are promoting long-term schemes to encourage economic development & industrial growth with minimum environmental damage

(16.1.1.8) Primary financial effect of the risk

Select from:

☒ Closure of operations

(16.1.1.9) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☒ Long-term

(16.1.1.10) Likelihood of the risk having an effect within the anticipated time horizons

Select from:

☒ About as likely as not (33–66%)

(16.1.1.11) Magnitude

Select from:

☒ High

(16.1.1.12) Are you able to quantify the financial effect of the risk?

Select from:

☒ Yes

(16.1.1.13) Potential financial effect figure - minimum (currency)

4629360391

(16.1.1.14) Potential financial effect figure– maximum (currency)

6963411668

(16.1.1.15) Explanation of financial effect figure

*Min Financial Impact: potential loss of sale from closure of the two plants located in Ballabgharh region (closer in proximity to high population dense region) Max Financial Impact: potential loss of sale from closure of all the plants (three) located in Delhi-NCR (Balabgarh and Palwal, relatively low population density area) Average Total Sales (past 3 years audited financial data) from the 2 Ballabgharh plants: INR 3290000000 Average Total Sales (past 3 years audited financial data) from all the 3 plants in NCR: INR 4948766667 Inflation Adjusted Average Total Sales (@5% rate) from the 2 Ballabgharh plants in 2030 (7 years onwards): INR 3290000000*1.057 INR 4629360391 Inflation Adjusted Average Total Sales (@5% rate) from all the 3 plants in NCR in 2030 (7 years onwards): INR 4948766667*1.057 INR 6963411668*

(16.1.1.16) Primary response to risk

Infrastructure, technology and spending

☒ Increase geographic diversity of facilities

(16.1.1.17) Cost of response to risk

(16.1.1.18) Explanation of cost calculation

in case there is any national mandate to move the industry from Delhi-NCR would entail shifting and setting up plant to other neighbouring regions. Detailed scenario analysis is underway. However, internal deliberation of the core group at HPL with various other department estimates an overall investment of INR 250 Crores to set-up at a new integrated facility in a more economical location with lower land costs. This cost to response is consolidated. In practice, INR 250 Crores will be invested in a staggered fashion over the next 7 years (if risk materialises). Additionally, from the implementation of Haryana State Action Plan on Air Quality Management (supported by the World Bank) industries are likely to upgrade to cleaner production & equipment enhancement. This could further add approximately INR 50 Crore capital investment (figures are recommended by third-party environmental experts)

(16.1.1.19) Description of response

We are undertaking scenario analysis to identify near-term and short-term strategies Near-term strategies include- ensure that the factory emissions are within the pollution control board prescribed limits, in case of instances of exceeding the prescribed emission norms the State Pollution Control Board shall be informed immediately, reason for exceeding the emissions shall be investigated and necessary corrective and preventive action shall be taken to avoid re-occurrence, compliance to all conditions stipulated in Consent to Operate (CtO) must be monitored periodically Long-term strategy include- in case there is any national mandate to move the industry from Delhi-NCR would entail shifting and setting up plant to other neighbouring regions. In such a case the core group will scan portfolio of products and operations to prioritize. This may result in dropping a few products from existing portfolio.

Climate change

(16.1.1.1) Risk identifier

Select from:

☒ Risk2

(16.1.1.3) Risk type and primary source of the environmental risk

Policy

☒ Carbon pricing mechanisms

(16.1.1.4) Value chain stage where the risk occurs

Select from:

☒ Direct operations (our own operations)

(16.1.1.5) Country/area where the risk occurs

Select all that apply

☒ India

(16.1.1.7) Organization-specific description of risk

Various climate change scenario analysis tools like En-ROADS and recommendations periodically provided by the IPCC, World Bank, IMF and other climate research groups hint towards implementation of carbon tax (especially for Scope-1 and Scope-2, or jointly direct emissions). Intended reason for introducing carbon pricing: The idea of carbon pricing is that putting a price on the emission of greenhouse gases (GHGs) to reflect the social costs of climate change should provide producers and consumers with strong incentives to reduce such emissions. With India being one of the largest emitter globally (in absolute CO2 eq.) the focus of ongoing negotiations at COP, CMA and CMP hints at India to introduce carbon pricing to large emitting sectors like chemical manufacturing (also a Red category identified by the Indian Environmental Regulatory Agencies) Risk Type: Legal and Compliance Risk Time Horizon is Long-term i.e., more than 7 years Impact is Medium-High as maximum potential financial impact is INR 288570757.1 (4% of the Total Sales). Read response to 15.1 Likelihood is Likely (66-100%) as the region is identified as highly stressed/exploited by national ground-water regulatory agency. Given the increasing demand for domestic purposes in the region, the regulator may cancel consent to withdraw ground water and companies might have to procure water from third-party providers at premium costs

(16.1.1.8) Primary financial effect of the risk

Select from:

☒ Fines, penalties or enforcement orders

(16.1.1.9) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☒ Long-term

(16.1.1.10) Likelihood of the risk having an effect within the anticipated time horizons

Select from:

☒ Likely (66–100%)

(16.1.1.11) Magnitude

Select from:

☒ Medium-high

(16.1.1.12) Are you able to quantify the financial effect of the risk?

Select from:

☒ Yes

(16.1.1.13) Potential financial effect figure - minimum (currency)

39597075.85

(16.1.1.14) Potential financial effect figure– maximum (currency)

288570757.1

(16.1.1.15) Explanation of financial effect figure

Min Financial Impact: Min of {possible combinations of Scope-1, Scope-2, Scope-1 and Scope-2 (combined)}{Foreseeable Carbon Pricing Range} Max Financial Impact: Max of {possible combinations of Scope-1, Scope-2, Scope-1 and Scope-2 (combined)}*{Foreseeable Carbon Pricing Range} Assumptions: Only Direct Operations fall under purview of taxation; Emissions associated with biomass consumption are exempted from taxation Average baseline Scope-1 emissions: 33,682.4 tonnes CO2-eq/year Average baseline Scope-2 emissions: 17,588.06 tonnes CO2-eq/year Assuming GHG emissions to increase by 5% y-o-y (over-estimated scenario), then Average Scope-1 emissions by 2030: 33,682.4*1.057 47,394.52 tonnes CO2-eq/year Average Scope-2 emissions by 2030: 17,588.06*1.057 24,748.17 tonnes CO2-eq/year Average Scope-1&-2 (combined direct) emissions by 2030: 47,394.52+24,748.17 72,142.69 tonnes CO2-eq/year Carbon Pricing Assumptions: 1. Average carbon tax rate among 23 European countries: 53/t-CO2 (Source: EU) 2. A World Bank study on Ethiopia considered a carbon tax of 20/t-CO2 3. A study by the IMF shows that 50 for high-income emerging market economies (like India) set in place by 2030 will be needed to achieve the Paris Agreement's target of limiting warming below 2C (Parry, Ian, Simon Black, and James Roaf. 2021. "Proposal for an International Carbon Price Floor among Large Emitters." IMF Staff Climate Notes 2021/001, International Monetary Fund, Washington, DC.) 4. Therefore, foreseeable carbon pricing range: 20-50/t-CO2 or INR 1600-4000/t-CO2 (@ USD to INR conversion factor of 80) Therefore, 1. Min Financial Impact: Min of {47,394.52, 24,748.17, 72,142.69}*{1600-4000} INR 3,95,97,075.85 2. Max Financial Impact: Max of {47,394.52, 24,748.17, 72,142.69}*{1600-4000} INR 28,85,70,757.10 Note: {} operator refers to the set containing i values Baseline Average Sales: INR 549 Crores Inflation Adjusted Average Sales in 2030 (7 years onwards) at 5% 549*1.057*107 INR 772,49,81,320 Max Financial Impact/Inflation Adjusted Average Sales in 2030 3.75 %, therefore impact is Medium-High (3-5% of Total Potential Sales)*

(16.1.1.16) Primary response to risk

Compliance, monitoring and targets

☒ Establish company-wide targets

(16.1.1.17) Cost of response to risk

540748692

(16.1.1.18) Explanation of cost calculation

Input for the following assumptions have emerged from detailed discussions with third-party sustainability and climate specialists, in collaboration with our GenAI partners who have jointly undertaken research study for HPL to achieve better ESG performance. 1. Energy efficiency investments typically cost between 1-2% of total sales for chemical companies. 2. Shifting to biomass from coal 1.5% of total sales. 3. Investments in low-carbon infrastructure, including green buildings, production equipment upgrades, and circular economy practices 3-5% of total sales Therefore, total cost to response 7% of the total sales. Baseline Average Sales: INR 549 Crores Inflation Adjusted Average Sales in 2030 (7 years onwards) at 5% 549×1.057^{107} INR 772,49,81,320 Hence, the total cost to response 7% of 772,49,81,320 INR 54,07,48,692 which will be invested in a staggered fashion over the next 7 years (if risk materialises)

(16.1.1.19) Description of response

In keeping with our commitment to setting ambitious net-zero targets, we are working closely with the Science Based Targets initiative (SBTi) to align our goals with global climate action. We are in the processes of setting and get formal approval from SBTi on our net-zero transition targets by 2050. This will substantially reduce carbon taxation in time horizons beyond 10 years. In the time horizons of less than 10 years we foresee higher capital costs to significantly reduce our direct GHG emissions. 1. To SBTi or net-zero targets we need to invest heavily in energy efficiency measures such as upgrading equipment and retrofitting plants. 2. Transitioning from fossil fuels to renewable energy sources like solar or biomass can represent a significant upfront cost. Partially shifting to biomass from coal could cost increase in cost due to boiler upgradation and factoring volatility in market price. 3. Investments in low-carbon infrastructure, including green buildings, production equipment upgrades and circular economy practices is likely to increase capital cost. Total capital expenditure will spread over multiple years, depending on the company's starting point, ambition level and the technologies adopted

Climate change

(16.1.1.1) Risk identifier

Select from:

☒ Risk3

(16.1.1.3) Risk type and primary source of the environmental risk

Chronic physical (gradual changes to the state of nature)

☒ Water stress

(16.1.1.4) Value chain stage where the risk occurs

Select from:

☒ Direct operations (our own operations)

(16.1.1.5) Country/area where the risk occurs

Select all that apply

☒ India

(16.1.1.7) Organization-specific description of risk

One of the immediate and priority Climate Change related risks in short term horizon arising is about ground water withdrawal, utilization, re-use/recycle within the facility. It is observed that HPLA's 3/4 units are located in Faridabad and Ballabgarh which are identified by Central Ground Water Board as "Over-exploited". As per WRi, the regions are Highly Water Stressed. It was noted during the third-party led E&S DD that the facilities do not reuse all the treated effluent within the premises. Some amount of treated effluent water is discharged outside. Risk Type: Operational Time Horizon is Medium-term i.e., 1-3 years Impact is Medium as maximum potential financial impact is INR 83737500 (1.32% of the Total Sales). Read response to 15.1 Likelihood is moderate (66-100%) as Indian is at the forefront of setting ambitious NDC targets and revising to stringent ambitions as done previously.

(16.1.1.8) Primary financial effect of the risk

Select from:

☒ Increased direct costs

(16.1.1.9) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☒ Medium-term

(16.1.1.10) Likelihood of the risk having an effect within the anticipated time horizons

Select from:

☒ Likely (66–100%)

(16.1.1.11) Magnitude

Select from:

☒ Medium

(16.1.1.12) Are you able to quantify the financial effect of the risk?

Select from:

☒ Yes

(16.1.1.13) Potential financial effect figure - minimum (currency)

74665937.5

(16.1.1.14) Potential financial effect figure– maximum (currency)

83737500

(16.1.1.15) Explanation of financial effect figure

*If the three plants located in Haryana are subject to regulation to not withdraw groundwater in the Highly Water Stressed region then the plant would have to procure water for operations from third-party in form of tanker water. Climate scenarios (optimistic for 2030) also suggest that the three plants will be in Highly Water Stressed areas Baseline cost of tanker water INR 125 per kL Increased premium cost of tanker water under the situation of high-demand & low-availability 10-20% premium i.e., INR 137.5-150 per kL Baseline water requirement (predominantly from groundwater) at the three plants 870, 400 and 180 kL per day Projected increase in water requirement (due to likely increase in production and greater evapo-transpiration and increased domestic consumption from heat) 7-10% increase i.e., 931-957, 428-440, 192.6-198 kL per day Assuming 350 days of operation in a year Minimum financial impact $350(\text{days/year}) * 137.5 (\text{INR/kL}) * (931428192.6) \text{kL}$ INR 7,46,65,937.50/year Maximum financial impact $350(\text{days/year}) * 150 (\text{INR/kL}) * (957440198) \text{kL}$ INR 8,37,37,500.00/year Baseline Average Sales: INR 549 Crores Inflation Adjusted Average Sales (3 years onwards) at 5% $549 * 1.053^{*107}$ INR 635,65,18,875 Maximum financial impact/Inflation Adjusted Average Sales $8,37,37,500/635,65,18,875$ 1.32%*

(16.1.1.16) Primary response to risk

Infrastructure, technology and spending

☒ Increase environment-related capital expenditure

(16.1.1.17) Cost of response to risk

58085115

(16.1.1.18) Explanation of cost calculation

Cost of Response include CAPEX for installation of ZLD systems at the three plants located in High Water Stress region. The system consist of (a) Electro Coagulation System (b) Nano Treatment Plant and (c) Secondary RO for RO reject, CT & Boiler Basis the cost of implementation at our largest plant in Dudhola, following are the CAPEX for plant operating at 870 kL of daily water requirement (company purchase order data): (a) Electro Coagulation System- INR 13396580 (b) Nano Treatment Plant- INR 10145367, and (c) Secondary RO for RO reject, CT & Boiler- INR 8140975 This implies INR 31682922/870kL INR 36417/kL For the projected scenario (3 years ahead) the cost to response 36417(INR/kL)(957440198)kL INR 58085115, which will be invested in a staggered fashion over the next 3-5 years (if risk materialises)*

(16.1.1.19) Description of response

We have already installed a ZLD in our largest plant (by operations), located in the water-stressed region. We plan to implement ZLD in the remaining two plants as well. The ZLD system consists of (a) Electro Coagulation System (b) Nano Treatment Plant and (c) Secondary RO for RO reject, CT & Boiler

Climate change

(16.1.1.1) Risk identifier

Select from:

☒ Risk4

(16.1.1.3) Risk type and primary source of the environmental risk

Acute physical (short term, specific events that change the state of nature)

☒ Heat wave

(16.1.1.4) Value chain stage where the risk occurs

Select from:

☒ Direct operations (our own operations)

(16.1.1.5) Country/area where the risk occurs

Select all that apply

☒ India

(16.1.1.7) Organization-specific description of risk

Heat waves have become an increasingly significant concern for HPL. The past three years have witnessed extended periods of heat waves, posing challenges to operations and worker safety. Heat waves have led to uncomfortable working conditions, affecting worker productivity and safety at our facilities. The ILO report titled "Working on a Warmer Planet" estimates that 5.3% of working hours could be lost due to heat stress by 2030 for the Paris-aligned scenario. Estimates suggest this could be as high as 8% under non-Paris aligned scenarios. Haryana, being in northern India, may experience more extreme temperature increases compared to the national average. The rising frequency and intensity of heat waves have led to increased energy consumption for cooling at our facilities. Risk Category: Operational Time-horizon: Since we are already witnessing the effects and these are projected to get worse by 2030 (as per scenario analysis using World Bank Climate Change Knowledge Portal) therefore, Short, medium and long term Impact is Medium as maximum potential financial impact is INR 82809877 (1.5%% of the Total Sales). Read response to 15.1 Likelihood is very-likely (90-00%) as we have been witnessing extended periods of heatwaves in Haryana and Punjab

(16.1.1.8) Primary financial effect of the risk

Select from:

☒ Increased direct costs

(16.1.1.9) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☒ Short-term

☒ Medium-term

☒ Long-term

(16.1.1.10) Likelihood of the risk having an effect within the anticipated time horizons

Select from:

☒ Very likely (90–100%)

(16.1.1.11) Magnitude

Select from:

☒ Medium

(16.1.1.12) Are you able to quantify the financial effect of the risk?

Select from:

☒ Yes

(16.1.1.13) Potential financial effect figure - minimum (currency)

28103792

(16.1.1.14) Potential financial effect figure– maximum (currency)

82809877

(16.1.1.15) Explanation of financial effect figure

Financial impact from two aspects- loss of worker efficiency & utilization, and increased energy requirements for cooling. 1. Decrease in worker efficiency: 5-8% (ILO, sector-manufacturing, region southeast Asia) 2. Projected annual hot days (40 deg C) for the region: 55 days (World Bank CCKP) 3. Minimum daily compensation to workers- INR 650 (average) 4. Increase in annual electricity demand for rising ambient temperatures: 20% in next 3 years to 60% by 2030 (IEA, India chapter) 5. Total average electricity consumption at HPL: 19308066 kWh 6. Average cost of electricity for industrial areas in Haryana and Punjab INR 7 per kWh 7. Total workforce likely to be exposed to heat waves 600 8. Average baseline sales INR 549.1 Cr. A. Loss of worker efficiency/utilization: Minimum loss $5\% \times 55 \text{ (days/year)} \times 650 \text{ (INR/day)} \times 600$ INR 1072500 Maximum loss $8\% \times 55 \text{ (days/year)} \times 650 \text{ (INR/day)} \times 600$ INR 1716000 B. Increased electricity requirements for addressing cooling needs: Minimum loss $20\% \times 19308066 \text{ kWh} \times 7 \text{ (INR/kWh)}$ INR 27031292 Maximum loss $60\% \times 19308066 \text{ kWh} \times 7 \text{ (INR/kWh)}$ INR 81093877 Therefore, minimum financial impact INR (1072500+27031292) INR 28103792 maximum financial impact INR (1716000+81093877) INR 82809877 Maximum financial impact/Sales $82809877/5491000000$ 1.5%

(16.1.1.16) Primary response to risk

Infrastructure, technology and spending

☒ Other infrastructure, technology and spending, please specify :Investment in energy management systems

(16.1.1.17) Cost of response to risk

(16.1.1.18) Explanation of cost calculation

Cost of response for the two aspects of this risk are as follows: A. Worker safety against heat: Basic reflective clothing or cooling vests @ INR 2000 per affected staff
 Number of affected staff 600 Cost to response 600×2000 INR 1200000 B. Installation of energy management system: In the India context, typical cost of implementation of EMS in a manufacturing unit 1.85 per square feet (Estimates provided by TERI, a sustainability think tank in India). Total square footage of the four manufacturing units 2098070 Cost to response 2098070×1.85 INR 3881430 Total cost to response INR 5081430

(16.1.1.19) Description of response

We are currently evaluating the options of the type of Energy Management Systems that we would like to install at the manufacturing facilities. Furthermore, we are enhancing our emergency response mechanism by procuring reflective clothing for the workforce. Moreover, we are optimizing the working shifts to minimize direct exposure during heat waves instances.

Climate change

(16.1.1.1) Risk identifier

Select from:

☒ Risk5

(16.1.1.3) Risk type and primary source of the environmental risk

Policy

☒ Changes to international law and bilateral agreements

(16.1.1.4) Value chain stage where the risk occurs

Select from:

☒ Downstream value chain (distributors or customers)

(16.1.1.5) Country/area where the risk occurs

Select all that apply

- ☒ India
- ☒ Italy
- ☒ Brazil
- ☒ France
- ☒ Poland

- ☒ Turkey
- ☒ Austria
- ☒ Belgium
- ☒ Germany
- ☒ United States of America

(16.1.1.7) Organization-specific description of risk

Disclosure requirements on our climate and ESG performance is increasing. Our customers are frequently enquiring data on PCF, EcoVadis and CDP score. Since we are new to our formalized ESG journey, such disclosure requirements pose risk to our operations.

(16.1.1.8) Primary financial effect of the risk

Select from:

- ☒ Brand damage

(16.1.1.9) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

- ☒ Medium-term

(16.1.1.10) Likelihood of the risk having an effect within the anticipated time horizons

Select from:

- ☒ Likely (66–100%)

(16.1.1.11) Magnitude

Select from:

- ☒ Medium-low

(16.1.1.12) Are you able to quantify the financial effect of the risk?

Select from:

☒ No

(16.1.1.16) Primary response to risk

Engagement

☒ Engage in multi-stakeholder initiatives

(16.1.1.17) Cost of response to risk

21000000

(16.1.1.18) Explanation of cost calculation

Cos to include systems to enhance data management and reporting: Cost for engaging with third-party sustainability consultants INR 7500000 Cost of Engagement with our suppliers towards sustainability disclosure requirements and capacity building INR 1500000 Cost to implement GenAI based data management and query system INR 12000000 Total cost INR (7500000+1500000+12000000) INR

(16.1.1.19) Description of response

We are formally engaged with third-party sustainability and GenAI technology implementation experts who are supporting us with the disclosure related mandates, training relevant internal and value-chain members, and also developing a tech-driven solution to help us streamline various disclosure requirements with company specific data (as much as possible).

[Add row]

(16.3) Are you aware of any opportunities created by environmental issues which have had a substantive effect on your organization in the reporting year or may in the future?

	Environmental opportunities identified
Climate change	<i>Select from:</i> <input checked="" type="checkbox"/> Yes, we have identified opportunities, and some/all are being realized

[Fixed row]

(16.3.1) Provide details of the opportunities created by environmental issues which have had a substantive effect on your organization in the reporting year or may in the future.

Climate change

(16.3.1.1) Opportunity identifier

Select from:

☒ Opp1

(16.3.1.3) Opportunity type and primary source

Markets

☒ Improved supply chain engagement

(16.3.1.4) Value chain stage where the opportunity occurs

Select from:

☒ Upstream value chain (suppliers)

(16.3.1.5) Country/area where the opportunity occurs

Select all that apply

☒ China

☒ India

(16.3.1.7) Organization specific description

At HPL Additives, we see a key opportunity in enhancing our supply chain engagement, particularly with suppliers in China and India. By increasing collaboration and transparency, we aim to align more closely with their ESG performance standards, strengthening partnerships and improving our collective environmental and social impact. As ESG regulations and expectations evolve in these regions, proactively working with suppliers to meet these standards will drive demand for our products and services, leading to higher revenues. This opportunity is expected to have a substantive positive effect in both the medium and long term, with a medium-high impact. Utilizing platforms like EcoVadis and CDP disclosures, we will identify and assess common risks and opportunities across our supply chain, enabling us to mitigate risks and seize new opportunities. This will help ensure our ongoing alignment with global best practices and continuous improvement in ESG performance. However, there is a strategic risk if we do not capitalize on this opportunity by effectively using these platforms. Failure to improve engagement and transparency with suppliers could result in missed financial opportunities and reputational risks, particularly as global ESG expectations continue to rise.

(16.3.1.8) Primary financial effect of the opportunity

Select from:

☒ Increased revenues resulting from increased demand for products and services

(16.3.1.9) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☒ Medium-term

☒ Long-term

(16.3.1.10) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☒ More likely than not (50–100%)

(16.3.1.11) Magnitude

Select from:

☒ Medium-low

Climate change

(16.3.1.1) Opportunity identifier

Select from:

☒ Opp2

(16.3.1.3) Opportunity type and primary source

Markets

☒ Improved supply chain engagement

(16.3.1.4) Value chain stage where the opportunity occurs

Select from:

☒ Downstream value chain (distributors or customers)

(16.3.1.5) Country/area where the opportunity occurs

Select all that apply

☒ India

☒ Italy

☒ Spain

☒ Brazil

☒ France

☒ Germany

☒ Switzerland

☒ South Africa

☒ United States of America

☒ Poland

☒ Sweden

☒ Turkey

☒ Austria

☒ Belgium

(16.3.1.7) Organization specific description

At HPL Additives, we see a key opportunity in enhancing supply chain engagement within the downstream value chain, focusing on our customers in India, the EU, and the USA. By increasing transparency and aligning with the ESG expectations of our customers, we can strengthen partnerships and boost demand for our products and services, leading to increased revenues. As customers in these regions prioritize ESG performance, meeting their standards will allow us to tap into greater market opportunities. This opportunity is expected to have a medium-high positive impact over the medium and long term. Leveraging platforms such as EcoVadis and CDP for disclosures, we can identify common risks and opportunities across the value chain, enabling us to improve our ESG performance while learning from our customers' experiences. This alignment will help us enhance operational efficiency, reduce logistics costs, and drive better sustainability outcomes. Additionally, through a cumulative risk assessment, we will stay aligned with global best practices, ensuring continuous improvement in our operations. Failing to act on this opportunity could result in missed financial benefits and reputational risks, making it essential to strategically engage in this area to remain competitive and meet rising ESG expectations.

(16.3.1.8) Primary financial effect of the opportunity

Select from:

☒ Increased revenues resulting from increased demand for products and services

(16.3.1.9) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☒ Medium-term

☒ Long-term

(16.3.1.10) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☒ More likely than not (50–100%)

(16.3.1.11) Magnitude

Select from:

☒ Medium-high

Climate change

(16.3.1.1) Opportunity identifier

Select from:

☒ Opp3

(16.3.1.3) Opportunity type and primary source

Energy source

☒ Use of low-carbon energy sources

(16.3.1.4) Value chain stage where the opportunity occurs

Select from:

☒ Direct operations (our own operations)

(16.3.1.5) Country/area where the opportunity occurs

Select all that apply

☒ India

(16.3.1.7) Organization specific description

We have identified a promising opportunity to utilize low-carbon energy sources, specifically by replacing coal with biomass for boiler applications. This shift aligns with the growing pressure to reduce reliance on fossil fuels, especially as global fossil fuel prices are expected to rise due to supply chain disruptions. By integrating locally sourced biomass, which the state government of Haryana is actively promoting for ex-situ industrial use, we are able to secure a more sustainable and cost-effective energy source. The financial benefit of this opportunity lies in reducing our direct operational costs while simultaneously lowering our environmental impact. This transition has already begun, and we have achieved reductions in our Scope 1 and Scope 2 emissions by partially substituting coal with biomass briquettes. In the medium, and long term, the impact of this switch will be substantive, with the positive effect anticipated to be of medium magnitude.

(16.3.1.8) Primary financial effect of the opportunity

Select from:

☒ Reduced direct costs

(16.3.1.9) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☒ Medium-term

☒ Long-term

(16.3.1.10) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☒ Likely (66–100%)

(16.3.1.11) Magnitude

Select from:

☒ Medium

Climate change

(16.3.1.1) Opportunity identifier

Select from:

☒ Opp4

(16.3.1.3) Opportunity type and primary source

Markets

☒ Increased brand value

(16.3.1.4) Value chain stage where the opportunity occurs

Select from:

☒ Downstream value chain (distributors or customers)

(16.3.1.5) Country/area where the opportunity occurs

Select all that apply

☒ India

☒ Austria

- ☒ Italy
- ☒ Spain
- ☒ France
- ☒ Poland
- ☒ United States of America

- ☒ Belgium
- ☒ Germany
- ☒ Switzerland
- ☒ South Africa

(16.3.1.7) Organization specific description

At HPL Additives, we recognize the opportunity to enhance our brand value by aligning with the growing ESG expectations of our downstream customers, particularly those in Europe, the USA, and India. With many of our domestic clients required to report under the BRSR framework and our international customers focused on ESG performance, we are in the process of establishing reporting mechanisms that will strengthen trust in our B2B operations. This proactive alignment with our customers' non-financial materiality, including support for their Scope-3 emissions reporting through Product Carbon Footprint (PCF) data, is already being realized. Our marketing/customer engagement team is consistently tracking these evolving customer requirements, ensuring that we not only meet their demands for product quality but also provide the necessary ESG-related support. As a result, we expect this opportunity to drive increased revenues in the medium to long term by enhancing our credibility and value in the marketplace. The magnitude of this positive impact will be medium, but with growing customer reliance on comprehensive ESG reporting, the value we deliver to our clients is positioned to become a key differentiator, further solidifying our brand reputation and fostering long-term partnerships.

(16.3.1.8) Primary financial effect of the opportunity

Select from:

- ☒ Increased revenues resulting from increased demand for products and services

(16.3.1.9) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

- ☒ Medium-term
- ☒ Long-term

(16.3.1.10) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

- ☒ More likely than not (50–100%)

(16.3.1.11) Magnitude

Select from:

☒ Medium

Climate change

(16.3.1.1) Opportunity identifier

Select from:

☒ Opp5

(16.3.1.3) Opportunity type and primary source

Reputational capital

☒ Improved ratings by sustainability/ESG indexes

(16.3.1.4) Value chain stage where the opportunity occurs

Select from:

☒ Direct operations (our own operations)

(16.3.1.5) Country/area where the opportunity occurs

Select all that apply

☒ India

(16.3.1.7) Organization specific description

At HPL Additives, improving our ESG ratings has had a direct impact on our operations, helping us better understand and enhance our performance. For our EcoVadis disclosure, we engaged third-party sustainability experts to conduct a comprehensive E&S due diligence for our plants & head office. This assessment revealed gaps in compliance with national environmental, occupational health and safety, and social welfare regulations, IFC Performance Standards & the World Bank Group's EHS Guidelines. As a result, we developed an ESAP with clear timelines, overseen by our MD & CFO. Strict measures are now in place to ensure adherence to this plan. Similarly, through the CDP disclosure process, we gained critical insights into climate change and resource efficiency, identifying key climate-related risks. To further minimize these risks, we engaged third-party consultants to analyse the financial impact on our operations and find opportunities for improvement. One such opportunity was supplier diversification to reduce Scope-3 emissions. These efforts not only enhance our operational efficiency but also solidify our commitment to sustainable growth and improved ESG performance, and consequently ratings. Implementing our ESAP has improved supply chain

efficiency and diversified suppliers, lowering long-term risks and associated costs, lastly reduce indirect operating costs by identifying inefficiencies in resource use and energy consumption

(16.3.1.8) Primary financial effect of the opportunity

Select from:

☒ Reduced indirect (operating) costs

(16.3.1.9) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☒ Long-term

(16.3.1.10) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☒ Likely (66–100%)

(16.3.1.11) Magnitude

Select from:

☒ Medium-high

Climate change

(16.3.1.1) Opportunity identifier

Select from:

☒ Opp6

(16.3.1.3) Opportunity type and primary source

Resource efficiency

☒ Use of recycling

(16.3.1.4) Value chain stage where the opportunity occurs

Select from:

☒ Direct operations (our own operations)

(16.3.1.5) Country/area where the opportunity occurs

Select all that apply

☒ India

(16.3.1.7) Organization specific description

At HPL Additives, our commitment to recycling and circular economy principles is significantly reducing our direct operating costs. This opportunity is already being realized and will continue to generate benefits in the short, medium, and long term. With resources becoming more expensive and water scarcity posing a potential challenge, the medium to high impact of these initiatives is becoming increasingly apparent. In one of our plants, we have implemented a solvent recovery system, allowing us to recycle solvents and reduce costs on fresh solvent procurement. During the production of Kinnox-30, H₂SO₄ is generated as a by-product and is utilized to manufacture gypsum, which is then sold as a product. Similarly, in Kinnox-10 production, we recover and recycle 2,6 DTBP from the sludge, minimizing waste and maximizing resource efficiency. Our Hydrazine Hydrate production also generates by-products that are sold to the soap industry in Chandigarh, while ammonia is recovered and sold as aqueous ammonia in the local market. Furthermore, we have implemented ZLD in one of our plants, where treated effluent is reused for irrigation, reducing water costs and contributing to our sustainability goals. These initiatives, aligned with circular economy principles, are helping us optimize resources, reduce waste, and minimize costs while driving long-term operational resilience.

(16.3.1.8) Primary financial effect of the opportunity

Select from:

☒ Reduced direct costs

(16.3.1.9) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☒ Medium-term

☒ Long-term

(16.3.1.10) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☒ Likely (66–100%)

(16.3.1.11) Magnitude

Select from:

☒ Medium-high

[Add row]

C17. SME Governance

(17.1) Is there responsibility for environmental issues within your organization?

	Responsibility for this environmental issue
Climate change	Select from: <input checked="" type="checkbox"/> Yes

[Fixed row]

(17.1.1) Provide the highest positions or committees with responsibility for environmental issues (do not include the names of individuals).

Climate change

(17.1.1.1) Position of individual or committee with responsibility

Executive level

☒ Chief Executive Officer (CEO)

(17.1.1.2) Environmental responsibilities of this position

Risks and opportunities

- ☒ Assessing future trends in environmental risks and opportunities
- ☒ Assessing environmental risks and opportunities
- ☒ Managing environmental risks and opportunities

Policies, commitments, and targets

- ☒ Setting corporate environmental policies and/or commitments
- ☒ Setting corporate environmental targets

Engagement

- ☒ Managing value chain engagement related to environmental issues

Strategy and financial planning

- ☒ Developing a business strategy which considers environmental issues
- ☒ Implementing the business strategy related to environmental issues
- ☒ Managing major capital and/or operational expenditures relating to environmental issues
- ☒ Managing priorities related to innovation/low-environmental impact products or services (including R&D)

(17.1.1.3) Who in the organization does this position report to

Select from:

- ☒ Reports to the board directly

(17.1.1.4) Frequency of reporting on environmental issues via this reporting line

Select from:

- ☒ Quarterly

(17.1.1.5) Please explain

Leadership on ESG Strategy: Lead the overall ESG vision and integrate it into the company's long-term business strategy. Stakeholder Engagement: Drive engagement with key stakeholders, including investors and regulatory bodies, on ESG and climate initiatives. Decision-Making on Climate Risks: Make executive decisions on how to address and mitigate climate risks across the business. Oversight: Stewardship of the ESG governance and assessment framework towards integration of ESG principles in the corporate ethos Formulation of the new Enterprise Risk Management framework in conjunction with diverse teams towards synergistic implementation of ESG policies

Climate change

(17.1.1.1) Position of individual or committee with responsibility

Executive level

- ☒ Chief Financial Officer (CFO)

(17.1.1.2) Environmental responsibilities of this position

Risks and opportunities

- ☒ Assessing future trends in environmental risks and opportunities
- ☒ Assessing environmental risks and opportunities
- ☒ Managing environmental risks and opportunities

Engagement

- ☒ Managing value chain engagement related to environmental issues

Strategy and financial planning

- ☒ Conducting environmental scenario analysis
- ☒ Managing annual budgets related to environmental issues
- ☒ Implementing the business strategy related to environmental issues
- ☒ Developing a business strategy which considers environmental issues
- ☒ Managing major capital and/or operational expenditures relating to environmental issues
- ☒ Managing priorities related to innovation/low-environmental impact products or services (including R&D)

(17.1.1.3) Who in the organization does this position report to

Select from:

- ☒ Reports to the board directly

(17.1.1.4) Frequency of reporting on environmental issues via this reporting line

Select from:

- ☒ Quarterly

(17.1.1.5) Please explain

Sustainable Financial Planning: Align financial strategy with ESG goals, focusing on climate-related investments and sustainable finance. ESG Disclosure and Reporting: Ensure accurate and transparent reporting of ESG performance, including climate risk disclosures to meet regulatory and investor requirements. Climate Risk Mitigation in Investments: Evaluate and manage climate risks within the company's investment portfolio and financial planning.

Climate change

(17.1.1.1) Position of individual or committee with responsibility

Committee

- ☒ Safety, Health, Environment and Quality committee

(17.1.1.2) Environmental responsibilities of this position

Risks and opportunities

- ☒ Managing environmental risks and opportunities

Policies, commitments, and targets

- ☒ Monitoring compliance with corporate environmental policies and/or commitments
- ☒ Measuring progress towards environmental corporate targets

Strategy and financial planning

- ☒ Developing a climate transition plan

(17.1.1.3) Who in the organization does this position report to

Select from:

- ☒ Reports to executive leadership (CEO, CRO, CFO, COO, CSO, or equivalent)

(17.1.1.4) Frequency of reporting on environmental issues via this reporting line

Select from:

- ☒ Quarterly

(17.1.1.5) Please explain

Team: Safety Key Responsibilities towards Sustainability: 1.Ensure adherence to environmental regulations and standards, including waste management, emissions controls, and resource conservation. 2.Identify Environment Impact and Assessment of each process. 3.Training and presentations for health, safety, and environmental matters. 4.ESG Training Management. 5.Training on GHG accounting. 6. Monitoring of progress towards concerned ESG topics, tracking key performance indicators, ground-level risk assessment and communication and reporting through the proposed ESG committee.

Climate change

(17.1.1.1) Position of individual or committee with responsibility

Management level

- ☒ Process operation manager

(17.1.1.2) Environmental responsibilities of this position

Risks and opportunities

- ☒ Assessing environmental risks and opportunities
- ☒ Managing environmental risks and opportunities

Policies, commitments, and targets

- ☒ Monitoring compliance with corporate environmental policies and/or commitments

Strategy and financial planning

- ☒ Implementing the business strategy related to environmental issues
- ☒ Managing environmental reporting, audit, and verification processes

(17.1.1.3) Who in the organization does this position report to

Select from:

- ☒ Reports to executive leadership (CEO, CRO, CFO, COO, CSO, or equivalent)

(17.1.1.4) Frequency of reporting on environmental issues via this reporting line

Select from:

☒ Quarterly

(17.1.1.5) Please explain

Team: Production Key Responsibilities towards Sustainability: 1.Plant operation and optimum utilization of resources related to water and energy consumption. 2.Establish and enforce policies that align with ESG principles, ensuring accountability and transparency in operations. 3.Develop and implement strategies to reduce the plant's carbon footprint, waste, and energy consumption. 4.Effluent management & control. 5. Monitoring of progress towards concerned ESG topics, tracking key performance indicators, ground-level risk assessment and communication and reporting through the proposed ESG committee.

Climate change

(17.1.1.1) Position of individual or committee with responsibility

Committee

☒ Safety, Health, Environment and Quality committee

(17.1.1.2) Environmental responsibilities of this position

Risks and opportunities

☒ Managing environmental risks and opportunities

Strategy and financial planning

☒ Managing environmental reporting, audit, and verification processes

(17.1.1.3) Who in the organization does this position report to

Select from:

☒ Reports to executive leadership (CEO, CRO, CFO, COO, CSO, or equivalent)

(17.1.1.4) Frequency of reporting on environmental issues via this reporting line

Select from:

☒ Quarterly

(17.1.1.5) Please explain

Team: Quality Control Key Responsibilities towards Sustainability: 1.Ensure that all products of the company meet consistent standards. 2.Plan and implement quality control tests. 3.Inspect at various stages in production and formulate reports on their key findings. 4.To monitor and audit the yield and timeline of the process & and projects to meet goals in a sustainable, timely and cost-effective manner. 5.Ensure statutory and regulatory compliances. 6. Monitoring of progress towards concerned ESG topics, tracking key performance indicators, ground-level risk assessment and communication and reporting through the proposed ESG committee.

Climate change

(17.1.1.1) Position of individual or committee with responsibility

Management level

☒ Environment/Sustainability manager

(17.1.1.2) Environmental responsibilities of this position

Risks and opportunities

☒ Managing environmental risks and opportunities

Strategy and financial planning

☒ Managing environmental reporting, audit, and verification processes

(17.1.1.3) Who in the organization does this position report to

Select from:

☒ Reports to executive leadership (CEO, CRO, CFO, COO, CSO, or equivalent)

(17.1.1.4) Frequency of reporting on environmental issues via this reporting line

Select from:

☒ Quarterly

(17.1.1.5) Please explain

Team: Maintenance Key Responsibilities towards Sustainability: 1. Implement and oversee energy management programs to optimize energy use, reduce fuel consumption, and lower greenhouse gas emissions. 2. Develop strategies for efficient water use, recycling, and treatment, aiming to minimize waste and ensure compliance with local regulations. 3. Ensure regular maintenance of equipment to prevent leaks and emissions, reducing environmental impact and improving operational efficiency. 4. Identify and assess risks related to maintenance and utility operations that may impact ESG goals, implementing mitigation strategies. 5. Monitoring of progress towards concerned ESG topics, tracking key performance indicators, ground-level risk assessment and communication and reporting through the proposed ESG committee. 6. Research towards industry-best practices and scope of innovation in the continuous improvement of ESG policies and practices

Climate change

(17.1.1.1) Position of individual or committee with responsibility

Committee

- ☒ Corporate responsibility committee

(17.1.1.2) Environmental responsibilities of this position

Risks and opportunities

- ☒ Assessing future trends in environmental risks and opportunities
- ☒ Assessing environmental risks and opportunities

Policies, commitments, and targets

- ☒ Setting corporate environmental policies and/or commitments

Engagement

- ☒ Managing value chain engagement related to environmental issues

Strategy and financial planning

- ☒ Developing a business strategy which considers environmental issues
- ☒ Implementing the business strategy related to environmental issues

(17.1.1.3) Who in the organization does this position report to

Select from:

- ☒ Reports to the board directly

(17.1.1.4) Frequency of reporting on environmental issues via this reporting line

Select from:

- ☒ Quarterly

(17.1.1.5) Please explain

Team: Customer Engagement & Marketing Key Responsibilities towards Sustainability: 1.Develop and communicate the company's sustainability initiatives and ESG goals to enhance brand image and build trust with customers and stakeholders. 2.Involve customers in the company's ESG journey through campaigns. 3.Disclose sustainability data from the supply chain for transparency. 4. Encourage customers to choose sustainable products aligned with ESG journey. 5. Engage with community through CSR initiatives for extended sustainability

Climate change

(17.1.1.1) Position of individual or committee with responsibility

Executive level

- ☒ Chief Procurement Officer (CPO)

(17.1.1.2) Environmental responsibilities of this position

Risks and opportunities

- ☒ Assessing future trends in environmental risks and opportunities
- ☒ Assessing environmental risks and opportunities
- ☒ Managing environmental risks and opportunities

Policies, commitments, and targets

- ☒ Setting corporate environmental policies and/or commitments

Engagement

- ☒ Managing value chain engagement related to environmental issues

- ☒ Managing supplier compliance with environmental requirements

Strategy and financial planning

- ☒ Implementing the business strategy related to environmental issues
- ☒ Managing environmental reporting, audit, and verification processes

(17.1.1.3) Who in the organization does this position report to

Select from:

- ☒ Reports to executive leadership (CEO, CRO, CFO, COO, CSO, or equivalent)

(17.1.1.4) Frequency of reporting on environmental issues via this reporting line

Select from:

- ☒ Quarterly

(17.1.1.5) Please explain

Team: Procurement & Supplier Engagement Key Responsibilities towards Sustainability: 1.Develop and implement procurement policies that prioritize ESG and climate considerations. 2.Integrate eco-friendly materials, products, & services into procurement decisions to reduce the env. footprint. 3.Support the use of recycled/upcycled materials by encouraging suppliers to adopt circular economy practices. 4.Ensure procurement activities comply with local & international ESG - related regulations and standards. 5.Provide training and resources to suppliers to help them meet ESG and climate change requirements 6. Monitoring of progress towards concerned ESG topics, tracking key performance indicators, ground-level risk assessment and communication and reporting through the proposed ESG committee.

[Add row]

(17.2) Does your organization have an environmental policy that addresses environmental issues?

	Does your organization have any environmental policies?
	Select from: <input checked="" type="checkbox"/> Yes

[Fixed row]

(17.2.1) Provide details of your environmental policies.

Row 1

(17.2.1.1) Environmental issues covered

Select all that apply

☒ Climate change

(17.2.1.2) Level of coverage

Select from:

☒ Organization-wide

(17.2.1.3) Value chain stages covered

Select all that apply

☒ Direct operations (our own organization)

(17.2.1.4) Explain the coverage

EMP: Points covered include occupational disease prevention, workplace hygiene, safe operations, employee involvement, and productivity improvement
Occupational Disease Prevention: Reduce occupational health risks and diseases through medical check ups, rotational shifts, rehabilitation
Workplace Hygiene: Improve cleanliness, pollutant levels, housekeeping, and hygiene standards
Safe Operations: Implement safe practices in installations and processes, adoption of safe codes, standards, practices, auditing
Training and Education: Promote awareness and educate employees on safety, emergency preparedness, and PPE usage

Productivity Improvement: Enhance productivity through better health, safety, and confidence, and mental alertness Risk Assessment: regular assessments to identify and manage risks with appropriate control measures (e.g., engineering controls, administrative controls, personal protective equipment) Training: safety training for all employees and supervisors Safety Procedures: safe work practices, emergency procedures(evacuation plans, first aid responses), and equipment safety measures Accident Reporting: prompt reporting of accidents and near misses and maintain documentation of corrective actions Health and Safety Committee: Oversee and review safety policies through regular meetings Compliance Monitoring: audits and inspections to ensure policy and legal compliance Policy Review: review and update the policy, ensuring communication of changes to employees

(17.2.1.5) Environmental policy content

Environmental commitments

- ☒ Commitment to comply with regulations and mandatory standards
- ☒ Commitment to take environmental action beyond regulatory compliance
- ☒ Commitment to stakeholder engagement and capacity building on environmental issues

Climate-specific commitments

- ☒ Commitment to net-zero emissions

Additional references/Descriptions

- ☒ Description of grievance/whistleblower mechanism to monitor non-compliance with the environmental policy and raise/address/escalate any other greenwashing concerns

Row 2

(17.2.1.1) Environmental issues covered

Select all that apply

- ☒ Climate change

(17.2.1.2) Level of coverage

Select from:

- ☒ Organization-wide

(17.2.1.3) Value chain stages covered

Select all that apply

☒ Upstream activities (suppliers)

(17.2.1.4) Explain the coverage

Relevant Policies: Sustainable Procurement Policy and SOP-Export Suppliers must uphold high standards of business integrity, avoiding conflicts of interest, bribery, corruption, and anti-competitive practices in dealings with HPL. They should respect confidentiality and intellectual property rights, comply with local and international laws, and promote free competition by offering competitive prices and innovative products. Forced and child labour must be prohibited, fair wages provided, and legal requirements on non-discrimination and working conditions followed. HPL encourages suppliers to support local communities, diversity, and employee health and safety while contributing to local development. Suppliers should strive for a diverse workforce, minimize emissions, conserve water, manage waste responsibly, use renewable energy, and reduce hazardous materials. Efficient use of resources, including raw materials, is essential. Quality management systems must be maintained to ensure compliance with manufacturing standards, including secure storage, handling, and transportation of materials. Suppliers must establish policies for compliance and reporting, supported by HPL's guidance and monitoring. Factories are required to maintain records and ensure compliance with security standards like CTPAT, and undergo corrective action plans if needed. Facilities must be secured with surveillance, alarms, and access control, and ensure employee and visitor monitoring. Proper container

(17.2.1.5) Environmental policy content

Additional references/Descriptions

☒ Description of environmental requirements for procurement

Row 3

(17.2.1.1) Environmental issues covered

Select all that apply

☒ Climate change

(17.2.1.2) Level of coverage

Select from:

☒ Selected facilities, businesses or geographies only

(17.2.1.3) Value chain stages covered

Select all that apply

☒ Direct operations (our own organization)

(17.2.1.4) Explain the coverage

Relevant Policies: Health & Safety Policy, and Accident Prevention Policy Points covered: To prevent occupational diseases, we focus on regular medical check-ups, rotational shifts, and rehabilitation. Workplace hygiene is improved through better cleanliness, pollutant control, housekeeping, and hygiene standards. Safe operations are ensured by implementing best practices in installations and processes, adhering to safe codes, and conducting audits. Training and education promote employee awareness on safety, emergency preparedness, and the correct use of PPE. Productivity is enhanced through better health, safety, mental alertness, and increased employee confidence. Regular risk assessments identify hazards and implement control measures such as engineering controls, administrative actions, and PPE usage. Employees and supervisors receive safety training, and safety procedures, including evacuation plans, first aid responses, and equipment safety measures, are followed. Accidents and near misses are promptly reported, with corrective actions documented. A health and safety committee oversees policy reviews and holds regular meetings to ensure ongoing compliance. Audits and inspections monitor adherence to policies and legal requirements, while emergency response plans are updated to address emerging risks like heat waves and heavy precipitation.

(17.2.1.5) Environmental policy content

Environmental commitments

☒ Commitment to comply with regulations and mandatory standards

Additional references/Descriptions

☒ Other, additional references/descriptions please specify :Ensuring high standards of health and safety of workforce

[Add row]

C18. SME Business Strategy

(18.1) Have risks and opportunities created by environmental issues influenced your strategy and/or financial planning?

(18.1.1) Environmental risks and/or opportunities have affected your strategy and/or financial planning

Select from:

☒ Yes, both strategy and financial planning

[Fixed row]

(18.1.1) Describe where and how risks and opportunities created by environmental issues have influenced your strategy and/or financial planning?

Strategy

(18.1.1.1) Business areas that have been affected

Select all that apply

☒ Operations

(18.1.1.3) Effect type

Select all that apply

☒ Risks

(18.1.1.4) Environmental issues relevant to the risks and/or opportunities that have affected your strategy and/or financial planning in this area

Select all that apply

☒ Climate change

(18.1.1.5) Describe how environmental risks and/or opportunities have affected your strategy and/or financial planning in this area

At HPL Additives, we have integrated environmental and climate change risks into our business strategy to safeguard the sustainability and continuity of our operations. One of the significant risks we face is the potential closure of sites due to violations of ambient air quality standards during the winter months, particularly in the highly polluted Delhi-National Capital Region (NCR), where three of our four plants are located. This risk was highlighted in a recent third-party Environmental & Social (E&S) Due Diligence report. While most of our emissions were within Central Pollution Control Board (CPCB) limits, PM10 and PM2.5 levels at one of our plants exceeded prescribed limits. This raises concerns, especially considering the history of stringent actions by the Supreme Court of India and the Delhi government, such as the 1996 order to close and relocate hazardous industries. The risk presents significant reputational, legal, and compliance challenges. To address this, we have implemented both near-term and long-term strategies. In the near term, we are focused on ensuring that emissions remain within CPCB limits. In case of exceedances, we will notify the State Pollution Control Board immediately, investigate the cause, and implement corrective and preventive actions to prevent recurrence. Additionally, we regularly monitor compliance with our Consent to Operate (CtO) to ensure all regulatory conditions are met. For the long term, we are preparing for the potential mandate requiring the relocation of industries from Delhi-NCR. If such a mandate is issued, our leadership team will assess our product portfolio and operations to prioritize core products and plan for relocation to neighbouring regions. This strategic review may also result in discontinuing certain products to ensure operational focus and efficiency.

Financial planning

(18.1.1.2) Financial planning elements that have been affected

Select all that apply

- ☒ Direct costs
- ☒ Capital expenditures

(18.1.1.3) Effect type

Select all that apply

- ☒ Risks
- ☒ Opportunities

(18.1.1.4) Environmental issues relevant to the risks and/or opportunities that have affected your strategy and/or financial planning in this area

Select all that apply

- ☒ Climate change

(18.1.1.5) Describe how environmental risks and/or opportunities have affected your strategy and/or financial planning in this area

At HPL Additives, one of the most immediate climate change-related risks we face is the availability and management of water resources, particularly groundwater. With three out of four of our operational units located in Faridabad and Ballabgarh—regions classified as "over-exploited" by the Central Ground Water Board and recognized as highly water-stressed by the World Resources Institute (WRI)—this poses a significant operational risk. During a third-party Environmental and Social Due Diligence (E&S DD) assessment, it was highlighted that not all treated effluent is reused within our facilities, with some being discharged externally, exacerbating our reliance on scarce groundwater resources. This presents a clear operational risk, as water scarcity could lead to stricter regulations, increased water costs, or even limitations on our ability to operate in these regions. However, by turning this risk into an opportunity, we have already begun making strategic investments to enhance water sustainability. We have installed a Zero Liquid Discharge (ZLD) system at our largest plant, which treats and reuses wastewater, significantly reducing our dependence on groundwater. This system includes advanced technologies such as Electro Coagulation, Nano Treatment, and Secondary RO, ensuring maximum water reuse. Recognizing the long-term value of these initiatives, we plan to expand the ZLD system to our other two plants in the region. Additionally, we are evaluating the financial viability of implementing rainwater harvesting systems to further reduce our reliance on groundwater. These investments not only mitigate immediate water-related risks but also create opportunities for cost savings, regulatory compliance, and enhanced operational resilience. Financially, these investments are expected to generate long-term returns by reducing our water consumption and improving efficiency. As water becomes an increasingly scarce and expensive resource, our proactive measures will position us as a leader in sustainable operations, potentially opening up opportunities for green financing and attracting environmentally conscious customers. This approach has higher capital expenditure for installing ZLD systems, but will reduce direct costs in the long-term by reducing reliance on third-party tanker water or reduced permit for groundwater extraction.

Strategy

(18.1.1.1) Business areas that have been affected

Select all that apply

☒ Operations

(18.1.1.3) Effect type

Select all that apply

☒ Opportunities

(18.1.1.4) Environmental issues relevant to the risks and/or opportunities that have affected your strategy and/or financial planning in this area

Select all that apply

☒ Climate change

(18.1.1.5) Describe how environmental risks and/or opportunities have affected your strategy and/or financial planning in this area

We have identified a promising opportunity to utilize low-carbon energy sources, specifically by replacing coal with biomass for boiler applications. This shift aligns with the growing pressure to reduce reliance on fossil fuels, especially as global fossil fuel prices are expected to rise due to supply chain disruptions. By integrating locally sourced biomass, which the state government of Haryana is actively promoting for ex-situ industrial use, we are able to secure a more sustainable and cost-effective energy source. The financial benefit of this opportunity lies in reducing our direct operational costs while simultaneously lowering our environmental impact. This transition has already begun, and we have achieved reductions in our Scope 1 and Scope 2 emissions by partially substituting coal with biomass briquettes.

Financial planning

(18.1.1.2) Financial planning elements that have been affected

Select all that apply

☒ Capital expenditures

(18.1.1.3) Effect type

Select all that apply

☒ Risks

(18.1.1.4) Environmental issues relevant to the risks and/or opportunities that have affected your strategy and/or financial planning in this area

Select all that apply

☒ Climate change

(18.1.1.5) Describe how environmental risks and/or opportunities have affected your strategy and/or financial planning in this area

The increasing frequency and intensity of heat waves in Haryana and Punjab pose a significant climate risk to our manufacturing facilities. As temperatures rise during extended heatwave periods, we anticipate a considerable increase in energy consumption to maintain operational efficiency and ensure safe working conditions. This surge in energy demand will directly impact our operational costs, making energy management a critical focus for our financial planning. To mitigate this risk, we are proactively exploring ways to enhance energy efficiency across our facilities. This includes evaluating the installation of advanced energy management systems, which can optimize energy use and reduce overall consumption. However, implementing such solutions requires substantial CAPEX, which

will necessitate careful financial planning. By investing in these energy-efficient systems, we aim to not only reduce our energy costs in the long run but also minimize our carbon footprint and improve our resilience to climate-induced risks.

[Add row]

(18.2) Does your organization’s strategy include a climate transition plan?

	Transition plan
	Select from: <input checked="" type="checkbox"/> No, but we are developing a climate transition plan within two years

[Fixed row]

(18.3) Do you engage with suppliers, customers, and other stakeholders within your value chain on environmental issues?

Suppliers

(18.3.1) Engaging with this stakeholder on environmental issues

Select from:
☒ Yes

(18.3.2) Environmental issues covered

Select all that apply
☒ Climate change
☒ Water

(18.3.4) Type of engagement

Select all that apply

- ☒ Capacity building
- ☒ Information collection

(18.3.5) Details of engagement

We actively engage with our suppliers to align with our sustainability and business integrity standards. As part of this effort, we are collaborating with third-party consultants to conduct ESDD and supplier assessments for our key suppliers. This enables us to identify any gaps in their ESG practices and provide tailored recommendations for improvement. By doing so, we ensure that our suppliers adhere to high standards of environmental and social responsibility. We have a sustainable supply chain policy. We regularly communicate with suppliers through phone calls, site visits, and assessment forms to gather essential data on various ESG considerations. For our key suppliers, these engagements occur quarterly, allowing us to maintain a close partnership and ensure continuous alignment with our sustainability objectives. Our MD and CFO directly engage with key suppliers and often visit them for continued business. We emphasize that suppliers must uphold business integrity, avoid conflicts of interest, and comply with local and international laws. Additionally, suppliers are expected to maintain fair labour practices, prohibit discrimination, and support employee health and safety. Environmentally, our suppliers are encouraged to reduce emissions, conserve water, manage waste, and adopt renewable energy. We also focus on minimizing the use of hazardous materials and promoting recycling practices. This aligns with our commitment to the circular economy and resource efficiency, particularly reducing the use of virgin raw materials in production processes. We expect suppliers to implement quality management systems, maintain proper facility and material handling standards and comply with recognized manufacturing practices. Through our collaborative efforts, including the ESDD, we aim to address ESG gaps and strengthen our supply chain by promoting transparency, reducing risks, and driving long-term sustainability across our operations and partnerships.

Customers

(18.3.1) Engaging with this stakeholder on environmental issues

Select from:

- ☒ Yes

(18.3.2) Environmental issues covered

Select all that apply

- ☒ Climate change
- ☒ Water

(18.3.4) Type of engagement

Select all that apply

- ☒ Education/ Information sharing

(18.3.5) Details of engagement

At HPL Additives, customer engagement is a top priority, and we take a hands-on approach to maintaining strong relationships with our key clients. Both the MD and CFO regularly communicate with our major customers, often visiting them personally to ensure business continuity and foster deeper collaboration. This direct interaction allows us to stay attuned to their evolving needs and expectations. A critical aspect of our customer engagement is addressing their Scope-3 emissions requirements. We have been actively responding to these requests by providing detailed disclosures on our Product Carbon Footprint (PCF), along with our EcoVadis and CDP scores. This transparency not only strengthens trust with our customers but also demonstrates our commitment to aligning with their sustainability goals. In terms of product quality, we take customer feedback very seriously. Whenever a customer raises a grievance, we conduct a thorough evaluation of our product quality to address the issue promptly and efficiently. Our consistent focus on improvement has resulted in a steady decline in grievance figures over time. Furthermore, we engage with our customers frequently, providing regular updates on our sustainability performance. By sharing our progress and initiatives, we ensure that our customers are informed and confident in our ability to meet their expectations, both in terms of product quality and environmental stewardship. This ongoing engagement reinforces our role as a reliable partner in their sustainability journey.

Investors and shareholders

(18.3.1) Engaging with this stakeholder on environmental issues

Select from:

☒ No, but we plan to within the next two years

(18.3.3) Primary reason for no engagement

Select from:

☒ Judged to be unimportant or not relevant, explanation provided

Other value chain stakeholders, please specify

(18.3.1) Engaging with this stakeholder on environmental issues

Select from:

☒ No, and we do not plan to within the next two years

(18.3.3) Primary reason for no engagement

Select from:

☒ Judged to be unimportant or not relevant, explanation provided

[Fixed row]

(18.4) Indicate any mutually beneficial environmental initiatives you could collaborate on with specific CDP Supply Chain members.

Row 1

(18.4.1) Requesting member

Select from:

(18.4.2) Environmental issues the initiative relates to

Select all that apply

☒ Climate change

(18.4.4) Initiative category and type

Change to supplier operations

☒ Assess life-cycle impact of products or services to identify efficiencies

(18.4.5) Details of initiative

We are undertaking GHG and product carbon foot printing exercise to understand key strategic areas for reduction of our products' carbon footprint

(18.4.6) Expected benefits

Select all that apply

☒ Reduction of customers' operational emissions (customer scope 1 & 2)

☒ Reduction of own operational emissions (own scope 1 & 2)

(18.4.7) Estimated timeframe for realization of benefits

Select from:

☒ 1-3 years

(18.4.8) Are you able to estimate the lifetime CO2e and/or water savings of this initiative?

Select from:

☒ No

(18.4.11) Please explain

We are in the process of estimating PCF through use of tools like SimaPRO which will help us understand the areas where we can further reduce our environmental footprint, and consequently help our value chain partners reduce their Scope-3 emissions
[Add row]

(18.5) Has your organization already implemented any mutually beneficial environmental initiatives due to CDP Supply Chain member engagement?

	Environmental initiatives implemented due to CDP Supply Chain member engagement
	Select from: <input checked="" type="checkbox"/> Yes

[Fixed row]

(18.5.1) Specify the CDP Supply Chain members that have prompted your implementation of mutually beneficial environmental initiatives and provide information on the initiatives.

Row 1

(18.5.1.1) Requesting member

Select from:

(18.5.1.2) Environmental issues the initiative relates to

Select all that apply

☒ Climate change

(18.5.1.4) Initiative ID

Select from:

☒ Ini1

(18.5.1.5) Initiative category and type

Relationship sustainability assessment

☒ Align goals to feed into customers targets and ambitions

(18.5.1.6) Details of initiative

We are undertaking GHG and product carbon foot printing exercise to understand key strategic areas for reduction of our products' carbon footprint

(18.5.1.7) Benefits achieved

Select all that apply

☒ Increased transparency of upstream/downstream value chain

(18.5.1.8) Are you able to provide figures for emissions savings or water savings in the reporting year?

Select from:

☒ No

(18.5.1.11) Please explain how success for this initiative is measured

Measured increase in revenue from the sales from the supply chain partner

(18.5.1.12) Would you be happy for CDP Supply Chain members to highlight this work in their external communication?

Select from:

☒ Yes

[Add row]

C19. SME Environmental Performance – Consolidation Approach

(19.1) Select the consolidation approach used by your organization to determine the climate-related impacts that are reported on throughout your response. Note that this option should align with your chosen approach for consolidating your GHG inventory.

(19.1.1) Consolidation approach used

Select from:

☒ Operational control

(19.1.2) Provide the rationale for the choice of consolidation approach

HPL Additives has the authority to introduce and implement operating policies that have a direct impact on GHG emissions and reductions. There is a clear separation of responsibilities. HPL has the majority control over the operations, and hence, an operational control approach has been used.

[Fixed row]

C20. SME Environmental Performance – Climate Change

(20.1) Do you evaluate your organization's greenhouse gas (GHG) emissions? Note that you can measure your emissions or estimate them using the assistance of a carbon accounting tool.

Scope 1 (direct emissions from owned or controlled activities)

(20.1.1) Emissions evaluated

Select from:

☒ Yes, we use tailored in-house or paid-for resources to calculate them

(20.1.4) Indicate whether you had any major barriers or challenges evaluating your emissions in the reporting year

Select from:

☒ No

(20.1.8) Indicate if you are providing emissions data for past reporting years

Select from:

☒ Yes

(20.1.9) Number of past reporting years you will be providing emissions data for

Select from:

☒ 2 years

Scope 2 (indirect emissions from purchased electricity, heat, steam or cooling)

(20.1.1) Emissions evaluated

Select from:

☒ Yes, we use tailored in-house or paid-for resources to calculate them

(20.1.2) Scope 2 approach

Select from:

☒ We are reporting a Scope 2 location-based figure

(20.1.3) Primary reason for not reporting a market-based figure

Select from:

☒ We have no operations where we are able to access electricity supplier emission factors or residual emission factors, and are unable to report a Scope 2, market-based figure

(20.1.4) Indicate whether you had any major barriers or challenges evaluating your emissions in the reporting year

Select from:

☒ No

(20.1.8) Indicate if you are providing emissions data for past reporting years

Select from:

☒ Yes

(20.1.9) Number of past reporting years you will be providing emissions data for

Select from:

☒ 2 years

Scope 3 (indirect emissions in upstream/downstream value chain)

(20.1.1) Emissions evaluated

Select from:

☒ Yes, we use tailored in-house or paid-for resources to calculate them

(20.1.4) Indicate whether you had any major barriers or challenges evaluating your emissions in the reporting year

Select from:

☒ No

(20.1.8) Indicate if you are providing emissions data for past reporting years

Select from:

☒ Yes

(20.1.9) Number of past reporting years you will be providing emissions data for

Select from:

☒ 2 years

[Fixed row]

(20.4) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

(20.4.1) Gross global Scope 1 emissions (metric tons CO2e)

7561.679

(20.4.3) Methodological details

The estimates were made using primary activity data collected from HPL business units including (a) the three manufacturing units located in Delhi-NCR (Two in Ballabgarh and One in Palwal) (b) one manufacturing unit in Derabasi (Punjab) (c) The head office in Faridabad and (d) two marketing/sales units, one each in Kolkata and Mumbai in India. Emission factors were used as per IPCC 2006 guidelines on estimating National Greenhouse Gas Inventories, ISO 14064 and GHG Protocol (Corporate Standard).

Past year 1

(20.4.1) Gross global Scope 1 emissions (metric tons CO2e)

(20.4.2) End date

03/30/2023

(20.4.3) Methodological details

The estimates were made using primary activity data collected from HPL business units including (a) the three manufacturing units located in Delhi-NCR (Two in Ballabgarh and One in Palwal) (b) one manufacturing unit in Derabasi (Punjab) (c) The head office in Faridabad and (d) two marketing/sales units, one each in Kolkata and Mumbai in India. Emission factors were used as per IPCC 2006 guidelines on estimating National Greenhouse Gas Inventories, ISO 14064 and GHG Protocol (Corporate Standard).

Past year 2**(20.4.1) Gross global Scope 1 emissions (metric tons CO2e)**

60859.327

(20.4.2) End date

03/30/2022

(20.4.3) Methodological details

The estimates were made using primary activity data collected from HPL business units including (a) the three manufacturing units located in Delhi-NCR (Two in Ballabgarh and One in Palwal) (b) one manufacturing unit in Derabasi (Punjab) (c) The head office in Faridabad and (d) two marketing/sales units, one each in Kolkata and Mumbai in India. Emission factors were used as per IPCC 2006 guidelines on estimating National Greenhouse Gas Inventories, ISO 14064 and GHG Protocol (Corporate Standard).

*[Fixed row]***(20.5) What were your organization's gross global Scope 2 emissions in metric tons CO2e?****Reporting year**

(20.5.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

15836.063

(20.5.5) Methodological details

The estimates were made using primary activity data collected from HPL business units including (a) the three manufacturing units located in Delhi-NCR (Two in Ballabgarh and One in Palwal) (b) one manufacturing unit in Derabasi (Punjab) (c) The head office in Faridabad and (d) two marketing/sales units, one each in Kolkata and Mumbai in India. Emission factors were used as per IPCC 2006 guidelines on estimating National Greenhouse Gas Inventories, ISO 14064 and GHG Protocol (Corporate Standard).

Past year 1

(20.5.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

16912.442

(20.5.4) End date

03/30/2023

(20.5.5) Methodological details

The estimates were made using primary activity data collected from HPL business units including (a) the three manufacturing units located in Delhi-NCR (Two in Ballabgarh and One in Palwal) (b) one manufacturing unit in Derabasi (Punjab) (c) The head office in Faridabad and (d) two marketing/sales units, one each in Kolkata and Mumbai in India. Emission factors were used as per IPCC 2006 guidelines on estimating National Greenhouse Gas Inventories, ISO 14064 and GHG Protocol (Corporate Standard).

Past year 2

(20.5.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

19955.691

(20.5.4) End date

(20.5.5) Methodological details

The estimates were made using primary activity data collected from HPL business units including (a) the three manufacturing units located in Delhi-NCR (Two in Ballabgarh and One in Palwal) (b) one manufacturing unit in Derabasi (Punjab) (c) The head office in Faridabad and (d) two marketing/sales units, one each in Kolkata and Mumbai in India. Emission factors were used as per IPCC 2006 guidelines on estimating National Greenhouse Gas Inventories, ISO 14064 and GHG Protocol (Corporate Standard).

[Fixed row]

(20.7) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

(20.7.1) Evaluation status

Select from:

☒ Relevant, calculated

(20.7.2) Emissions in reporting year (metric tons CO2e)

89014

(20.7.3) Please explain

"Purchased goods and services" is relevant for GHG estimation for HPL, a manufacturing company, as it encompasses the emissions generated from the production, processing, and transportation of the materials and services the company sources. These upstream activities, although external to the company's direct operations, play a crucial role in its total GHG footprint. Assessing emissions from this category offers an understanding of the supply chain's environmental impact, allowing us to explore ways to reduce indirect (Scope-3) emissions through sustainable procurement. Our raw material requirements are considerably higher than other sectors, as described through a recent report by the World Bank on Sustainable Public Procurement in India.

Capital goods

(20.7.1) Evaluation status

Select from:

☒ Not relevant, explanation provided

(20.7.3) Please explain

For us, "Capital Goods" is not a relevant category for GHG emissions estimation because this category typically includes emissions from the production of long-term assets like machinery, equipment, and buildings. Since capital goods are purchased infrequently and are not a part of the regular, ongoing production process, their contribution to our overall carbon footprint is minimal compared to other categories like raw materials or energy use, which are more directly linked to daily operations and emissions. Therefore, estimating GHG emissions from capital goods is not a significant priority for our operations.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

(20.7.1) Evaluation status

Select from:

☒ Not relevant, explanation provided

(20.7.3) Please explain

This category is irrelevant for GHG emissions estimation because this category covers emissions associated with the extraction, production, and transportation of fuels consumed by the company, which are not captured in Scope 1 (direct emissions) or Scope 2 (purchased electricity). Since HPL's primary energy use and emissions are already accounted for in Scope 1 and Scope 2, these upstream fuel activities have minimal additional impact on the overall GHG footprint. Therefore, including this category would result in negligible changes to the emissions profile, making it less relevant for HPL's GHG estimation efforts.

Upstream transportation and distribution

(20.7.1) Evaluation status

Select from:

☒ Relevant, calculated

(20.7.2) Emissions in reporting year (metric tons CO2e)

993.145

(20.7.3) Please explain

Upstream transportation and distribution is a highly relevant category for GHG emissions estimation at HPL due to several key factors. Our production plants are located in the northern states of Haryana and Punjab, while many of our key suppliers are based in distant geographies such as Gujarat and Maharashtra. Additionally, we source raw materials from international suppliers in China. This means a significant amount of transportation is required to move raw materials to our production facilities, contributing to our overall emissions footprint. We rely on shipping and rail transport to bring these materials to our plants, both of which can have substantial carbon emissions, especially over long distances. Estimating GHG emissions from this upstream activity is crucial as it allows us to understand the environmental impact of the logistics involved and identify areas for reducing our carbon footprint in the supply chain. By addressing emissions from upstream transportation, we can make more informed decisions about optimizing routes, selecting lower-emission transport modes, and working with suppliers to minimize the environmental impact of delivering raw materials to our production facilities.

Waste generated in operations

(20.7.1) Evaluation status

Select from:

☒ Relevant, not yet calculated

(20.7.3) Please explain

Waste generated in operations is a relevant category for GHG emissions estimation at HPL, though we have not yet fully evaluated it. As a chemical manufacturing company, we recognize the potential for waste to contribute to our overall emissions, and we are committed to addressing it. Currently, we reuse our sludge and carry out solvent recovery to optimize waste and reduce our environmental impact. For hazardous waste, we dispose of it responsibly by selling it to third-party waste handlers authorized by the Central Pollution Control Board. We are actively taking steps to understand the potential of circularity across our value chain, which could further minimize waste and contribute to more sustainable operations. While we have records of the waste generated, these records need to be thoroughly audited by a third-party to ensure accuracy in our GHG estimation process. We are in the process of formalizing this quantification and will report the corresponding GHG emissions in the subsequent reporting cycle as part of our commitment to transparency and continuous improvement in sustainability.

Business travel

(20.7.1) Evaluation status

Select from:

☒ Not relevant, explanation provided

(20.7.3) Please explain

Business travel has been deemed a non-relevant category for GHG emissions estimation at HPL based on a preliminary assessment. Only select individuals within our company travel via trains or flights to visit customers and suppliers, and the volume of travel is relatively low. In our initial assessment, conducted by our

consultants using ICAO's open-source tool, it was found that business travel accounted for less than 1% of our overall Scope-3 emissions over the past three fiscal years. As a result, this category was considered immaterial for the purposes of our GHG emissions inventory. Furthermore, we actively minimize unnecessary emissions by conducting the majority of our supply chain engagements and other business activities virtually, thus reducing the need for travel. However, we remain open to revisiting this category in future reporting. If, in subsequent years, the share of emissions from business travel exceeds 1%, we will include it in our inventory. While business travel is currently not a significant contributor to our emissions, we will not completely ignore it in our reporting and will continue to monitor its relevance as part of our overall GHG management strategy.

Employee commuting

(20.7.1) Evaluation status

Select from:

☒ Relevant, calculated

(20.7.2) Emissions in reporting year (metric tons CO2e)

89.31

(20.7.3) Please explain

Employee commute is a relevant category for GHG emissions estimation at HPL due to the nature of our operations and the significant distances our employees travel on a daily basis. Our plants are located in Haryana and Punjab, and employees, including top leadership, frequently commute between these locations and our head office. Additionally, many of our employees travel from large distances to their respective reporting locations. As a manufacturing company, the nature of our work does not easily allow for the flexibility of remote work or work-from-home arrangements, making commuting an essential part of our daily operations. Given the scale and frequency of commuting across our workforce, this category significantly contributes to our Scope-3 emissions. Recognizing the impact of employee commute is vital for accurately capturing our overall carbon footprint and identifying potential areas for reducing emissions in future sustainability initiatives.

Upstream leased assets

(20.7.1) Evaluation status

Select from:

☒ Not relevant, explanation provided

(20.7.3) Please explain

Upstream leased assets is not a relevant category for GHG emissions estimation at HPL because we own the majority of our assets, including our production plants and key infrastructure. Additionally, the assets associated with our upstream activities, such as logistics and raw material handling, are utilized on a per-service basis rather than being leased. This means that we do not hold operational control over these assets, and their associated emissions are already captured in other categories, such as upstream transportation and distribution. Furthermore, any assets involved in our supply chain, such as vehicles used for transportation or equipment at supplier facilities, are either owned by third parties or contracted through service agreements, further reducing the relevance of leased asset emissions in our Scope-3 inventory. Therefore, upstream leased assets do not represent a material contribution to our overall GHG emissions.

Downstream transportation and distribution

(20.7.1) Evaluation status

Select from:

☒ Relevant, calculated

(20.7.2) Emissions in reporting year (metric tons CO₂e)

1719.927

(20.7.3) Please explain

Downstream transportation and distribution is a highly material category for GHG emissions estimation at HPL Additives. Our operations are based in North India, but we serve a diverse global customer base that spans across geographies, including most European countries, South Africa, and the USA. Given the long distances involved in delivering our products to these markets, a significant portion of our goods are transported through shipping, a mode of transport known to generate considerable emissions over extended routes. In addition to our global exports, downstream transportation and distribution is also material due to our extensive domestic B2B sales across the Indian sub-continent. Our products are distributed via rail across vast distances within India, adding further to the transportation-related emissions in our Scope-3 inventory. Given the geographical spread of our customer base, both internationally and domestically, long-distance transport, whether by shipping or rail, contributes significantly to our GHG emissions. The scale and frequency of our exports necessitate a detailed assessment of the emissions generated from these downstream activities. Shipping products over such long distances contributes to our overall Scope-3 emissions, particularly when considering the energy-intensive nature of global logistics and the carbon footprint associated with maritime transport. Addressing the emissions from downstream transportation and distribution is essential for accurately reflecting our environmental impact and identifying opportunities to optimize our supply chain and reduce emissions as part of our sustainability efforts.

Processing of sold products

(20.7.1) Evaluation status

Select from:

☒ Not evaluated

(20.7.3) Please explain

The category "Processing of sold products" has not yet been evaluated in our current GHG emissions inventory. However, we recognize its potential relevance and are actively exploring this through discussions with our value chain partners. As we engage with downstream stakeholders, we aim to better understand the emissions impact associated with the processing of our products after they are sold. This will allow us to assess the category's significance and determine the appropriate steps for including it in future emissions reporting.

Use of sold products

(20.7.1) Evaluation status

Select from:

☒ Not relevant, explanation provided

(20.7.3) Please explain

Not relevant to our GHG emissions estimation because the chemical additives we manufacture are typically used as intermediates in industrial processes and do not result in significant direct emissions during their use phase. The primary GHG impact of our products occurs during manufacturing and transportation, not during their actual use by customers.

End of life treatment of sold products

(20.7.1) Evaluation status

Select from:

☒ Relevant, not yet calculated

(20.7.3) Please explain

While the category "End of life treatment of sold products" is relevant to our GHG emissions estimation, it has not yet been calculated. Our products, primarily used as additives in plastics and polymers, eventually reach the end of their lifecycle in various industries. The disposal, recycling, or degradation of these products can contribute to GHG emissions, depending on the methods used. We recognize the potential emissions impact at this stage and are currently in discussions with our value chain partners to better understand and quantify the emissions associated with the end-of-life treatment of our products. This will allow us to include this category in future emissions reporting as part of our ongoing sustainability efforts. We will estimate and re-evaluate the relevance of this category.

Downstream leased assets

(20.7.1) Evaluation status

Select from:

☒ Not relevant, explanation provided

(20.7.3) Please explain

Not relevant to our GHG estimation as we do not lease assets to third parties or customers. All of our downstream activities, including transportation and distribution, are either handled by external service providers or owned and managed internally, eliminating the need to account for emissions from leased assets downstream.

Franchises

(20.7.1) Evaluation status

Select from:

☒ Not relevant, explanation provided

(20.7.3) Please explain

Does not apply to our operations because HPL Additives does not operate any franchises. All of our business activities, including manufacturing and sales, are managed directly by the company or through authorized distributors, leaving no emissions impact to assess under this category.

Investments

(20.7.1) Evaluation status

Select from:

☒ Not relevant, explanation provided

(20.7.3) Please explain

Not relevant to our GHG emissions estimation as HPL Additives is primarily focused on manufacturing and does not have significant financial investments in other companies or projects that would contribute materially to our carbon footprint. Any emissions related to financial investments are negligible within the scope of our business model.

Other (upstream)

(20.7.1) Evaluation status

Select from:

☒ Not relevant, explanation provided

(20.7.3) Please explain

This category has not been identified as relevant to our emissions profile. We have already accounted for all significant upstream emissions through categories like transportation, raw materials procurement, and waste management, leaving no additional upstream activities that would contribute to our GHG inventory.

Other (downstream)

(20.7.1) Evaluation status

Select from:

☒ Not relevant, explanation provided

(20.7.3) Please explain

No other material downstream emissions sources have been identified in our operations that would fall outside the established Scope-3 categories.
[Fixed row]

(20.7.1) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

(20.7.1.1) End date

03/30/2023

(20.7.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

92894.737

(20.7.1.3) Scope 3: Capital goods (metric tons CO2e)

0

(20.7.1.4) Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

0

(20.7.1.5) Scope 3: Upstream transportation and distribution (metric tons CO2e)

846.358

(20.7.1.6) Scope 3: Waste generated in operations (metric tons CO2e)

0

(20.7.1.7) Scope 3: Business travel (metric tons CO2e)

0

(20.7.1.8) Scope 3: Employee commuting (metric tons CO2e)

110.79

(20.7.1.9) Scope 3: Upstream leased assets (metric tons CO2e)

0

(20.7.1.10) Scope 3: Downstream transportation and distribution (metric tons CO2e)

2108.064

(20.7.1.11) Scope 3: Processing of sold products (metric tons CO2e)

0

(20.7.1.12) Scope 3: Use of sold products (metric tons CO2e)

0

(20.7.1.13) Scope 3: End of life treatment of sold products (metric tons CO2e)

0

(20.7.1.14) Scope 3: Downstream leased assets (metric tons CO2e)

0

(20.7.1.15) Scope 3: Franchises (metric tons CO2e)

0

(20.7.1.16) Scope 3: Investments (metric tons CO2e)

0

(20.7.1.17) Scope 3: Other (upstream) (metric tons CO2e)

0

(20.7.1.18) Scope 3: Other (downstream) (metric tons CO2e)

0

(20.7.1.19) Comment

Refer to the attached third-party assurance certificate

Past year 2

(20.7.1.1) End date

03/30/2022

(20.7.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

123052.816

(20.7.1.3) Scope 3: Capital goods (metric tons CO2e)

0

(20.7.1.4) Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

0

(20.7.1.5) Scope 3: Upstream transportation and distribution (metric tons CO2e)

1011.908

(20.7.1.6) Scope 3: Waste generated in operations (metric tons CO2e)

0

(20.7.1.7) Scope 3: Business travel (metric tons CO2e)

0

(20.7.1.8) Scope 3: Employee commuting (metric tons CO2e)

112.09

(20.7.1.9) Scope 3: Upstream leased assets (metric tons CO2e)

0

(20.7.1.10) Scope 3: Downstream transportation and distribution (metric tons CO2e)

2687.788

(20.7.1.11) Scope 3: Processing of sold products (metric tons CO2e)

0

(20.7.1.12) Scope 3: Use of sold products (metric tons CO2e)

0

(20.7.1.13) Scope 3: End of life treatment of sold products (metric tons CO2e)

0

(20.7.1.14) Scope 3: Downstream leased assets (metric tons CO2e)

0

(20.7.1.15) Scope 3: Franchises (metric tons CO2e)

0

(20.7.1.16) Scope 3: Investments (metric tons CO2e)

0

(20.7.1.17) Scope 3: Other (upstream) (metric tons CO2e)

0

(20.7.1.18) Scope 3: Other (downstream) (metric tons CO2e)

(20.7.1.19) Comment

Refer to the attached third-party assurance certificate

[Fixed row]

(20.8) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status	Attach verification evidence/report (optional)
Scope 1 (direct emissions from owned or controlled activities)	<i>Select from:</i> <input checked="" type="checkbox"/> Third-party verification or assurance process in place	<i>Independent Limited Assurance Statement - HPL Additives Limited - Final - 170524.pdf</i>
Scope 2 (location-based or market-based indirect emissions from purchased electricity, heat, steam or cooling)	<i>Select from:</i> <input checked="" type="checkbox"/> Third-party verification or assurance process in place	<i>Independent Limited Assurance Statement - HPL Additives Limited - Final - 170524.pdf</i>
Scope 3 (indirect emissions in upstream/downstream value chain)	<i>Select from:</i> <input checked="" type="checkbox"/> Third-party verification or assurance process in place	<i>Independent Limited Assurance Statement - HPL Additives Limited - Final - 170524.pdf</i>

[Fixed row]

(20.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**(20.9.1) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Select from:

☒ Decreased

(20.9.2) Reason

Select all that apply

☒ Change in renewable energy consumption

☒ Other emissions reduction activities

(20.9.3) Please explain

We have increased the utilization of biomass at our facilities which has resulted in reduction of Scope-1 and Scope-2 emissions. Furthermore, we have utilized ZLD at our largest production plant which resulted in reduction of water-related emissions. Following is the trend: Scope-1 emissions (t-CO₂ eq) FY 2021-22: 60859.3272 FY 2022-23: 32626.18877 FY 2023-24: 7561.678936 Scope-2 emissions (t-CO₂ eq) FY 2021-22: 19955.69101 FY 2022-23: 16912.44225 FY 2023-24: 15836.06278 Emissions from Biomass burning (t-CO₂ eq) FY 2021-22: 31.03116 FY 2022-23: 7726.69156 FY 2023-24: 12944.3936

[Fixed row]

(20.10) Break down your total gross global Scope 1 emissions by business activity.

	Activity	Scope 1 emissions (metric tons CO ₂ e)
Row 1	HPLA-B Plant in Ballabgarh (Haryana)	1933.138
Row 2	HPLA-E Plant in Ballabgarh (Haryana)	288.416
Row 3	HPLA-C Plant in Derabasi (Punjab)	4742.283
Row 4	HPLA-D Plant in Dudhola (Haryana)	597.842

[Add row]

(20.11) Break down your total gross global Scope 2 emissions by business activity.

Row 1

(20.11.1) Activity

HPLA-B Plant in Ballabgarh (Haryana)

(20.11.2) Scope 2, location-based (metric tons CO2e)

7053.629

(20.11.3) Scope 2, market-based (metric tons CO2e)

0

Row 2

(20.11.1) Activity

HPLA-E Plant in Ballabgarh (Haryana)

(20.11.2) Scope 2, location-based (metric tons CO2e)

790.839

(20.11.3) Scope 2, market-based (metric tons CO2e)

0

Row 3

(20.11.1) Activity

HPLA-C Plant in Derabasi (Punjab)

(20.11.2) Scope 2, location-based (metric tons CO2e)

1086.262

(20.11.3) Scope 2, market-based (metric tons CO2e)

0

Row 4

(20.11.1) Activity

HPLA-D Plant in Dudhola (Haryana)

(20.11.2) Scope 2, location-based (metric tons CO2e)

6755.386

(20.11.3) Scope 2, market-based (metric tons CO2e)

0

Row 5

(20.11.1) Activity

Marketing Office in Mumbai

(20.11.2) Scope 2, location-based (metric tons CO2e)

1.414

(20.11.3) Scope 2, market-based (metric tons CO2e)

0

Row 6

(20.11.1) Activity

Marketing Office in Kolkata

(20.11.2) Scope 2, location-based (metric tons CO2e)

2.223

(20.11.3) Scope 2, market-based (metric tons CO2e)

0

Row 7

(20.11.1) Activity

Head Office in Faridabad (Haryana)

(20.11.2) Scope 2, location-based (metric tons CO2e)

146.31

(20.11.3) Scope 2, market-based (metric tons CO2e)

0

[Add row]

(20.12) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

	Requesting member
Row 1	Select from:

[Add row]

(20.13) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Row 1

(20.13.1) Allocation challenges

Select from:

☒ Customer base is too large and diverse to accurately track emissions to the customer level

(20.13.2) Please explain what would help you overcome these challenges

To overcome the challenge of accurately allocating emissions to our diverse and extensive customer base, we are adopting a multi-faceted approach. Firstly, we plan to engage a third-party consultant with expertise in emissions allocation and analysis. This will help us develop a systematic framework to categorize our customers based on relevant factors such as product type, order size, and geographical location, making it easier to allocate emissions accurately. Additionally, we will invest in upgrading our internal data management systems to capture more granular information related to production processes, resource use, and supply chain activities tied to specific customer orders. By doing so, we can track emissions more precisely, even across a large and diverse customer base. Furthermore, we will seek customer feedback on PCF reporting to better understand their needs and expectations regarding emissions data. This feedback will help us refine our methodologies for emissions allocation, ensuring they are customer-specific and aligned with industry standards.

[Add row]

(20.14) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

(20.14.1) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Select from:

☒ Yes

(20.14.2) Describe how you plan to develop your capabilities

One of the primary strategies is to engage a third-party consultant with expertise in emissions analysis and allocation. The consultant will help us analyse customer-specific emissions, enabling us to accurately allocate emissions across our customer base. Additionally, we plan to enhance our internal data tracking systems to capture detailed information on production, resource use, and supply chain activities linked to specific customer orders. This will allow us to generate more precise emissions data for individual customers. We plan to enhance our capabilities for allocating emissions to customers by actively seeking and incorporating customer feedback on PCF data. Engage with our customers directly and gather insights on their specific emissions reporting needs and expectations. To implement this, we will establish regular feedback loops through surveys, workshops, and one-on-one discussions with key customers. These interactions will help us identify gaps in our current emissions reporting and areas for improvement based on customer needs. Additionally, this feedback will guide us in refining the methodologies we use to calculate and allocate emissions, ensuring our data aligns with the standards and frameworks most important to our customers, such as GHG Protocol or SBTi. We will provide training to our internal teams to develop the necessary skills for emissions allocation, further ensuring that we can deliver reliable, customer-specific emissions data as part of our long-term commitment to transparency and sustainability.

[Fixed row]

(20.15.1) Provide a breakdown by country/area of your purchased or acquired electricity consumption in MWh.

Row 1

(20.15.1.1) Country/area

Select from:

☒ India

(20.15.1.2) MWh from renewable sources

0

(20.15.1.3) MWh from non-renewable sources

19.31

(20.15.1.4) Total (renewable + non-renewable) MWh

(20.15.1.5) Comment

Our emissions are from 7 business units as mentioned in question 20.11. Currently we have not been able to utilize electricity from renewable sources. Our plants are located in Haryana and Punjab which are not suitable for solar or wind at affordable prices compared to the standard grid. Our manufacturing units have been established since the time solar was not available at affordable rates. Our roofing and angle of roofs may not be optimal for solar utilization. We will positively switch to cleaner sources of electricity if utility grade parks get located in the region or if there are some government subsidies that will make sourcing electricity cheaper than from the conventional grid.

[Add row]

(20.16) Did you have an emissions or other climate-related target that was active in the reporting year?**(20.16.1) Emissions or other climate-related target**

Select all that apply

☒ No target

(20.16.2) Primary reason for not having an emissions or other climate-related target

Select from:

☒ We are planning to introduce a target in the next two years

(20.16.3) Please explain

We have committed to the Science Based Targets initiative (SBTi) to achieve net-zero emissions by 2050. This commitment reflects our proactive approach to sustainability and aligns with global efforts to limit climate change. We are currently in the process of setting specific, measurable targets that will guide us toward this goal. Our targets will be science-based, ensuring they are consistent with the latest climate science and the requirements to limit global warming to 1.5C. Once our targets are established, we will seek approval from the SBTi to ensure they meet the rigorous criteria for emissions reductions across our operations and value chain. We are dedicated to tracking our progress transparently, with systems in place to regularly monitor, report, and verify emissions reductions. This will allow us to not only meet our net-zero target by 2050. We are implementing initiatives such as optimizing energy efficiency, increasing the use of renewable energy, and integrating circular economy principles into our operations. By collaborating with third-party experts and engaging our suppliers and customers in this transition, we will abide by the targets.

[Fixed row]

(20.17) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

	Emissions reduction initiative
	Select from: <input checked="" type="checkbox"/> Yes

[Fixed row]

(20.17.1) Provide details on the emissions reduction initiatives implemented in the reporting year in the table below.

Row 1

(20.17.1.1) Initiative category

Select from:
☒ Company policy or behavioral change

(20.17.1.2) Initiative type

Company policy or behavioral change
☒ Supplier engagement

(20.17.1.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply
☒ Scope 3 category 1: Purchased goods & services
☒ Scope 3 category 4: Upstream transportation & distribution

(20.17.1.4) Voluntary/ Mandatory

Select from:

☒ Voluntary

(20.17.1.5) Are you able to estimate CO2e savings and financial impacts?

Select from:

☒ No

(20.17.1.10) Estimated lifetime of the initiative

Select from:

☒ 6-10 years

(20.17.1.11) Comment

We are engaging with our key suppliers through supply chain assessment (questionnaire approach) and also supporting them with third-party ESDD to identify gaps in performance and reporting. This engagement will eventually help us reduce the Scope-3 emissions if our key suppliers adhere to good practices towards ESG performance.

Row 2

(20.17.1.1) Initiative category

Select from:

☒ Low-carbon energy consumption

(20.17.1.2) Initiative type

Low-carbon energy consumption

☒ Solid biofuels

(20.17.1.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

☒ Scope 1

(20.17.1.4) Voluntary/ Mandatory

Select from:

☒ Voluntary

(20.17.1.5) Are you able to estimate CO2e savings and financial impacts?

Select from:

☒ No

(20.17.1.10) Estimated lifetime of the initiative

Select from:

☒ 6-10 years

(20.17.1.11) Comment

We have increased the utilization of biomass at our facilities which has resulted in reduction of Scope-1 and Scope-2 emissions. Furthermore, we have utilized ZLD at our largest production plant which resulted in reduction of water-related emissions. Following is the trend: Scope-1 emissions (t-CO2 eq) FY 2021-22: 60859.3272 FY 2022-23: 32626.18877 FY 2023-24: 7561.678936 Scope-2 emissions (t-CO2 eq) FY 2021-22: 19955.69101 FY 2022-23: 16912.44225 FY 2023-24: 15836.06278 Emissions from Biomass burning (t-CO2 eq) FY 2021-22: 31.03116 FY 2022-23: 7726.69156 FY 2023-24: 12944.3936

Row 3

(20.17.1.1) Initiative category

Select from:

☒ Waste reduction and material circularity

(20.17.1.2) Initiative type

Waste reduction and material circularity

☒ Product/component/material recycling

(20.17.1.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

☒ Scope 3 category 1: Purchased goods & services

(20.17.1.4) Voluntary/ Mandatory

Select from:

☒ Voluntary

(20.17.1.5) Are you able to estimate CO2e savings and financial impacts?

Select from:

☒ No

(20.17.1.10) Estimated lifetime of the initiative

Select from:

☒ 6-10 years

(20.17.1.11) Comment

At HPL Additives, our commitment to recycling and circular economy principles is significantly reducing our direct operating costs. This opportunity is already being realized and will continue to generate benefits in the short, medium, and long term. With resources becoming more expensive and water scarcity posing a potential challenge, the medium to high impact of these initiatives is becoming increasingly apparent. In one of our plants, we have implemented a solvent recovery system, allowing us to recycle solvents and reduce costs on fresh solvent procurement. During the production of Kinnox-30, H₂SO₄ is generated as a by-product and is utilized to manufacture gypsum, which is then sold as a product. Similarly, in Kinnox-10 production, we recover and recycle 2,6 DTBP from the sludge, minimizing waste and maximizing resource efficiency. Our Hydrazine Hydrate production also generates by-products that are sold to the soap industry in Chandigarh, while ammonia is recovered and sold as aqueous ammonia in the local market. Furthermore, we have implemented ZLD in one of our plants, where treated effluent is reused for irrigation, reducing water costs and contributing to our sustainability goals. These initiatives, aligned with circular economy principles, are helping us optimize resources, reduce waste, and minimize costs while driving long-term operational resilience.

[Add row]

C21. SME Sign Off

(21.1.1) Which data points within your CDP response are verified and/or assured by a third party, and which standards were used?

Row 1

(21.1.1.1) Environmental issue for which data has been verified and/or assured

Select all that apply

☒ Climate change

(21.1.1.2) Disclosure module and data verified and/or assured

Environmental performance – Climate change

- ☒ Year on year change in absolute emissions (Scope 1 and 2)
- ☒ Year on year change in absolute emissions (Scope 3)
- ☒ Year on year change in emissions intensity (Scope 1 and 2)
- ☒ Year on year change in emissions intensity (Scope 3)
- ☒ All data points in module 20

(21.1.1.3) Verification/assurance standard

General

- ☒ ISAE 3000
- ☒ ISAE 3410, Assurance Engagements on Greenhouse Gas Statements

(21.1.1.4) Further details of the third-party verification/assurance process

Tirkha Consultants & Advisors LLP ("Tirkha") was engaged for the purpose of providing limited assurance on the GHG inventory of HPL Additives Limited ("HPL or Company") for the Financial Year (FY) 2021-22, FY 2022-23 and FY 2023-24. The GHG emissions have been quantified and reported by HPL Additives Limited according to the requirement of World Business Council for Sustainable Development (WBCSD), Greenhouse Gas Protocol (A Corporate Accounting and Reporting Standards). HPL Additives Limited is responsible for evaluating the GHG inventory and Tirkha Consultants & Advisors LLP was responsible to provide limited assurance on the GHG emissions reported as described in scope of assurance. The scope of assurance covers HPL Additives Limited's direct GHG emissions (Scope 1), indirect GHG emissions (Scope 2), and other indirect GHG emissions (Scope 3) from 1 April to 31 March of FY 2021-22, FY 2022-23, and FY 2023-24. The review of information and data on a sample basis was carried out at the following sites: HPLA B and HPLA E – Ballabgarh, Haryana HPLA D – Palwal, Haryana. The assurance of Scope 3 emissions were restricted to following categories, as defined by the World Resources Institute (WRI)/WBCSD GHG Protocol: Category 1: Purchased Goods and Services Category 4: Upstream Transportation and Distribution Category 7: Employee Commuting Category 9: Downstream Transportation and Distribution. Assurance procedures: Assessing the Company's reporting procedures for GHG emissions with regard to their consistency with the WRI/WBCSD Greenhouse Gas Protocol. Reviewing systems and procedures used for quantification, collation and analysis of the emissions. Conducted interviews with key personnel responsible for data management to ensure the reliability of the data and information presented and used for evaluation of the GHG emissions. Assurance procedures were conducted with team including specialists in ISAE 3410 and ISAE 3000 (revised) and GHG assurance engagements.

(21.1.1.5) Attach verification/assurance evidence/report (optional)

Independent Limited Assurance Statement - HPL Additives Limited - Final - 170524.pdf

Row 2

(21.1.1.1) Environmental issue for which data has been verified and/or assured

Select all that apply

☒ Climate change

(21.1.1.2) Disclosure module and data verified and/or assured

Disclosure of risks and opportunities

☒ All data points in module 16

(21.1.1.3) Verification/assurance standard

Climate change

☒ Other climate change verification standard, please specify :Internally approved by the MD and CFO

(21.1.1.4) Further details of the third-party verification/assurance process

The attached document is a draft ESG report prepared by HPL Additives Limited (hereinafter referred to as "HPL") and is intended solely for the purpose of verification and submission to the CDP portal. The information contained herein pertains to HPL's processes, strategies, policies, governance mechanisms, and risk and opportunity assessments in relation to Environmental, Social, and Governance (ESG) factors, as well as sustainable development practices.

(21.1.1.5) Attach verification/assurance evidence/report (optional)

HPL_Draft ESG Report.pdf
[Add row]

(21.2) Provide the following information for the person that has signed off (approved) your CDP response.

(21.2.1) Job title

AGM Quality Control

(21.2.2) Corresponding job category

Select from:

☒ Environment/Sustainability manager

[Fixed row]

