SANMAR

# PROGRESSING, SUSTAINABLY

## SUSTAINABILITY REPORT 2022-23

CHEMPLAST SANMAR LTD

CHEMPLAST CUDDALORE VINYLS LTD

SANMAR
CHEMPLAST SANMAR LIMITED

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# OVERVIEW OF THE SUSTAINABILITY REPORT

## About the Report

GRI 2-1

Chemplast Sanmar Limited (hereafter referred to as 'Chemplast Sanmar', 'we' or 'the Company') is a major manufacturer of speciality chemicals, including speciality paste PVC resin, suspension PVC and custom manufactured chemicals that cater to various industries. It also produces Caustic Soda, Chloromethanes, Hydrogen Peroxide, Refrigerant Gas, and Industrial Salt. Headquartered in Chennai, Tamil Nadu, Chemplast operates within the geographical boundary of India.

GRI 2-2

The scope and boundary of the report is not same as the Annual Report for FY 2022-23. The reporting boundary covers the operations of Chemplast Sanmar Limited (CSL) at Mettur, Karaikal, Berigai, and Vedaranyam and Chemplast Cuddalore Vinyls Limited (CCVL) at Cuddalore, unless stated otherwise.

GRI 2-3

With more than a decade of reporting its sustainability performance, Chemplast stands today as a mature organisation taking proactive measures to ensure that its environmental footprint is minimum and the business is conducted, integrating sustainable practices. Chemplast Sanmar has reported the information cited in this GRI content index for the period 1st April 2022 to 31st March 2023 with reference to the GRI Standards. The Reporting Principles, Universal Standards and Topic Standards detailed in the GRI Standards have been considered while preparing the Report. The approach aligns with the disclosure requirements of these reporting frameworks.The Company followed a comprehensive approach to consolidate information including adjustments for minority interests wherever applicable. In the reporting period under consideration, Chemplast Sanmar did not engage in any mergers, acquisitions, or disposals of entities or parts of entities. The Company maintains a consistent approach to consolidating information across all disclosures within the sustainability report. The approach used for consolidating information entails summing values from all the plants included within the scope and boundary of the Report. Materiality assessment was conducted to determine which sustainability topics are considered material for the Company. The approach to consolidation principles remains uniform, ensuring consistency in reporting financial and non-financial information.

Consistently reporting on Environmental, Social and Governance (ESG) performance has helped the Company measure and monitor the impact they create and has facilitated streamlining their efforts towards the pursuit of a better world. This Report covers the Company's progress during the year on key ESG performance metrics and emphasises its impact on people, the planet, and the economy. The report also delves into Chemplast's approach to address the rising concerns related to climate change.

**Independent Assurance**

The financial data included in the report has been excerpted from Chemplast Sanmar Limited Annual Report 2022-23, audited by BSR & Co. LLP. https://www.chemplastsanmar.com/downloads/cslfinancials/csl-annual-report-2023.pdf

GRI 2-5

For the reporting year 2022-23, the authenticity of select non-financial sustainability disclosures in this Report has been assured with a limited level of confidence by KPMG Assurance and Consulting Services LLP, an independent third-party assurance provider. The assurance has been provided as per the International Standard for Assurance Engagements (ISAE) 3000 at a 'Limited Assurance' level for select ESG indicators. The report contains the assurance statement by KPMG Assurance and Consulting Services LLP, which encompasses a summary of their activities, and the approach they used for the assurance engagement.

GRI 2-14

The Board of Directors and Senior Management are dedicated to publishing the sustainability report annually. As per the Company's practice, external assurance is sought annually to bolster stakeholder confidence in the report's content.

GRI 2-4

Chemplast Sanmar has reported its greenhouse gas (GHG) emissions for FY 2022-23 for Scope 1, Scope 2, and Scope 3 emissions in metric tons of $CO_2$ equivalent ($tCO_2e$) as per GRI Standards 2021. The GHG emissions for previous reporting years have been computed in $tCO_2$. Therefore, the emissions for FY 2021-22 have been converted to $tCO_2e$ for providing a fair comparison of year-on-year change in emissions. The GHG emissions of FY 2022-23 have been verified by KPMG Assurance and Consulting Services LLP at the 'Limited Assurance' level.


Chemplast Sanmar Limited, Mettur

**Forward-looking Statements**

This Report contains forward-looking statements which are about expected future events that may have a bearing on the Company's operations. By their nature, such forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Appropriate caution is advised concerning the consideration of assumptions, predictions, and other such statements that may not prove to be accurate. Actual future results and events may differ materially from those expressed in the forward-looking statements. The Company undertakes no obligation to update these forward-looking statements, which reflect events or circumstances, after the publication of this document.

GRI 2-3

For any feedback, questions, or comments on this Report, please email us at:

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# CHAIRMAN'S MESSAGE

GRI 2-22

**Vijay Sankar**
Chairman
Chemplast Sanmar Limited

It gives me immense pleasure to present to you the Sustainability Report of Chemplast Sanmar for FY 2022-23, outlining our firm commitment to sustainable practices. A challenging year for the business was manoeuvred with focused strategy and prudent financial management by our team. Longstanding relationships, uncompromising ethical standards, and commitment to sustainability, anchor how we do our business, giving us an edge. The emphasis on sustainability in our approach to business has not only enhanced our brand reputation but also strengthened our relationships with customers, investors, and other stakeholders. In the short-term, our focus is on immediate actions that lead to positive outcomes. We are committed to fostering a culture of compliance and ethics within our organisation. This includes conducting risk assessments, enhanced due diligence, and ongoing training to ensure the protection of human rights in all our activities and relationships. Our medium-term vision involves building resilience and sustainability. We will invest in technology and processes that reduce our environmental footprint and promote responsible consumption. This includes initiatives to reduce waste, lower emissions, and conserve natural resources. Additionally, we will work closely with our supply chain partners to ensure they share our commitment to human rights and sustainable practices. Our long-term vision is to be a leader in responsible business practices. We are dedicated to creating a positive impact on the economy, environment, and society.

The accolades we received this year stand testimony to our unfaltering commitment to Environment, Health & Safety. Notably, the Mettur facility has been honoured with the ICC-Evonik Award for Excellence in Environmental Management. This prestigious award recognises Chemplast's initiatives in effectively managing environmental concerns. Furthermore, we have received the esteemed Nicer Globe User Company Award for demonstrating excellence in transportation safety, including awards for exemplary driver behaviour and strict adherence to road safety regulations without any incidents. These recognitions along with the Sword of Honour and Five Star rating from the British Safety


Chemplast Sanmar Limited, Mettur

The accolades we received this year stand testimony to our unfaltering commitment to Environment, Health & Safety. Notably, the Mettur facility has been honoured with the ICC-Evonik Award for Excellence in Environmental Management. This prestigious award recognises Chemplast's initiatives in effectively managing environmental concerns.

Council, highlight the dedication to sustainability in every sphere of our business, right down to the individual tasks.

We are encouraged by our business prospects in both PVC and Custom Manufactured Chemicals Division (CMCD) businesses this year. CMCD, in particular, is poised for significant growth, with operations already underway to manufacture an advanced intermediate for a global agrochemical innovator. As we progress with our business ambitions, we are taking measures to reduce our carbon footprint, promote health and safety and foster innovation leading to sustainable solutions.

We will seek new opportunities and collaborate with like-minded organisations to address the global challenges we face. By aligning our business practices with environmental stewardship, social responsibility, and economic viability, we will build a brighter, more sustainable future for our business.

I extend my gratitude to our dedicated employees, valued customers, supportive partners, and all other stakeholders who have joined us on this journey. Together, we shall continue to make a positive impact and inspire the industry to embrace sustainability for a better future.

# ORGANISATIONAL PROFILE


Chemplast Sanmar Limited, Karaikal

## Organisation Overview

GRI 2-1

Chemplast is a publicly traded company listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) that commenced operations in 1967. Headquartered in Chennai, Tamil Nadu, the Chemplast name is now synonymous with quality and sustainability in the Indian chemical industry. Supported by Fairfax India Holdings Corporation, Chemplast holds a significant position in the Indian market as the largest producer of Speciality Paste PVC resin and a leading player in the Custom Manufactured Chemicals space, serving various industries.

Furthermore, Chemplast Cuddalore Vinyls Limited, a wholly-owned subsidiary of Chemplast is the second-largest producer of Suspension PVC resin in India and the largest in South India.

**#1** Manufacturer of Hydrogen Peroxide in South India

**Leading player** in Custom Manufactured Chemicals

**#1** Manufacturer of Speciality Paste PVC Resin in India

**#1** Manufacturer of Suspension PVC in South India and 2nd largest in India

GRI 2-6

Chemplast has built a diverse range of products as part of its portfolio and is committed to producing these products in a sustainable manner that minimises environmental impact and maximises social utility. With integrated manufacturing facilities in Tamil Nadu and the Union Territory of Puducherry, the Company is known for its closed manufacturing loop, eco-friendly practices, and pioneering role in speciality chemicals. The Company follows the highest standards of safety, quality, and efficiency in operations, actively driving innovation to meet the changing needs and expectations of its customers. Additionally, through process innovation and optimisation, the Company constantly seeks greater efficiency in its production operations.

GRI 2-23

The Company is committed to responsible business conduct in accordance with authoritative intergovernmental instruments such as the International Labour Organization (ILO) conventions, National Guidelines on Responsible Business Conduct (NGRBC), and the United Nations Guiding Principles on Business and Human Rights. The policy commitments are publicly available on the Company's website https://www.chemplastsanmar.com/corporate-governance-policies.php. Each policy commitment is approved by the Board, underscoring Company's commitment to responsible business conduct. The policy commitments apply comprehensively to all the Company's activities, including operations, supply chain management, and business relationships with suppliers, partners, and customers. They are communicated to workers, business partners, employees, and other relevant stakeholders through various means, including internal training programs, supplier engagement initiatives, and public disclosures on the website. The Company also actively engages with stakeholders to ensure awareness and understanding of the commitments.

GRI 2-24

Embedding policy commitments for responsible business conduct throughout an organisation involves a systematic approach to ensure that these commitments are integrated into various levels, strategies, policies, procedures, and business relationships. Within the Company, specific departments and individuals are assigned the responsibility for implementing and monitoring various aspects of the policy commitments. For example, Human Resources is responsible for labour rights, Environmental Health and Safety (EHS) for environmental commitments, and Legal for regulatory compliance. Chemplast Sanmar maintains transparency in reporting on its policy commitments. The Company publishes annual sustainability reports which consists of the latest policy commitments.

Chemplast Sanmar is guided by The Sanmar Group's vision of creating value for all stakeholders while upholding its responsibility as a conscientious company. The Company has been fostering enduring relationships with its value chain and business partners by establishing trust and transparency in procurement-related processes and decisions. Additionally, the Company places a strong emphasis on customer satisfaction, quality, and technical support, alongside its commitment to product stewardship. The Company identifies a diverse set of risks that cover environmental, social, and business-related factors. These elements are integrated into the bi-annual assessment of risk mitigation strategies, as indicated on page 85 of the Annual Report for FY 2022-23 https://www.chemplastsanmar.com/downloads/cslfinancials/csl-annual-report-2023.pdf The Company actively incorporates feedback from stakeholders into their risk assessment procedures. Additional information about the engagement with stakeholders can be found on page 16 of the Sustainability Report. Following this assessment, the Company develops a comprehensive risk mitigation strategy aimed to minimise adverse impacts on businesses, the environment, and society.

Customer feedback is actively sought, and the Company gauges its success through customer satisfaction and the overall customer experience. To gain insights into customer needs and expectations, an annual survey on customer service satisfaction is conducted. The results of this survey are invaluable in helping the Company shape strategies that align with customer demands and create value.

## Supply Chain: From Raw Materials to Market

GRI 2-6

Chemplast operates a highly efficient and well-structured supply chain to ensure the smooth flow of materials, products, and services across its various business divisions. Company facilities are strategically positioned to efficiently utilise raw materials and by-products among the various plants. This strategic clustering not only minimises external environmental risks but also fosters internal interdependence within the organisation. By practising industrial symbiosis and material exchange, the Company has been able to successfully minimise waste generation at individual sites while simultaneously improving the quality of the procured raw materials.

The Company operates Marine Terminal Facilities (MTF) at Cuddalore and Karaikal. These facilities serve as the primary entry points for crucial raw materials such as Vinyl Chloride Monomer (VCM) and Ethylene which are supplied to the PVC plant in Cuddalore and EDC plant in Karaikal, respectively. The EDC plant in Karaikal relies on imported Ethylene for manufacturing through the direct chlorination process.

Mettur's VCM requirement is met through either imported Ethylene Dichloride (EDC) or locally manufactured EDC from the Karaikal plant. The EDC produced in Karaikal is transported to the PVC plant in Mettur to produce PVC Resin.

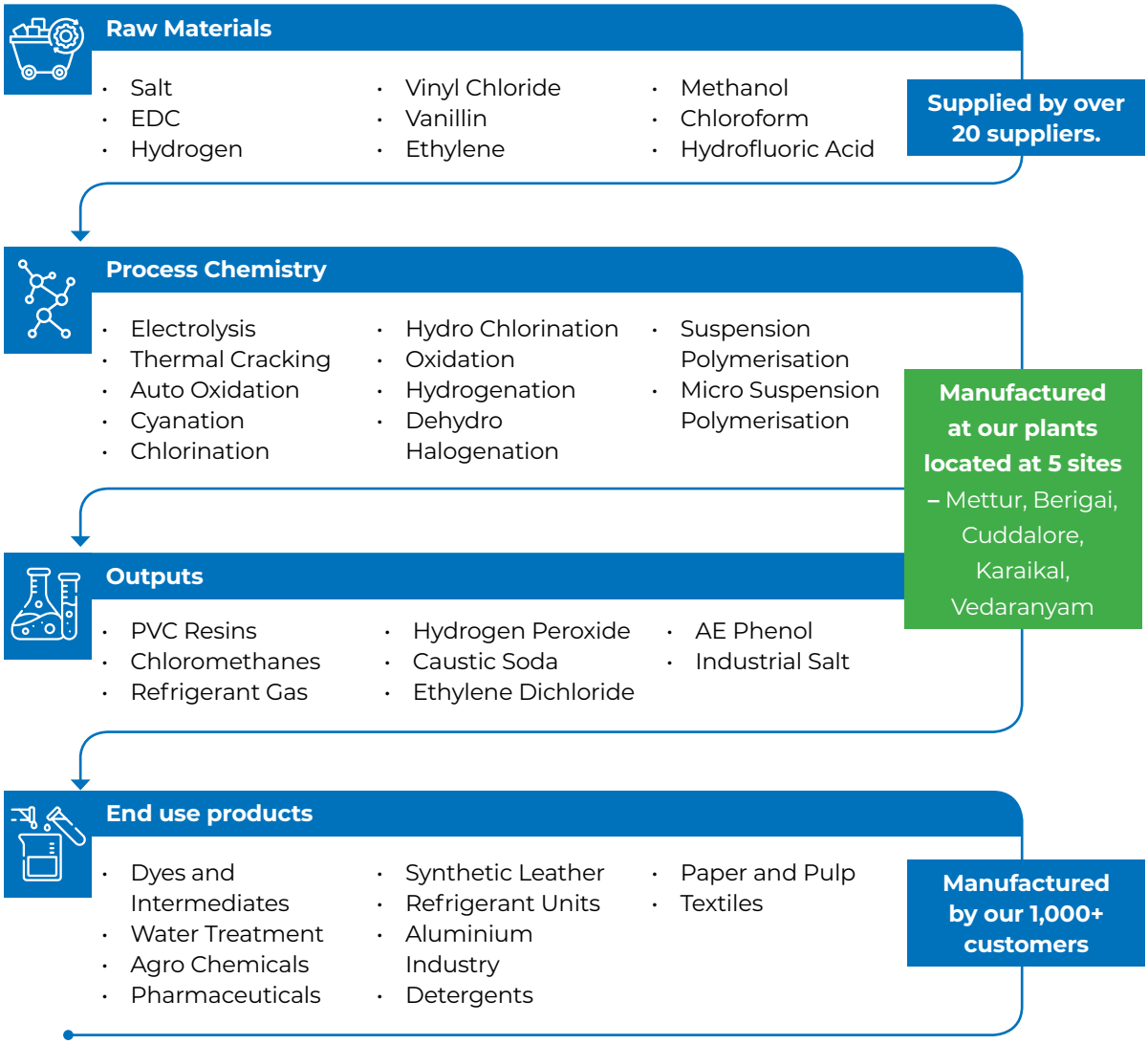
To produce Chloromethanes in Mettur, the Company sources Methanol from overseas suppliers, which is delivered via ships to the Kochi port and then transported to the Mettur facility. The salt necessary for Caustic Soda and Chlorine production in Mettur and Karaikal is supplied by the Salt pan facility at Vedaranyam.

In the production of Refrigerant Gas R-22 in Mettur, the key raw materials are Anhydrous HF and Chloroform. Anhydrous HF is procured locally, while Chloroform is manufactured at the Chloromethane facility in Mettur.

To power the captive power plant, the Company imports low-ash and low-sulphur coal through ships, which are unloaded at the Karaikal port and then transported to Mettur via rail wagons.

Building and maintaining strong customer relationships is a key aspect of Chemplast Sanmar's supply chain strategy. The Company collaborates closely with customers to understand their needs and provide tailored solutions.

Chemplast Sanmar Limited, Karaikal




## Product Portfolio

GRI 2-6

### Speciality Paste PVC Resin

The PVC resin operations of Chemplast began in May 1967 at Mettur, near Salem in Tamil Nadu, to manufacture a variety of high-quality PVC resin products having a wide range of end-use applications. Currently, the Mettur facility manufactures only Speciality PVC resin grade. Chemplast is the largest Speciality Paste PVC resin manufacturer with ~75% domestic production capacity and ~40% market share with a total annual capacity of 66,000 mtpa (metric tonnes per annum). To solidify its leadership position, Chemplast is in the process of adding an extra capacity of 41,000 mtpa at Cuddalore. After this expansion, the Company is projected to possess approximately 83% of the domestic production capacity and a significant market share of around 66%. Speciality paste PVC resin is used as a key ingredient in footwear, auto and furniture upholstery, artificial leather products, and floor mats.

## Custom Manufactured Chemicals Division (CMCD)

Chemplast's Custom Manufactured Chemicals Division manufactures starting materials, advanced intermediates, and active ingredients for global innovator companies in the agrochemical, pharmaceutical and fine chemical industries. CMCD, with a total annual capacity of 1,068 mtpa, offers a world-class Research and Development capability combined with a broad range of chemical technologies at the production scale. Apart from its wide array of products, the Company offers a complete suite of services across the value chain like process research, process development, scale-up, analytical studies, plant engineering, and commercial-scale manufacturing.

## Suspension PVC at Chemplast Cuddalore Vinyls Limited (CCVL

A wholly owned subsidiary of Chemplast Sanmar Ltd., the Company stands as the largest producer of Suspension PVC in South India. It ranks as the second largest in India, having a total annual capacity of 3,31,000 mtpa. Several factors contribute to its growth, including a substantial disparity between demand and supply, resulting in a significant market deficit even with new capacity additions. There is also an opportunity for import substitution, as approximately 60% of the Indian demand is currently met through imports. The growth in end-user industries is fuelled by relatively low per capita consumption, providing further potential for expansion. The Company's asset-light model and robust infrastructure support future growth prospects.

## Caustic Soda

Chemplast Sanmar is the fourth-largest producer of Caustic Soda in South India having a total capacity of 1,32,720 mtpa (54,750 mtpa at Karaikal and 77,970 mtpa at Mettur). Caustic Soda, produced as a joint product with chlorine, is a versatile industrial chemical with diverse applications. It is used across a wide range of industries such as paper, textiles, alumina, organic and inorganic chemicals.

## Hydrogen Peroxide

Hydrogen Peroxide is a value-added product of Chemplast, which has emerged as a part of its downstream integration. It is an environment-friendly chemical, used in various industries like pulp & paper, textiles, and in water treatment for chemical synthesis, sterilisation, bleaching and effluent treatment, amongst other processes. Chemplast is the largest manufacturer of Hydrogen Peroxide in South India, with a total capacity of 34,000 mtpa in Mettur.

## Chloromethanes

The Company is one of the earliest manufacturers of Chloromethanes in India and now has an annual capacity of 35,000 mtpa. Chloromethanes refer to a group of solvents comprising Methyl Chloride, Methylene Dichloride (MDC), Chloroform, and Carbon Tetra Chloride (CTC) that are used extensively in pharmaceutical, agrochemical, and refrigerant (HFOs) manufacturing.

## Collaboration and Industry Memberships

GRI 2-28

Chemplast collaborates with leading industry associations and apex bodies to champion and advance sustainable business practices. It actively advocates for positive changes within the sector and leverages these associations to stay at the forefront of cutting-edge research, learn about emerging developments, and adopt and share industry best practices.

| | | |
|---|---|---|
| Indian Chemical Council | Chemical Industries Association | Madras Chamber of Commerce and Industry |
| National Safety Council | Alkali Manufacturers Association of India | Indian Plastics Institute |
| Madras Management Association | Federation of Indian Chambers of Commerce and Industry (FICCI) | Confederation of Indian Industry (CII) |
| ASSOCHAM India | Association of Chloromethane Manufacturers | Refrigerant Gas Manufacturers' Association |
| Employers' Federation of India | Indo-Japan Chamber of Commerce and Industry | Industrial Waste Management Association |

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CHEMPLAST SANMAR LIMITED

## Mission, Vision and Core Values

**The Sanmar Vision**
Combining integrity with excellence to ensure prosperity to all stakeholders on a continuous basis.

**Sanmar Standards**

- Enhance Stakeholder Value
- Follow Fair Business Practices
- Foster Sanmar Culture

## AWARDS AND ACHIEVEMENTS

Chemplast Sanmar, Mettur, was honoured with the ICC-Evonik Award for Excellence in Environmental Management. This prestigious award acknowledges Chemplast's noteworthy initiatives in effectively managing environmental concerns.



Chemplast received the prestigious Nicer Globe User Company award for its outstanding commitment to transport safety, particularly in terms of driver behaviour and adherence to road safety regulations, resulting in zero incidents. Furthermore, two drivers of logistics service providers associated with Chemplast were recognised and received the Nicer Globe 'Best Driver Award 2021'.

## Guiding Principles

**Shareholders:**
Increase shareholder value by focusing on optimal usage of resources

**Customers:**
Professional excellence to meet or exceed customer expectations

**Employees:**
Enhance skills, provide opportunities to grow and a safe work environment

**Society:**
Be a good corporate citizen and a responsible member of the community

**Work Ethics:**
Ensure intellectual honesty in every aspect of work and monitor ethical status of the Company continuously


British Safety Council's 'Sword of Honour 2020' for Chemplast Cuddalore Vinyls Limited


'Five Star Occupational Health and Safety Award' for Chemplast Sanmar PVC Plant II, Mettur


British Safety Council 'Sword of Honour 2021' for Chemplast Sanmar PVC Plant II, Mettur

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Responsible care logo presented to Chemplast Sanmar Limited
(Valid from February 2022 to January 2025)

Responsible care logo presented to Chemplast Cuddalore Vinyls Limited
(Valid from March 2022 to February 2025)

# SUSTAINABILITY STRATEGY

## Stakeholder Engagement

Chemplast Sanmar recognises the vital role that stakeholders play in shaping the sustainability journey. It believes that effective stakeholder engagement is a cornerstone of the Company's commitment to transparency, accountability, and responsible business practices. Through meaningful dialogue and collaboration, it aims to foster strong relationships, gather valuable insights, and address the evolving needs and expectations of its stakeholders. Valuable insights obtained through stakeholder engagements validate the Company's performance and contribute towards the development of fresh perspectives.

*Chemplast Cuddalore Vinyls Limited*

## Key stakeholders

GRI 2-29

Employees

Customers

Regulatory Authorities

Local Bodies/ Associations

Transporters

Local Communities

Investors

Suppliers

### Stakeholder Engagement Process at Chemplast Sanmar

**Stakeholder Identification and Prioritisation**

**Identifying potential stakeholders involves recognising individuals, groups, or organisations that have a direct or indirect interest, influence or impact on the activities, decisions, or outcomes of the Company.**

**Engagement with Key Stakeholders**

Developing a stakeholder engagement plan which outlines the objectives, methods, and timeline for engaging with each stakeholder group, followed by determining the most appropriate communication channel (virtual or in-person).

**Facilitating Dialogues for Focusing on Concerns and Needs**

Providing relevant information to the stakeholders, relating to the organisation's sustainability performance, goals, and initiatives.

**Addressing the Prioritised Concerns and Needs**

Evaluate and focus on the prioritised stakeholder concerns transparently and consistently and develop action plans.

**Engagement with key stakeholders for developing sustainable solutions** GRI 2-29

| Stakeholder | Engagement Mechanism | Concerns Discussed |
|---|---|---|
| **Employees and Workers** | • Regular team meetings<br>• Periodic employee surveys<br>• Mock drills | • Health and Safety<br>• Skill development and training<br>• Diversity and Inclusion<br>• Recognition and rewards |
| **Customers** | • Multiple channels (e.g., email, phone, online platforms)<br>• Comprehensive annual business reviews with key customers<br>• Plant visits by the customers | • Quality Control and Testing<br>• Sustainable and Responsible Practices |
| **Regulatory Authorities** | • Meetings and discussions<br>• Regular plant visits and inspections | • Compliance with Environmental Regulations/ stipulated conditions<br>• Chemical product safety and labelling<br>• Emergency Preparedness and Response<br>• Proactive monitoring practices |
| **Local Bodies/ Associations** | • Industry associations or trade groups<br>• Periodic meetings<br>• Event participation | • Environmental impact mitigation<br>• Community development programs<br>• Transparency and ethics |
| **Transporters** | • Training programs<br>• Quarterly site visits<br>• Incident reporting<br>• Plant visit | • Safety and compliance<br>• Hazardous material handling and transportation system/ practices<br>• Monitoring of transportation through GPS<br>• Training and development of transport crew |
| **Local Communities** | • Community outreach programs<br>• Community surveys<br>• Community partnerships | • Health and Safety<br>• Community wellbeing and development<br>• Education and awareness<br>• Grievance and Redressal mechanisms |
| **Investors** | • Periodic investor presentations<br>• Annual general meetings<br>• Investor newsletters<br>• Quarterly publication – Matrix | • Financial performance<br>• Risk management<br>• Corporate governance<br>• ESG performance |
| **Suppliers** | • Supplier development programs<br>• Supplier surveys and supplier reviews<br>• Contract discussion meetings | • Health and Safety<br>• Regulatory compliance<br>• Supplier code of conduct<br>• Supply chain management<br>• Risk mitigation |

## Material Issues and Linkage with Sustainable Development Goals

GRI 3-1

Materiality assessment for Chemplast Sanmar involves identifying and evaluating the Environmental, Social, and Governance (ESG) issues that are most significant to the Company and its stakeholders. The assessment helps in understanding the key areas where the Company's activities, performance, and decisions can substantially impact. Here are the key steps involved in conducting a materiality assessment for Chemplast Sanmar:

### Stakeholder Engagement

Engage with internal and external stakeholders, such as employees, customers, suppliers, investors, communities, NGOs, and regulators. Gather their perspectives on the Company's ESG impacts, concerns, and priorities.

### Identify ESG Issues

Based on stakeholder feedback, industry trends, and sustainability frameworks, identify a comprehensive list of ESG issues that could potentially affect Chemplast Sanmar. These issues broadly include environmental impacts, labour practices, product safety, human rights, governance structure, and supply chain management, among others.

### Assessment Criteria

Establish criteria to assess the significance of each ESG issue. This could include the potential impact on the Company's financial performance, reputation, regulatory compliance, stakeholder expectations, and the broader environment and society.

### Validation and Prioritisation

Validate the assessment with key stakeholders and internal decision-makers. Prioritise the issues based on their materiality and significance. Focus on the most critical issues that align with the Company's long-term goals and stakeholder expectations.

### Reporting and Action Plan

Integrate the material ESG issues into Chemplast Sanmar's sustainability reporting and disclosure processes. Develop an action plan to address the prioritised issues, set measurable targets, and establish timelines for implementation.

### Monitoring and Review

Regularly monitor and review the progress made on addressing the material ESG issues. Update the assessment periodically to reflect changes in the Company's operations, stakeholder expectations, and emerging ESG trends.

**Identification, Assessment, and Prioritisation of Actual and Potential Impacts**

GRI 3-3

Effective management of material topics is crucial for Chemplast Sanmar's sustainability and responsible business practices. To ensure transparency and accountability, the Company proposes a structured process for the identification, assessment, and prioritisation of actual and potential impacts related to high-concern material topics. This approach enables Chemplast Sanmar to address its stakeholders' expectations and enhance its sustainability performance.

Chemical manufacturing processes release various pollutants into the environment, including greenhouse gases, air pollutants, and water contaminants. The processes are resource-intensive requiring significant amounts of water, energy, and raw materials. Ensuring the safe handling, transportation, and storage of chemicals is critical to prevent accidents and chemical spills that can harm ecosystems and communities. The presence of chemical facilities can impact the health and wellbeing of nearby communities.

Therefore, it becomes crucial for Chemplast to identify material topics of high concern to stakeholders. The organisation assesses the actual and potential impacts associated with these material topics and prioritises these impacts to focus resources effectively and drive strategic sustainability initiatives.

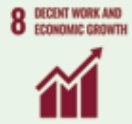
Using the insights from stakeholder engagement, materiality assessment is conducted to identify the most significant topics. For the identified material topics, a comprehensive impact assessment is undertaken. This involves a detailed analysis of both the current and potential impacts, considering factors like environmental footprints, social implications, financial consequences, and regulatory risks. The material topics, based on the significance of their impacts and the level of concern expressed by stakeholders are then prioritised. The Company collaborates and actively engages in the rectification of any negative impacts identified during its stakeholder consultation process. Acknowledging the identification of negative impacts is a valuable aspect of the Company's continuous improvement process. Chemplast ensures that meaningful action is taken to address them. Through this commitment, the Company seeks to foster transparency, accountability, and responsible corporate citizenship, ensuring that their operations align harmoniously with the wellbeing of the stakeholders and the broader community.

GRI 3-2
GRI 3-3

**Disclosure on Material Topics**

| Material Issues | Rationale and Approach | SDG Relevance |
|---|---|---|
| **Emissions** | Chemical manufacturing generates direct (Scope 1) Greenhouse Gas (GHG) emissions from the combustion of fossil fuels in manufacturing and cogeneration processes. Emissions from the use of purchased electricity (Scope 2) are also of material concern. Scope 3 emissions comprise raw material procurement and finished goods. GHG emissions can create regulatory compliance costs or penalties and operating risks for chemical companies. Chemplast manages its GHG emissions through greater energy efficiency, the use of alternative fuels, and manufacturing process advances that benefit from improved operating efficiency. |   |
| **Energy Management** | Chemical manufacturing is typically energy-intensive, with energy used to power processing units, cogeneration plants, machinery, and non-manufacturing facilities. The type of energy used, magnitude of consumption, and energy management strategies depend on the kind of products manufactured. Chemplast's energy intensity and energy sourcing decisions affect its operating efficiency and risk profile over time. |   |
| **Safety & Environmental Stewardship of Chemicals** | The potential for human health or environmental impacts of chemicals during the use-phase can influence the product demand and regulatory risk, which in turn can affect revenues and result in higher operating expenses, regulatory compliance costs, and mitigation. For Chemplast, developing innovative approaches to manage the potential impacts of the products is therefore crucial in mitigating regulatory risk and growing market share, improving competitive positioning, and maintaining higher brand value. |   |
| **Sustainable Supply Chain** | A chemical Company requires direct procurement activities across numerous networks for chemicals, water, and energy. Chemplast manages suppliers effectively by monitoring and engaging key suppliers through training, audit, and assessment processes to maximise value and minimise risks in the supply chain. |   |
| **Waste Management** | Chemical manufacturing generates hazardous process waste, including but not limited to heavy metals, spent acids, catalysts, and wastewater treatment sludge. For Chemplast, waste management strategies include reduced generation, effective treatment / disposal, recycling, and recovery, where possible. |   |

| Material Issues | Rationale and Approach | SDG Relevance |
|---|---|---|
| **Water Management** | Water is a critical input in chemical production and is used primarily for cooling, steam generation, and feedstock processing. Chemplast recognises that water scarcity can result in a higher risk of operational disruption and can also increase water procurement costs and capital expenditure. The Company has taken active measures towards water security and continuously assesses its impact on water resources. |   |
| **Materials** | The type and number of materials for a chemical Company indicates its dependence on natural resources and the impacts it has on their availability. Chemplast's approach to resource conservation focuses on recycling, reusing, and reclaiming materials. |   |
| **Employee Wellbeing** | Employee wellbeing is about optimising the health of all the employees. To ensure they are in their best physical and mental state to function effectively, and there are avenues to address their health risks and concerns. |   |
| **Local Communities** | Chemical companies are important economic contributors to many communities, providing employment opportunities and community development through taxes and capital generation. Chemplast sees an opportunity to build strong relationships with communities to mitigate potential operational disruption, retain top employees and ensure strong social validation. Through its CSR, Chemplast has codes and guidelines to ensure alignment of the organisation's interests with those of its surrounding communities. |   |
| **Occupational Health and Safety** | Employees in chemical manufacturing facilities face health and safety risks from exposure to heavy machinery, harmful substances, high temperatures, high pressures, and electrical hazards, among others. By maintaining a safe work environment and promoting a culture of safety, Chemplast minimises safety-related accidents and injuries. |   |
| **Product Responsibility** | Increasing resource scarcity and regulations drive the need for greater material efficiency with low energy consumption and emissions. The Chemical industry stands to benefit from developing products that enhance customer efficiency. Chemplast is dedicated to developing cost-effective sustainable solutions to address customer needs for improved efficiency. |   |

| Material Issues | Rationale and Approach | SDG Relevance |
|---|---|---|
| **Business Ethics** | Values and ethics are not only critical in maintaining a licence to operate but also for developing stakeholder trust and driving performance. Chemplast recognises that the organisation's reputation is largely determined by the ethical behaviour of the employees and representatives. |  |
| **Economic Performance** | Economic performance is typically measured using key performance indicators (KPIs) such as revenue, cost of goods sold, gross profit, operating expenses, operating income, earnings before interest, taxes, depreciation, & amortisation (EBITDA), and net income. |  |
| **Marketing Communica-tions** | Fair and responsible marketing communications, as well as access to information about the composition of products, and their proper use and disposal can help customers make informed choices. Chemplast's marketing and communications approach is targeted to inform its customers of the product details transparently and in adherence to all local regulatory requirements. |  |
| **Operational Safety, Emergency Preparedness and Response** | Health, safety, and emergency management is a critical issue for companies in the chemical industry. The combustible nature of chemical substances, combined with the high operating temperatures and pressures involved in manufacturing elevates the risk of explosions, hazardous spills, or other emergencies. Such events can harm workers or people in nearby communities. Chemplast ensures strong management of process safety that can reduce operational downtime, mitigate costs and regulatory risk and ensuring workforce productivity. |  |
| **Regulatory Compliance** | The chemical industry faces strict regulations governing air emissions, water discharge, chemical safety, and process safety, among other issues. Chemplast's strategy for managing the regulatory environment aligns its corporate performance with sustainable environmental outcomes and take into consideration societal externalities that benefit from reduced regulatory uncertainty, stronger brand value, and improved competitive positioning. |  |

# CORPORATE GOVERNANCE PRACTICES

## Governance Structure

GRI 2-9

The Board of Directors is the highest decision-making body of Chemplast Sanmar. The Board is responsible for setting the overall strategic direction of the Company, making major policy decisions, and overseeing its operations. It also ensures compliance with legal and regulatory requirements and acts in the best interests of the Company and its shareholders. The composition of the Board of Directors and its committees ensures that individuals from various backgrounds are adequately represented in leadership positions and decision-making bodies.

The Board of Directors appoint the members of the board committees at Chemplast Sanmar. The members are responsible for ensuring that the committee functions effectively and meets its objectives. This allows responsible governance and effective steering of the Company. The members of the board committees are also responsible for ensuring that the committee's decisions are made in the best interests of the Company and the wellbeing of all the involved stakeholders.

GRI 2-9

**Mr. Vijay Sankar**
Non-Executive Chairman

**Mr. Ramkumar Shankar**
Managing Director

**Mr. Chandran Ratnaswami**
Non-Executive Director

**Mr. Vikram Hosangady**
Non-Executive Director

**Dr. Lakshmi Vijayakumar**
Independent Director

**Mr. Aditya Jain**
Independent Director

**Mr. Sanjay Vijay Bhandarkar**
Independent Director

**Mr. Prasad Raghava Menon**
Independent Director

**Dr. Amarnath Ananthanarayanan**
Non-Executive Director*

* Dr. Amarnath Ananthanarayanan was the Non-Executive Director till May 09, 2023. Upon the suggestion of the Nomination and Remuneration Committee, the Board of Directors has sanctioned the designation of Mr. Vikram Taranath Hosangady (DIN: 09757469) as a Non-Executive Non-Independent Director of the Company. This appointment fills the casual vacancy created by the departure of Dr. Amarnath Ananthanarayanan, a Non-Executive Non-Independent Director

Regulation 24(1) of SEBI LODR, pertaining to the management of a significant subsidiary of a listed entity stipulates that the listed entity must designate atleast one of its Independent Directors to serve as a director on the Board of the material subsidiary. In compliance with this regulation, the Company appointed two of its Independent Directors, namely, Mr. Aditya Jain and Dr. Lakshmi Vijayakumar, to serve as Independent Directors on the Board of the Company's material subsidiary, CCVL. Mr. Ramkumar Shankar and Dr. Amarnath Ananthanarayanan are the Managing Director and Non-Executive Director respectively, for CCVL.

**Mr. Ramkumar Shankar**
Managing Director

**Dr. Amarnath Ananthanarayanan**
Non-Executive Director

**Dr. Lakshmi Vijayakumar**
Independent Director

**Mr. Aditya Jain**
Independent Director

Chemplast Sanmar's strategic path is steered by an esteemed Board of Directors, consisting of accomplished experts and renowned industrialists. The Board's diverse knowledge and vast experience has played a pivotal role in enhancing the Company's strategic vision, values, and business expertise. The senior management and Board of Directors comprises of highly distinguished professionals from diverse backgrounds, all belonging to India.

The Company has established clear definitions for the roles, duties, responsibilities, and obligations of the Board of Directors. Besides its primary function of overseeing corporate performance, the key responsibilities of the Board encompass:

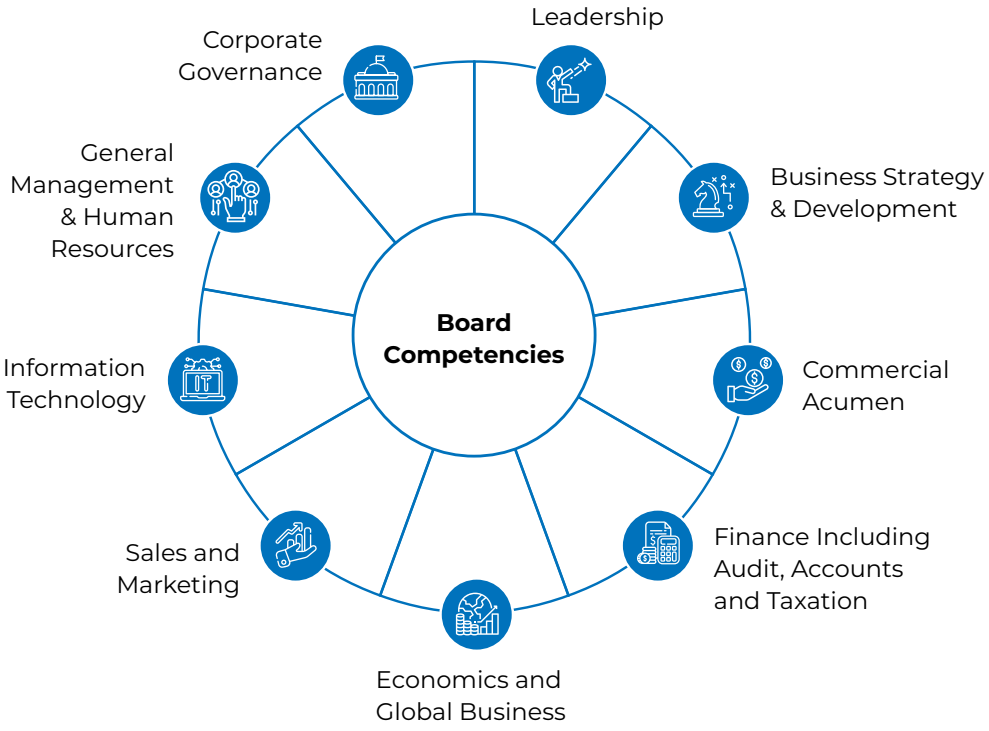
a. Developing strategic business plans.
b. Reviewing and granting approval to financial plans and budgets.
c. Tracking corporate performance in alignment with strategic business plans.
d. Assessing and monitoring business risks.
e. Ensuring ethical conduct and adherence to laws and regulations.

GRI 2-9

Under the Board of Directors, there is an executive management team led by the Chief Executive Officer (CEO) or Managing Director. This team is responsible for the day-to-day operations of the Company and implementing the strategic vision set by the Board. The executive management includes top-level executives in charge of various functional areas such as finance, operations, human resources, marketing, and research and development. The following list provides a concise overview of the essential skills, expertise, and competencies that the Board members possess and are required for effective

performance of the business and industry. The Annual Report for FY 2022-23 (Page 62) https://www.chemplastsanmar.com/downloads/cslfinancials/csl-annual-report-2023.pdf contains further information on core skills, expertise, and competencies of the board Currently, the Company is in the process of incorporating sustainable development training programs specifically designed for the executive directors.

GRI 2-17




According to the information provided by the directors, those serving as Whole-Time Directors or Managing Directors in listed entities are not Independent Directors in more than three listed entities. It's important to note that committee roles are limited to Audit and Stakeholders' Relationship Committee as defined by Regulation 26 of the Listing Regulations. The particulars of Directorships of the Company Directors in other listed companies can be found in the Company's Annual Report for FY 2022-23 (Page 61). The directors are consistently informed about any substantial developments or alterations within the organisation. This ongoing communication is essential to empower the directors to make well-informed and timely decisions. The Company conducts a familiarisation program specifically tailored for the independent directors. The familiarisation programme for Independent Directors can be accessed at – https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/familiarization-programme-for-ids.pdf

The nomination and selection process for the Board of Directors, Key Managerial Personnel (KMP), Senior Management Personnel (SMP) and employees is well defined in the Company's Nomination and Remuneration Policy, which is available on the Company's website. The policy can be accessed at – https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/nomination-remuneration-policy-and-board-evaluation-policy.pdf

GRI 2-19

**Board Structure**

GRI 2-9

As on March 31, 2023, the Board consists of eight (08) Directors, out of which seven (07) are Non-Executive Directors. Out of the seven (07) Non-Executive Directors, four (04) are Independent Directors, of whom one is a woman. The tenure of the Directors is 5 years. Based on the age-wise categorisation, 50% of the directors are aged between 40-60 years and the remaining 50% of directors are 60 years and above. This categorisation reflects a balanced distribution of experience and expertise, contributing to the holistic decision-making process at Chemplast Sanmar. The composition of the Company's Board conforms to the Companies Act, 2013 ('Act') and the Listing Regulations.

**Age-Wise Categorisation of Board of Directors**

| S. No. | Age Categorisation | No. of Directors – Chemplast Sanmar | No. of Directors – CCVL |
|---|---|---|---|
| 1. | 40 – 60 Years | 4 | 2 |
| 2. | 60 Years & Above | 4 | 2 |

**Diversity of Board of Directors**

| S. No. | Gender | No. of Directors in Chemplast Sanmar | No. of Directors in CCVL |
|---|---|---|---|
| 1. | Male | 7 | 3 |
| 2. | Female | 1 | 1 |

**Annual Total Compensation Ratio**

GRI 2-21

In the current reporting period, the ratio of the annual total compensation for the Company's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) is 41.47 at CSL and 28.27 at CCVL. For the current reporting period, the organisation did not revise compensation, and therefore, the ratio of the percentage increase in the annual total compensation for the highest-paid individual to the median percentage increase in annual total compensation for all employees is not applicable.

**Performance Evaluation**

GRI 2-18

In accordance with the requirements of the Act and Regulation 17(10) of the Listing Regulations, the Board has conducted a comprehensive annual performance evaluation. This evaluation encompassed the Board's collective performance, individual assessment of Directors (including Independent Directors), and the functioning of various committees, such as the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee, and Corporate Social Responsibility Committee. The evaluation was based on criteria such as attendance, active participation in discussions, understanding of the Company's business and industry, and providing guidance on business-related decisions.

**Nomination and Selection Process, including process for Determining Remuneration**

GRI 2-10
GRI 2-20

Chemplast Sanmar's nomination and selection processes for its Board of Directors and its Committees are characterised by their transparency, independence, and commitment to identifying individuals who can effectively lead and oversee the organisation. These processes are essential for maintaining strong corporate governance and aligning leadership with the Company's strategic vision. The Company has an established Nomination and Remuneration Committee, which comprises a diverse group of directors, including independent directors. This Committee is responsible for overseeing the nomination and selection process. The Committee defines clear criteria, qualifications, and attributes that potential board members

and committee members should possess. These criteria are regularly reviewed to ensure alignment with the Company's evolving needs. The Company identifies potential candidates through a combination of internal and external sources. The Committee conducts a thorough evaluation of potential candidates, which includes interviews, assessments, and background checks. Candidates are assessed based on their qualifications, industry expertise, understanding of the Company's mission and values, and their ability to contribute to the organisation's strategic goals. This committee also oversees the process of determining remuneration, ensuring objectivity and fairness in compensation decisions. No remuneration consultants are directly involved in determining remuneration. Shareholders play a crucial role in the selection process. They have the opportunity to vote on board nominations and committee appointments during the Annual General Meeting (AGM). Shareholder approval is an important step in finalising the selection of board members and committee members.

**ESG Governance**

GRI 2-13

The ESG governance framework at Chemplast Sanmar involves a structured approach to delegate ESG Key Performance Indicators (KPIs) to key personnel and departmental heads at each of the Company's five plants. Some critical ESG aspects like safety and procurement are reported on a monthly basis. Safety reports include data on incidents, near misses, safety audits, and compliance with safety protocols. Procurement reports cover supplier sustainability, responsible sourcing, and ethical procurement practices. Other ESG KPIs related to environmental impact, energy consumption, waste management, and emissions are typically reported on a quarterly basis. A comprehensive annual sustainability report is prepared, consolidating data and insights from all plants. This report is presented to the Board of Directors and the senior management. The sustainability report receives approval from both the Group's Chairman and the senior management of the Company. They are involved in the prioritisation of material aspects covered in the Sustainability Report.

GRI 2-14

GRI 2-13

A committee of directors has been established, which includes the Chairman and the Managing Director of the Company. This Committee is entrusted with the responsibility of overseeing the organisation's ESG initiatives and the reporting related to them. Periodically, the Board of Directors reviews the progress made by the committee to ensure effective governance and management of sustainability efforts. The frequency of reviewing these ESG initiatives varies from half-yearly to annual reviews, depending on the specific requirements and timelines set by the organisation.

GRI 2-12

The Board of Directors plays a crucial role in developing the organisation's purpose, values, and mission statements. These statements define the Company's core identity, guiding principles, and long-term objectives. The senior executives work closely with the Board to formulate these statements. They provide insights into the organisation's strategic direction and how it aligns with sustainability principles. The Board has the authority to approve sustainability policies that guide the Company's actions. It periodically reviews the organisation's progress towards its sustainability objectives. The senior executives are accountable for achieving these objectives and ensuring that they are consistent with the Company's purpose and values.

**Conflicts of Interest**

GRI 2-15

One of the primary duties of the Board of Directors is to address conflicts of interest that may emerge when business operations intersect with personal benefits. The Code of Conduct contains specific provisions related to conflict of interest. It clearly states that no Directors, Senior Management Executives, or personnel should place themselves in situations where there is a possible conflict between their personal interests and their professional duties. Additionally, it prohibits any exploitation of opportunities that arise during their association with the Company for personal gain, whether directly or indirectly. The policy can be accessed at -
https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/code-of-conduct-for-board-and-senior-management.pdf

## Board Committees

GRI 2-9

To enhance governance and ensure accountability, the Board has established several mandatory committees, including the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, and Risk Management Committee. Additionally, there are two non-mandatory committees, namely, the IPO Committee and the Committee of Directors. The Board periodically reviews and updates the terms of reference for these committees in line with statutory requirements. The chairman of every committee is responsible for convening its respective meetings and reporting the discussions to the Board. The minutes of these committee meetings are distributed individually to the respective members and shared with all the Directors for transparency.

### Audit Committee

| | |
|---|---|
| Mr. Sanjay Vijay Bhandarkar | Chair |
| Mr. Vijay Sankar | Member |
| Mr. Prasad Raghava Menon | Member |

**Description:** Oversees the Company's financial reporting and auditing processes. The committee meets regularly to discuss the Company's financial statements and to review the work of the Company's auditors.

### Nomination and Remuneration Committee

GRI 2-19

| | |
|---|---|
| Mr. Aditya Jain | Chair |
| Mr. Vijay Sankar | Member |
| Mr. Sanjay Vijay Bhandarkar | Member |

**Description:** Responsible for recommending the appointment of directors and the setting of their remuneration. The committee meets regularly to discuss the Company's board composition and to review the remuneration of the directors and senior management.

Nomination and Remuneration Policy can be accessed at– https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/nomination-remuneration-policy-and-board-evaluation-policy.pdf

### Stakeholders Relationship Committee

| | |
|---|---|
| Mr. Aditya Jain | Chair |
| Mr. Vijay Sankar | Member |
| Mr. Ramkumar Shankar | Member |

**Description:** Responsible for overseeing the Company's relationships with its stakeholders, including its shareholders, employees, customers, suppliers, and the community. The committee meets regularly to discuss the Company's stakeholder engagement strategy and to review the Company's performance in meeting the needs of its stakeholders.

| Risk Management Committee | | |
|---|---|---|
| Mr. Aditya Jain | Chair | **Description:** Responsible for overseeing the Company's risk management framework. The committee meets regularly to discuss the Company's risks and to review the Company's risk management processes. |
| Mr. Vijay Sankar | Member | |
| Mr. Sanjay Vijay Bhandarkar | Member | |

| Corporate Social Responsibility Committee | | |
|---|---|---|
| Mr. Vijay Sankar | Chair | **Description:** Responsible for overseeing the Company's Corporate Social Responsibility (CSR) initiatives. The committee meets regularly to discuss the Company's CSR focus areas and review the Company's performance in meeting its CSR objectives. |
| Mr. Ramkumar Shankar | Member | |
| Dr. R. Srinivasan | Member | |

## Code of Conduct

Chemplast Sanmar is committed to conducting its business ethically and responsibly. In this regard, the Code of Conduct is an integral part of the governance framework which helps ensure that the Company is well managed and complies with all applicable laws and regulations. The Code of Conduct also helps to protect the interests of the Company's stakeholders.

The Company's Code of Conduct has standards laid out for the behaviour expected of the Company's Directors and senior management. The code covers a wide range of issues, including conflict of interest, insider trading, and corporate social responsibility.

The Code of Conduct defines general principles to be followed, highlights the expectations from Directors, Key Managerial Personnel (KMPs), and Senior Management Personnel (SMPs) with specific rules and guidelines to be followed. It also lays out the procedures that must be followed if a breach of the court is suspected or alleged.

The Company's Code of Conduct can be accessed at –
https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/code-of-conduct-for-board-and-senior-management.pdf

**Addressing Concerns Effectively**

GRI 2-16

The Company has employed a diversified approach to consistently communicate with its stakeholders regarding significant aspects. Additionally, it upholds complete transparency by frequently engaging with its operational heads. Any significant issues identified during internal audits are promptly conveyed to the Board through the Audit Committee and dealt on the priority basis. All concerns are directed to relevant functional heads for taking mitigative actions. In FY 2022-23, no concerns were identified and therefore communicated to the Board.

## Risk Management Policy Framework

Chemplast Sanmar's Risk Management Policy is designed to establish a comprehensive risk management and mitigation framework within the Company. Compliant with SEBI regulations, the policy encompasses all divisions, departments, subsidiaries, and acquired entities. The Company's risk management philosophy aims to safeguard strategic objectives by identifying, analysing, assessing, mitigating, and monitoring potential risks. Built on a foundation of values, culture, and commitment to stakeholders, this proactive approach enables effective decision-making, business continuity, and organisational performance improvement.

The Board of Directors and Risk Management Committee adhere to the Companies Act 2013 and SEBI regulations, which mandate the development and implementation of structured enterprise-wide risk management. Additionally, Independent Directors play a crucial role in ensuring the robustness and independence of the risk management system by providing requisite guidance.

Chemplast Sanmar employs a continuously evaluated risk management framework, encompassing the Company's operations. This framework involves the systematic identification and measurement of risks, development of mitigation options, selection and implementation of risk mitigations, ongoing monitoring and reassessment. The Company reviews the risk management framework on a biannual basis to identify various internal and external risks, including financial, operational, sectoral, sustainability, information, cyber-security, or any other as determined by the committee. For a detailed understanding of the risk management framework, page 85 of the Annual Report for FY 2022-23 https://www.chemplastsanmar.com/downloads/cslfinancials/csl-annual-report-2023.pdf can be referred. This section provides comprehensive information on how the Company identifies, assesses, and mitigates risks within the organisation.

**Identification**
Risk identification involves continuous monitoring of events that may impact the Company's goals, relying on discussions with risk owners, analysis of data, internal audit reports, and past occurrences.

**Assessment**
Risks are then categorised as external such as economic environment, competition, and government policies or internal - project execution, operational efficiency and environmental management.

**Mitigation**
Mitigation of risk, control, and monitoring are crucial. It involves implementing measures to counter identified risks. The Risk Management Committee uses methods such as risk transfer, appropriate internal controls, risk elimination, and risk tolerance.

The Company emphasises the involvement of all functions in risk identification, conducts periodic risk ratings, and integrates the risk management process with strategic planning and internal audits. The policy outlines a reporting mechanism where the Board periodically reviews and evaluates the risk management system. The CEO, CFO and Chief Compliance Officer are responsible for implementation and reporting. The Risk Management Committee has access to all necessary information to fulfil its responsibilities.

**Chemplast's Risk Management Philosophy**


*Chemplast Cuddalore Vinyls Limited*

SANMAR
CHEMPLAST SANMAR LIMITED

# RESPONSIBLE GROWTH

## Business Ethics

**Anti-Corruption & Anti-Bribery**

Chemplast has a rigid stance against corruption and bribery, which discourages any unfair business practices. The Company recognises the risks posed by these malpractices on its functioning and reputation. All employees and the Board of Directors are expected to comply with the policy. A comprehensive checks and balances system is in place to identify, evaluate and counter any instances of bribery or corruption. The Company conducts regular assessments to evaluate the risks related to corruption across its operations. 100% of its operations have undergone assessments to identify corruption

risks. The risk assessments have identified the following significant risks related to corruption within the organisation. GRI 205-1

Bribery and Extortion

Conflict of Interest

Due Diligence Adequacy

Whistleblower Protection

Training Adequacy

These assessments encompass various aspects of the organisation's activities, including procurement, supply chain, and business relationships. There are no cases of corruption or bribery registered against the Company or its employees during the reporting period. GRI 205-3

The anti-corruption policies and procedures have been communicated to the following stakeholders GRI 205-2

- All governance body members
- All employees across the organisation, regardless of their category or region
- All business partners, including suppliers, contractors, and other stakeholders, across different plants

Chemplast Sanmar recognises the importance of equipping all relevant stakeholders with the knowledge and tools needed to uphold the organisation's commitment to ethical and transparent business practices. Additionally, the organisation is open to communicating its anti-corruption policies and procedures to any other relevant parties or organisations as required.

**Vigil Mechanism/ Whistle Blower Policy**

Chemplast has embraced a Code of Conduct that upholds the principles of transparency, integrity, accountability, and corporate social responsibility at the highest level. The Company takes any actual or potential violation of this code very seriously. To ensure that ethical standards are maintained, the Directors, Employees, or any individual dealing with the Company are encouraged to play a vital role in identifying and reporting any instances of unethical behaviour, suspected fraud, or violations of the Company's Ethics Policy.

To achieve this, the Company has formulated a policy that serves the following purposes:

a. Providing a mechanism for employees and other individuals associated with the Company to report instances of unethical conduct, suspected fraud, or violations of the Ethics Policy to the Audit Committee or a designated Director acting as the Ombudsman on behalf of the Audit Committee.
b. Safeguarding the confidentiality and interests of employees and other individuals who report such practices from any form of victimisation.
c. Effectively communicating the existing mechanism both within the organisation and to external stakeholders.

To facilitate the objective of the policy, a dedicated email address, ombudsman@sanmargroup.com, has been introduced for reporting such concerns. During the year, no instance was reported under this policy. GRI 2-26

**Business Responsibility and Sustainability Policy**

In accordance with the National Guidelines on Responsible Business Conduct (NGRBC), Chemplast Sanmar has outlined its Business Responsibility and Sustainability Policy. The policy is a testament to the outlined values of the Company and aligns with the nine principles of the NGRBC, which focus on business integrity, sustainable production, employee wellbeing, responsive stakeholder engagement, human rights, environmental protection, inclusive growth, and good customer service.

The policy can be accessed at –
https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/csl-business-responsibility-sustainability-policy-v1.pdf

**Grievance Redressal Mechanism for Responsible Business Conduct**

GRI 2-25
GRI 2-26

Chemplast Sanmar has established a robust grievance redressal mechanism to address concerns and complaints from various stakeholders effectively. The Company's grievance redressal process is designed to ensure transparency, fairness, and timely resolution of issues. Here's an overview of the grievance redressal mechanism:

**Customers**

- Customer complaints regarding Product Quality or Dispatches are sent via email to the relevant Marketing team, either directly or through the dealers or agents associated with these customers. These complaints include specific information such as batch numbers and invoices. All such complaints are treated as high priority and are escalated to the respective Quality Control (QC) team at the plant if they are related to product quality or to the Sales Logistics team if they pertain to dispatch issues.
- In cases of quality-related complaints, members of the QC team may also visit the customer, depending on the severity of the issue. They provide corrective recommendations either on-site or by analysing samples of the affected material in the laboratory.

**Shareholders**

- A robust mechanism is in place to address grievances from shareholders and investors concerning their shareholdings. These complaints are promptly addressed by the Registrar and Transfer (R&T) agents as well as the secretarial team. Additionally, the Stakeholders Relationship Committee of the Board supervises and investigates any grievances that remain unresolved within the stipulated time frame.

**Employees and Workers**

- The Company's Human Resources department has established a procedure for handling the concerns of employees and workers. They have the option to submit their complaints to either the HR head or the plant head via email or suggestion boxes. Furthermore, the Company has implemented a Whistleblower Policy and mechanism that empowers employees to report any observed misconduct, wrongdoing, or other irregularities within the organisation without fear of retaliation or censure.

**Value Chain Partners and Communities**

- Value chain partners and communities can register their complaints and grievances by emailing at grd@sanmargroup.com or by sending them to the respective plant heads or functional heads. These concerns are promptly addressed by the relevant functional heads or location heads to achieve resolution. In cases where complaints persist without resolution within a reasonable timeframe, they are escalated to top management for resolution.

## Economic Performance

Chemplast Sanmar adopts a proactive approach to adapt to market conditions and anticipate potential risks. By investing in future-proof technology, the Company ensures the sustainability of its operations and enhances its financial performance. The evaluation also encompasses environmental risks, recognising their significance in the overall assessment. The economic performance for the fiscal year 2022-23 includes that of Chemplast Sanmar Limited (encompassing Mettur, Karaikal, Berigai, and Vedaranyam) and CCVL (encompassing Cuddalore).

GRI 201-1

Chemplast Sanmar is committed to achieving financial strength and economic resilience through its responsible and ethical business practices. The Company recognises the need for strong economic performance by capitalising on assets, expanding operations, creating value, and maintaining a competitive edge. The Company follows a scientific and systematic approach to ensure sustainability is integrated into the financial decision-making process. This approach enables it to make informed business choices, optimise performance, and align the actions with long-term sustainability goals. The Company's strong execution capabilities, developed over several decades, have contributed to its success in reaching new heights as a high-quality business enterprise. Currently, efforts are directed towards prudent investments aimed at expanding the business operations and enhancing the product portfolio.

GRI 201-2

Chemplast Sanmar recognises the risks and opportunities posed by climate change and understands their potential to generate substantive changes in operations, revenue, or expenditure. Physical risks include the potential impact of extreme weather events, sea-level rise, and changes in precipitation patterns on the Company's facilities, supply chain, and operations. Opportunities include energy efficiency improvements and water resource management in response to changing environmental conditions. The financial implications of physical risks and opportunities include potential losses from operational disruptions, increased maintenance costs, and potential savings from efficiency improvements. Regulatory risks arise from evolving climate-related regulations, such as carbon pricing or emissions reduction targets. Opportunities include incentives for adopting cleaner technologies and sustainable practices. Regulatory risks can lead to compliance costs, while opportunities can result in competitive advantages through early adoption of sustainable practices.

The table below provides financial highlights for the fiscal year 2022-23 for Chemplast Sanmar and CCVL. During the year, the Company has not received any financial assistance from the Government.

GRI 201-1
GRI 201-4

| Financial Highlights FY 2022-23 | Amount (INR Crores) | |
|---|---|---|
| | Chemplast Sanmar | CCVL |
| Gross Sales and Other Income | 2,222.42 | 3,054.34 |
| Profit Before Tax (PBT) | 166.69 | 4.78 |
| Capital Employed | 4,736.93 | 502.62 |
| Direct Economic Value Generated | 2,222.42 | 3,054.34 |
| Economic Value Distributed | 2,309.06 | 3,974.18 |
| Interest and Finance Charges | 22.64 | 131.38 |
| Materials and Services Purchase | 1,617.14 | 2,640.24 |
| Community Development | 4.21 | 3.71 |
| Contribution to the National Exchequer, through Taxes and Duties (Taxes Paid to the Government) | 403.73 | 1,004.92 |
| Contribution to Employee Gratuity Fund | 1.10 | 0.48 |
| Purchase of Materials and Services from Suppliers | 1,617.14 | 2,640.24 |
| Total Environmental Expenditure | 32.30 | 4.83 |
| Total CSR Expenditure | 4.21 | 3.71 |

| Procurement (FY 2022-23) | Chemplast Sanmar | CCVL |
|---|---|---|
| Procurement from Local Markets | 43.00% | 17.10% |

**Environmental Expenditure**

GRI 203-1

For FY 2022-23, CSL and CCVL incurred INR 37.13 crores towards various initiatives that directly impact its business. These initiatives encompass research and development, monitoring of the work environment, implementation of an Environment Management System (EMS) across the sites, fulfilling statutory requirements and obtaining necessary certifications. Investments were made in energy-efficient technologies, renewable energy sources, and resource conservation measures to reduce carbon emissions, water usage, and energy consumption, apart from improving the infrastructure on environment, safety, and occupational health. The implementation of these proactive measures allowed the Company to minimise the negative impacts of its operations and business activities, protect the environment, and preserve natural resources. Allocating adequate financial resources for environmental expenditure is essential to uphold Chemplast's commitment to responsible and sustainable practices.

**CSR Expenditure**

GRI 203-1

The Company holds a strong dedication to preserving the social values and cultural heritage of the local communities while promoting their overall development. During the fiscal year 2022-23, it actively engaged in numerous CSR initiatives. These interventions encompassed livelihood programs, rural infrastructure projects, healthcare initiatives, educational support, access to clean water, disaster management efforts, as well as training and skill development initiatives. The Company spent INR 7.92 crores towards CSR activities during the reporting period.

**Significant Indirect Economic Impacts**

GRI 203-2

The indirect economic performance of Chemplast Sanmar refers to the broader economic impact the Company has on various stakeholders and the economy beyond its business operations. This impact can be significant and can affect multiple sectors and communities. Indirect economic performance is evaluated based on various factors and indicators that assess the Company's contributions to economic growth, job creation, supplier networks, innovation, and community development.

Following are the reportable performances related to indirect economic performance during FY-2022-23:

- At Mettur, two ITI trained Government apprentices were imparted with the requisite knowledge to enhance skill sets during the year.
- Total number of trainees imparted with requisite knowledge to enhance skill sets -

| Mettur | Cuddalore | Berigai | Karaikal |
|---|---|---|---|
| 103 | 11 | 24 | 43 |

## Marketing Communications

GRI 417-1

In accordance with the Company's policy, Chemplast prioritises transparency and safety by providing customers with sufficient information about the products. This commitment enhances customer confidence and reflects positively on the Company's credibility. The customers have access to a comprehensive Material Safety Data Sheet (MSDS) that includes essential data regarding product handling, storage and transport precautions, emergency response measures in case of spills, disposal recommendations, and contact information for the manufacturer. The PVC product grades, specifically K6701 and CP-124, 121, and 120, manufactured at the Cuddalore and Mettur facilities, undergo rigorous testing to comply with the requirements of Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations. The Company is

committed to avoid any misleading or deceptive marketing practices. Marketing and labelling materials are designed to provide accurate and reliable information about the products, without exaggeration or false claims.

Chemplast conducts its business with integrity, ethics, and strict adherence to all relevant laws and regulations. In the fiscal year 2022-23, Chemplast did not face any significant fines or non-monetary sanctions for non-compliance. Moreover, there were no instances of non-compliance especially in marketing communication (that covers advertising, promotions & sponsorship) with respect to product/ service information, labelling or their health and safety impacts.

GRI 417-1
GRI 417-2
GRI 417-3

Chemplast has a clean track record without any legal actions related to anti-competitive behaviour, antitrust practices, or monopolistic activities. The Company has not engaged in the sale or distribution of disputed or banned products. Additionally, during the reporting period, there were no reported complaints concerning breaches of customer privacy or loss of customer data.

GRI 206-1

Customer complaints with respect to product quality/ dispatches are mailed to the concerned Marketing team either directly or through dealers/agents attached to these customers with details of batch number, invoices etc. All such complaints are treated on priority and then escalated to the concerned QC team at the plant (product quality related) or the Sales Logistics team (dispatch related). For quality related complaints, the concerned Quality Control team members also visit the customer depending on the seriousness of the complaint and suggest corrective action either directly at the customer site or by analysing the samples of the affected material at the Company's lab.

These factors demonstrate the Company's commitment to maintaining ethical practices, compliance with regulations, and prioritising customer satisfaction and data security.

## Operational Safety, Emergency Preparedness and Response

Chemplast Sanmar places a strong emphasis on product and safety stewardship to ensure the responsible management of its products throughout their lifecycle. The Company is committed to manufacturing products that meet stringent safety standards and comply with all relevant regulations and industry guidelines. The products undergo rigorous testing, assessment, and quality control processes to ensure their safety for customers, end-users, and the environment. Comprehensive risk assessments are conducted periodically to identify potential hazards associated with the products. This ensures that appropriate risk management measures are being identified and implemented, including safety protocols, labelling requirements, and handling guidelines, to manage the associated risks throughout the product lifecycle. The Company actively engages in product stewardship programs aimed at minimising the environmental impact of the products. This includes initiatives such as waste reduction, recycling, and sustainable packaging to promote responsible product use and disposal.

In addition to operating rural health centres in different locations, the Company actively engages with communities and transport crews to address and mitigate risks associated with occupational health and the safety. By implementing these programs, the wellbeing and safety of all stakeholders involved is being ensured, both within and beyond the organisation.

Based on the Company operations, key actual and potential adverse health impacts within the plant boundaries and on the local communities have been identified. To address this, the Company has implemented preventive and mitigation measures for each identified impact through initiatives such as Hazard Identification & Risk Assessment (HIRA) and Hazard and Operability Study (HAZOP). All the operational and work-related risks are managed through the well-defined risk management corporate guidelines. The work-related hazards are assessed through systematic risk management and opportunity for improvement approaches. Similarly, the plant & operational risks are managed through the process hazard analysis tools such as HAZOP, Quantitative Risk Assessment (QRA), Hazardous Area Classification (HAC), and Lighting Protection Studies (LPS). The routine and non-routine risks are assessed through Hazard Identification and Risk Assessment with a 5 X 5 Risk Assessment Matrix. Critical non-routine task risks are assessed through the Jobs Safety Analysis and Task-based Safety Risk Assessment. Additionally, it regularly conducts mock drills to assess and enhance the emergency preparedness levels across all sites. The Company also conducts environmental surveillance studies, which analyse air, water, and soil samples in the vicinity of the Company's plants, which are vulnerable to chemical impacts. These studies aim to ensure the integrity of the Company's operations and minimise or eliminate any negative environmental impacts. Through these proactive measures, Chemplast has successfully established safe and secure working conditions for all the employees and surrounding communities.

## Regulatory Compliance

GRI 2-27

Chemplast Sanmar is committed to upholding regulatory compliance across all aspects of its operations. The Company diligently follows and adheres to applicable laws, regulations, and industry standards that govern its activities. This includes compliance with environmental regulations, health and safety requirements, labour laws, product quality standards, and any other relevant legal obligations. For FY 2022-23, there were no cases of regulatory and statutory non-compliance.

Chemplast Sanmar maintains a strong focus on regulatory compliance by implementing robust management systems, conducting regular internal audits, and ensuring ongoing monitoring and evaluation of compliance performance. The Company actively stays informed about updates and changes in regulatory frameworks to ensure timely adjustments and adherence. By prioritising regulatory compliance, the Company demonstrates its commitment to responsible and sustainable business practices, protecting the environment, ensuring the health and safety of its employees and stakeholders, and maintaining a high level of product quality and integrity.

The Company ensures compliance with all relevant regulations and statutory requirements by implementing effective management systems and conducting regular audits. In addition, it adheres to ISO 14001 environmental management system and OHSAS 18001/ISO 45001 health and safety management system standards apart from complying with the codes of practices followed under Responsible Care Framework. These standards enable Chemplast to monitor, track, and document its compliance with the necessary requirements.

SANMAR
CHEMPLAST SANMAR LIMITED

# CONSCIOUS PRODUCTION

## Emissions

Chemplast has developed a robust accounting approach to compute the Greenhouse Gas (GHG) emissions, which include Scope 1 (emissions from direct sources under the Company's control), Scope 2 (emissions from purchased electricity), and Scope 3 (indirect emissions occurring in the value chain not covered in Scope 2). These emissions data are calculated as per the guidance of the GHG Protocol, Corporate Accounting and Reporting Standard.

*Zero Liquid Discharge (ZLD) facility, Chemplast Sanmar, Mettur.*

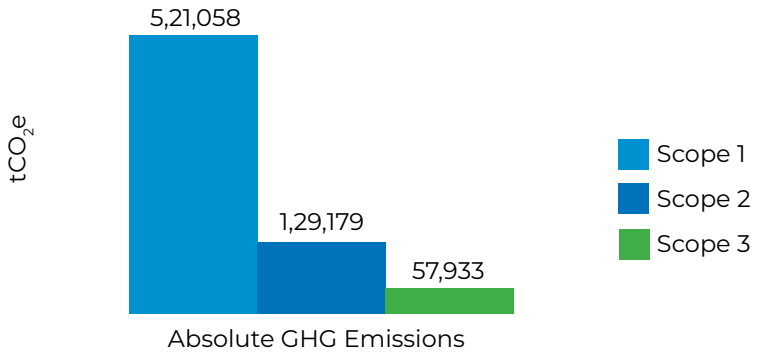
**Greenhouse Gas (GHG Emissions)**

GRI 305-1
GRI 305-2
GRI 305-3

Emissions data for Chemplast Sanmar depends on various factors, including the type of chemicals produced, the manufacturing processes used, energy sources, transportation, and other operational activities. Deep rooted in sustainability, the Company is dedicated to responsible sourcing, optimising resource utilisation, and reducing carbon emissions.

**Absolute GHG Emissions for FY 2022-23**

**Chemplast's GHG Emissions Performance (FY 2022-23)**



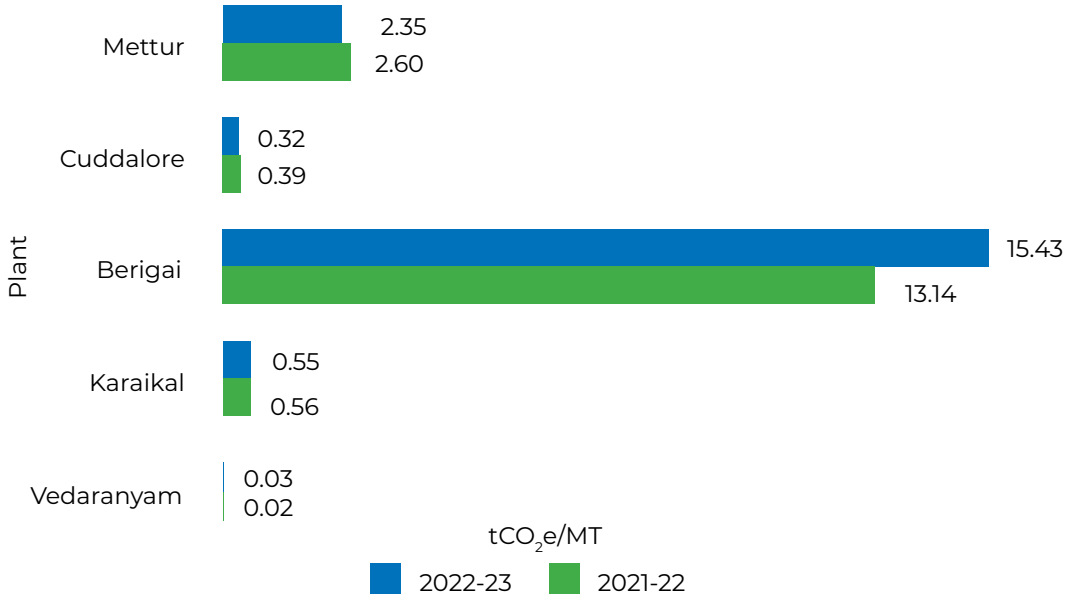

For 2022-23, Chemplast's Scope 1, Scope 2, and Scope 3 GHG emissions are 5,21,058 $tCO_2e$, 1,29,179 $tCO_2e$, and 57,933 $tCO_2e$ respectively. Scope 1 emissions consist of fuels like diesel, petrol, sub-bituminous coal, superior kerosene, natural gas, grey hydrogen, furnace oil, and LSHS. Scope 2 emissions have been calculated after taking into account 17,387 Renewable Energy Certificates (RECs). The above Scope 1 emission of 5,21,058 $tCO_2e$ excludes the biogenic emission amounting to 47.17 $tCO_2e$ towards the usage of briquettes at Mettur and sawdust at Cuddalore.

**GHG Emissions Intensity**

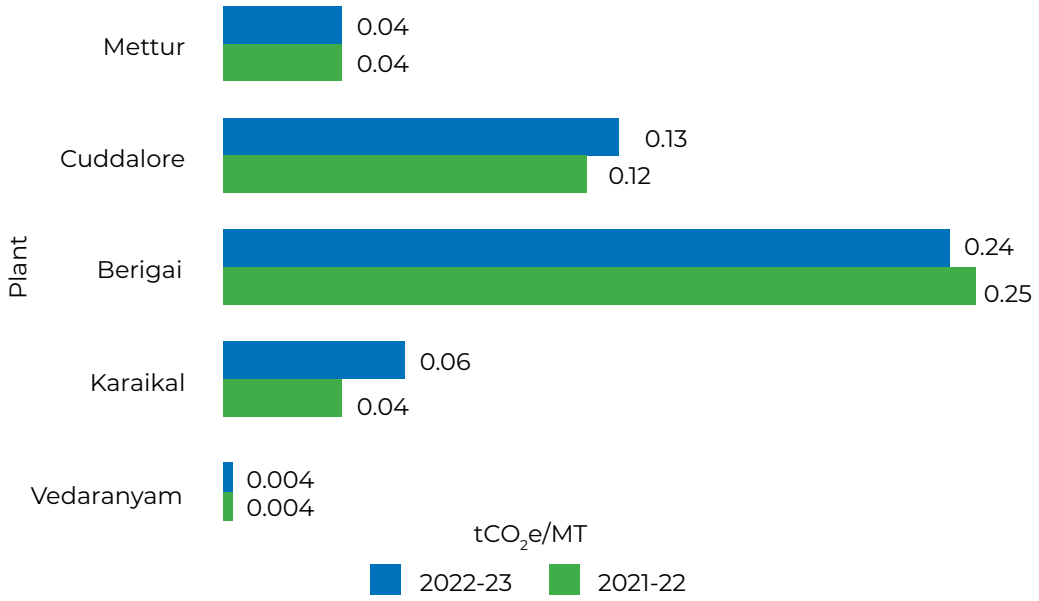
GRI 305-4
GRI 305-1

The emissions intensity of the plants refers to emissions produced per unit of material output ($tCO_2e$/MT) which excludes biogenic emission due to usage of biomass. The Company tracks its progress by measuring and monitoring the emissions intensity to ensure a constant performance threshold. The usage of briquettes at Mettur and sawdust at Cuddalore contributes to direct GHG emissions (Scope 1) in the form of biogenic emissions, amounting to 28.83 $tCO_2e$ and 18.34 $tCO_2e$, respectively.

**GHG Emissions Intensity by Plant (Scope 1 & 2)**



**GHG Emissions Intensity by Plant (Scope 3)**




In addition to greenhouse gases (GHGs), the Company manages and assesses the air emission pollutants generated by the business operations. Stringent air quality standards are maintained both within and around the Company's facilities. The Company strictly adheres to national and local regulations to ensure emissions remain well below the prescribed regulatory limits.

**Carbon Footprint Management Initiatives**

Here are some of the measures implemented to manage the overall carbon footprint of the Company:

1. Alternative fuels (briquettes and sawdust) and renewable energy sources are utilised at most of the Company's sites.
2. A captive incinerator has been deployed using hydrogen as fuel at plant 1 of Mettur to avoid the impact of R-23, which has a high Global Warming Potential (GWP) on atmosphere.
3. The utilisation of grey hydrogen gas and natural gas represents cleaner energy alternatives compared to other fossil fuels within Chemplast's energy mix.
4. The operation of microturbines at the Coal Power Plant in Mettur aims to improve energy conservation.
5. Waste Heat Recovery Boiler has been installed at the Captive Power Plant - 1 & 2 of Karaikal facility.

## Ozone Depleting Substances (ODS)

GRI 305-6

Total ODP potential of refrigerant gases R-22 (2.68 MT), R-404 (0.44 MT) and R-407C(0.09 MT) used by the Company during FY 2022-23 is 0.15 metric tonnes of CFC-11 equivalent.

## Air Emissions

GRI 305-7

Chemplast has established a comprehensive system of measures and advanced technological tools to oversee, control, and minimise air emissions such as Sulphur Oxides (SOx), Nitrogen Oxides (NOx), and Particulate Matter (PM). Maintaining air quality in nearby regions and communities necessitates reducing emissions and implementing effective monitoring practices. Additionally, the Company collaborates with regulators and industry peers to evaluate the performance and adhere to best practices within the facilities. As this aspect significantly influences external stakeholders, its impact extends beyond the organisation. The Company does not have any sources of Hazardous Air Pollutants (HAP) and Persistent Organic Pollutants (POP) emissions in its operations. However, it has implemented a Leak Detection and Repair (LDAR) program, carried out by competent external agencies, to minimise fugitive emissions of Volatile Organic Compounds (VOC) from process equipment such as flanges and connectors. As a result, there is no significant presence of VOC emissions, and therefore, they are not detected.

| **78.52** | **308.21** | **452.36** |
|---|---|---|
| **Metric Tonnes** | **Metric Tonnes** | **Metric Tonnes** |
| Absolute PM Emission | Absolute NOx Emission | Absolute SOx Emission |

Chemplast has employed a Continuous Emission Monitoring System (CEMS) at Mettur and Cuddalore facilities to continually monitor emissions of SPM, SOx, NOx, etc. This online monitoring system is directly connected with the Care Air Centre of State Pollution Control Board. The Company ensures strict adherence to regulatory standards concerning air emissions.

Marine Terminal Facility, Karaikal.

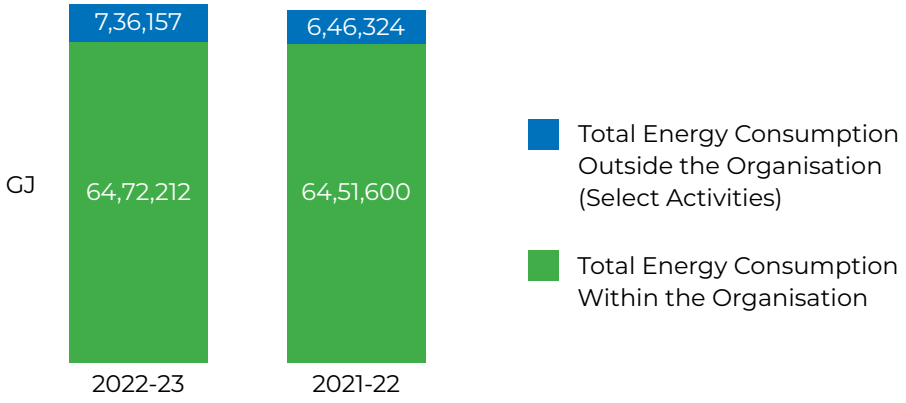
## Energy Management

Chemplast Sanmar has developed a comprehensive energy management approach to ensure efficient utilisation of energy. Prioritising energy management, it aims to not only enhance operational efficiency and contribute to cost savings but also reduce the Company's overall environmental impact.

Through measures such as using biomass fuel for heating, retrofitting existing machinery, and capturing and recycling of energy, it has ensured a reduction in the overall energy footprint and the consequent reduction in emissions. The majority of the plants have undergone a reduction in direct energy consumed through fuels and through indirect electricity consumption per unit of production.

**Total Energy Consumption**

GRI 302-1
GRI 302-2




GRI 302-1
GRI 302-2

There has been an increase in the total energy consumption within the organisation by 0.32%. The energy utilised outside the organisation per unit of output showcases consumption for the distribution of raw materials to work and the distribution of finished goods. These include diesel, heavy fuel oil and grid electricity for powering electric trains. The consumption outside the organisation has seen an increase of 13.90%. The Company faced a difficult situation as a result of various factors, including the escalation in energy prices due to the Russia-Ukraine war, significant impact on Chinese demand caused by their Zero-Covid-19 policy, and the subsequent dumping of products into India. Additionally, rising interest rates worldwide added to the challenges encountered. In the medium to long term, Chemplast has a positive outlook in terms of the demand for all its products, which appears to be robust, ably supported by a decline in energy costs. Although there are some immediate challenges, the Company maintains an optimistic view of the overall business landscape and believes that the capital investments will enhance their margins and further strengthen their competitive position.

### Key Energy Reduction Initiatives Undertaken During FY 2022-23

Some of the specific initiatives taken in the reporting year to ensure energy savings include:

GRI 302-4
GRI 305-5

| Description | Energy Savings (In GJ) FY 2022-23 | Emission Reduction ($tCO_2e$) FY 2022-23 | Implementation Location |
|---|---|---|---|
| Retrofitting of electrical equipment | 5,960 | 1,184 | All plants except Vedaranyam |
| Using Microsoft Teams/ Google Meet for meeting | 89 | – | Cuddalore |
| Energy saving through vehicle pooling for staff movement from the residence to work and return | 389 | 35 | Cuddalore |
| Energy reduction - Fuel (Waste Heat Recovery-based steam generation in CPP I) | 87,175 | 6,769 | Karaikal |
| Energy reduction- Fuel (Waste Heat Recovery-based steam generation in CPP II) | 52,615 | 4,085 | Karaikal |
| Energy reduction- Fuel (Usage of Hydrogen in Caustic Flaker Unit) | 49,901 | 2,802 | Karaikal |
| TOTAL | 1,96,129 | 14,875 | |

For FY 2022-23, the Company undertook various energy and emission reduction initiatives at the plant level. A total of 1,96,129 GJ energy savings and 14,875 $tCO_2e$ emission reduction were reported during the financial year. Total emission avoidance from R-23 incineration amounted to 2,81,356 $tCO_2e$ and that from using virtual platforms from meeting amounted to 6.40 $tCO_2e$. This reflects the Company's ongoing efforts to reduce the carbon footprint efficiently.

Greater Flamingos at Vedaranyam Bird Sanctuary.

## Switching to Bio-Briquette as an Alternative Fuel in Coal-Based Power Plant

An ongoing initiative since January 2023, bio-briquettes along with coal are being utilised in the Coal-Based Power Plant located in Mettur for Boilers 1 & 2. Prior to this initiative, the power plant utilised imported coal to generate steam in its AFBC boilers. The amount of coal utilised depended on the steam and power demand. The coal procurement was based on predetermined specifications to maintain controlled emissions from the boilers. The introduction of bio-briquettes, eco-friendly compressed sawdust, and biomass waste, aimed to conserve resources and reduce $CO_2$ emissions. The current usage of bio-briquettes has increased upto 500 Mt per month with a defined proportion of 2.70% on heat basis. Despite $CO_2$ release upon burning, bio-briquettes are considered carbon-neutral due to a balanced carbon cycle. Unlike coal, which releases stored carbon, this approach curbs pollution and costs, offering a plant-friendly, sustainable solution.

The switch to bio-briquettes has led to several benefits.

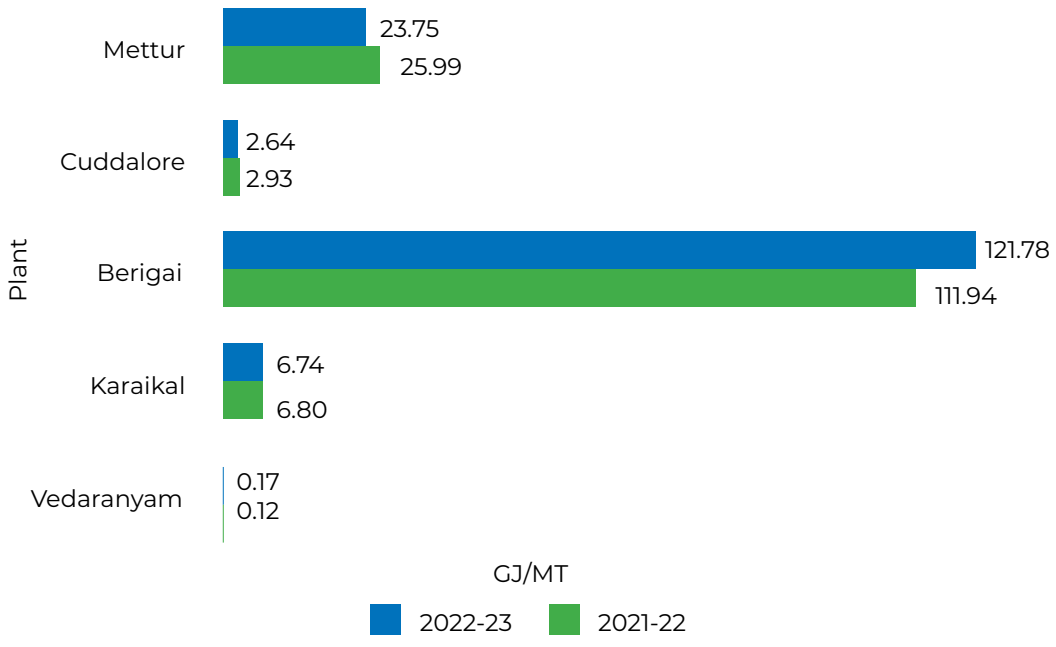
- It has helped to reduce environmental pollution by minimising $CO_2$ emissions.
- Bio-briquettes are more cost-effective compared to coal.
- The implementation of the initiative posed no requirement for plant modifications, rendering it a viable and sustainable substitute to fulfil the power plant's energy requirements.

### Energy Intensity

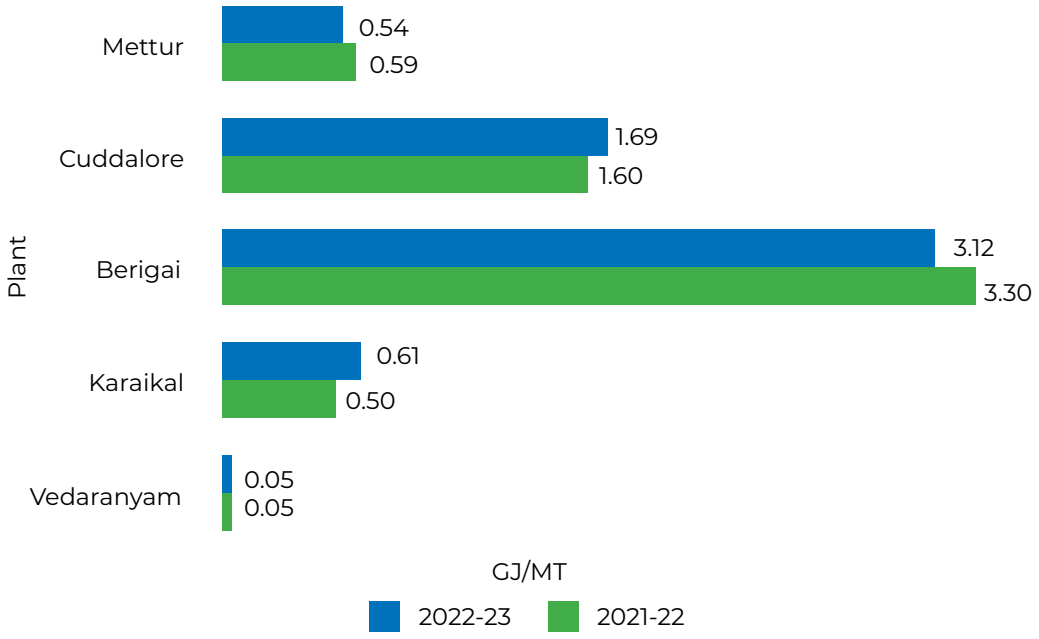
GRI 302-3

Energy intensity showcases the energy consumed per unit of output (GJ/MT). The boundary of this metric only includes direct energy consumed in the form of fuels and indirect purchased energy such as electricity. Intensity ratio for energy consumption consists of fuels like diesel, petrol, sub-bituminous coal, superior kerosene, natural gas, grey hydrogen, furnace oil, LSHS, and purchased electricity.

**Intensity ratio for energy consumption within the organisation**



**Intensity ratio for energy consumption outside the organisation (select activities)**




**Key Energy Conservation Measures and their Financial Impact –**

GRI 302-5

| Description | Substitution/ Reduction in energy consumption per annum (Lakhs KWh) | Annual Savings in Cost of Production (INR, in Lakhs) |
|---|---|---|
| Ammonia Compressor Chiller optimisation by adding 2 additional condensers - Mettur Plant II | 7.20 | 48.10 |
| Installation of Screw Compressor for instrument air in CBPP - Mettur Plant III | 1.00 | 6.70 |
| Energy saving through installation of IE3 motors – Mettur Plant IV | 0.80 | 5.60 |
| Change in Variable Frequency Drive (VFD), Cooling Tower Fans, and Gradation of Vacuum Pumps | 1.27 | 8.50 |
| **Total** | **10.27** | **68.90** |

## Safety and Environmental Stewardship of Chemicals

**The Sanmar Group Safety Management System: Prioritising a Zero Harm Culture**
Chemplast Sanmar, as a part of The Sanmar Group derives the culture of safety from the group's values and priorities. Through a systematic approach, the Company has implemented safety practices which are in alignment with international safety standards like ISO 45001 and the British Safety Council's Occupational Health & Safety Management System. They have also adopted voluntary initiatives like Responsible Care Codes, Risk-Based Process Safety Management, and Behaviour-based Safety to maintain a 'Zero Harm Culture'.

| | |
|---|---|
| **Our Goal:** **ZERO Harm Culture by 2027** | Life Impacting Injuries |
| | Process Safety Events |
| | At-Risk Behaviour |

Permanent and contractual employees play a vital role in representing the workforce when it comes to occupational health and safety matters. Their role includes advocating for safe working conditions, conveying worker concerns to the management, and actively participating in initiatives aimed at enhancing workplace safety. Through their efforts, these representatives help create a safer and healthier work environment for all employees, both permanent and contractual, fostering a culture of wellbeing and protection.

The 'Visible Felt Leadership' concept has been a cornerstone of Chemplast's safety approach since 2022. This type of leadership is easily observable, leaves a positive impression, demonstrates personal commitment, permeates the organisation, and influences all employees and contractors.

The 'Leading Safety Effort' workshop, conducted by DuPont Sustainable Solution (DSS+), for the leaders within the organisation has reinforced the leadership's commitment to safety.

**Safety Certification**
All the chemical plants adhere to the ISO 45001 Occupational Health & Safety Management System. In the past year, the certification was maintained through a successful surveillance audit, apart from a new certification in Mettur Plant 4.

The standard provides a framework for organisations to improve occupational health and safety through key features such as worker participation in risk identification and

The Sanmar leadership team interacting with DuPont faculty.


addressal, strong leadership, positive safety culture, regular evaluation of health & safety performance, effectiveness of management systems, organisation-specific internal and external factors for consideration of improved security.

The Occupational Health and Safety standards in the Company align with the British Safety Council's latest specifications, earning a five-star rating for all the chemical plants last year. The Company is looking forward to the audit of the Berigai plant next year and aiming to receive the 'Sword of Honour' in 2023-24.

To receive the Sword of Honour, the Company cleared the five-star British Safety Council certification audit for health, safety, and environment. Following this, the Company demonstrated the Company's effective safety management system and culture, encompassing both the physical and mental health wellbeing of workers to an independent adjudication panel.

As a part of Chemplast's commitment to go beyond legislative and regulatory compliance, it has adopted the Responsible Care® initiative. This voluntary initiative adopted by chemical companies' worldwide includes commitments to:

01 Continuously improve environmental, health, safety, and security knowledge

02 Efficiently use resources and minimise waste

03 Report openly on performance, achievements, and shortcomings

04 Engage with people to understand and address their concerns and expectations

05 Cooperate with governments and organisations in the development and implementation of effective regulations and standards

06 Provide help and advice to foster responsible management of chemicals throughout the product chain


All the chemical plants of Sanmar in India implement the Responsible Care international codes. Following an audit by the Indian Chemical Council experts last year, the Company has retained the RC Logo, valid until 2025.

**Process Safety Management and Behaviour-Based Safety**

GRI 403-1
GRI 403-4

Chemplast Sanmar embarked on a mission to enhance its safety culture. They initiated the engagement in a comprehensive Process Safety Management (PSM), Gap Assessment, and Safety Perception Survey, starting with the Mettur location. This study highlighted several areas of focus that formed the backbone of the safety program:

- FELT Leadership
- Process Safety Information
- Process Hazard Analysis
- Contract Safety Management
- Mechanical Integrity and Quality Assurance
- Behaviour-based Safety
- Safe Work Practices

GRI 403-1

The Company has taken proactive measures to implement Occupational Health and Safety (OHS) management system across all the facilities. The OHS management system is legally compliant, and the requirement of an emergency preparedness plan as stipulated in the Manufacture, Storage, and Import of Hazardous Chemical Rules is in place.

The Company's OHS policy extends its coverage to regular employees, contract employees, and all visitors at the facilities. This policy underscores the commitment to ensuring the wellbeing and safety of everyone associated with Company's operations.

To meet the OHS requirements of each of the units, relevant training programs are conducted. These training initiatives are designed to address the specific OHS needs of each of the facilities, and standard consolidation is done at an organisational level.

**Risk Management**

GRI 403-2

Critical risks at the plant are assessed using assessment tools such as HAZOP, QRA, HAC, and LPS. These studies were carried out in 2022-23 in all the chemical plants with the recommendations duly integrated to manage risks.

To further boost its risk management capabilities, the Company initiated Barrier Health Management (BHM) studies, Layer of Protection Analysis (LOPA), and Safety Integrity Level (SIL) studies in 2022. These tools helped Chemplast identify preventive and recovery barriers for major scenarios that could have a significant impact on Chemplast's operations. More information is available on page 85 of the Annual Report for FY 2022-23 https://www.chemplastsanmar.com/downloads/cslfinancials/csl-annual-report-2023.pdf .

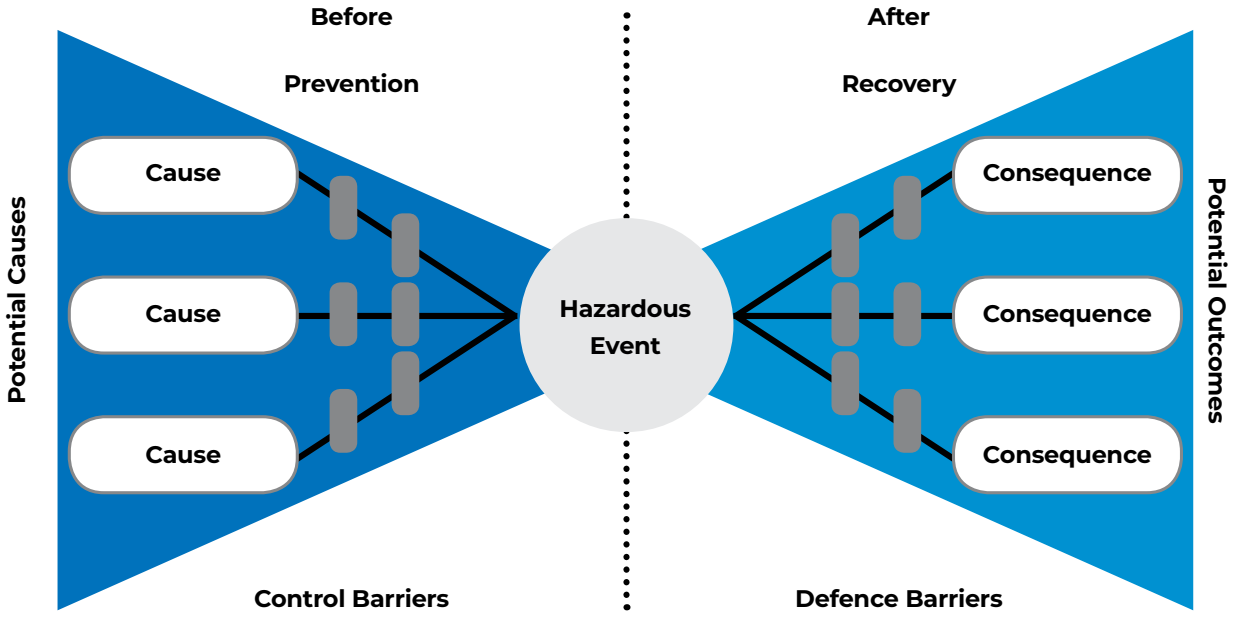
GRI 403-5

**Commit to Process Safety**
- Process Safety Culture
- Compliance Standards
- Process Safety Competency
- Workforce Involvement
- Stakeholder Outreach

**Understand Hazards and Risk**
- Process Knowledge Management
- Hazard Identification and Risk Analysis

**Learn from Experience**
- Incident Investigation
- Measurement and Metrics
- Auditing
- Management Review and Continuous Improvement

**Manage Risk**
- Operating Procedure
- Safe Work Practices
- Asset Integrity and Reliability
- Training and Performance Assurance
- Contractor Management
- Management of Change
- Operational Readiness
- Emergency Management



At Chemplast Sanmar, hazards and operability problems are timely identified to ensure efficient operations and design adherence. This is conducted in a structured way and focused on the operability and systematic examination.

The Company also completed HAZOP Revalidation for Custom Manufactured Chemicals Division, Berigai plant and Mettur PVC division in 2022-23. In addition, an external Fire Risk Assessment study was conducted at Chemplast's PVC division to further enhance the existing safety protocols.

In collaboration with Sandia National Laboratory and Indian Chemical Council, Chemplast conducted a Security Vulnerability study at the CCVL plant and the marine terminal facility.

The Mettur PVC division crossed a significant milestone of five million safe man-hours without any Lost Time to Injury. The division's commitment to safety was recognised as the Best Safety Management Practice during the internal awards audit. This milestone marks a significant achievement and stands testimony to the Sanmar safety management systems.

Safety Milestone:

**Five Million**

Safe Man-Hours

## Installation of Mechanised Bed Material Feeding System in Boilers at Coal Based Power Plant

The automated system was installed at the coal-fed power plant at Mettur, focusing on the implementation of an automated coal feeding system. The plant had two sizeable boilers that relied on a manual coal feeding process, which came with a range of challenges. Workers were tasked with the labour-intensive job of manually feeding coal into the boiler. This involved carrying heavy 40 kg bags of coal material to a height of 15 meters, creating physical strain and potential safety hazards. The manual handling of heavy loads and the need to work at elevated heights led to safety concerns. The risks included injuries from lifting heavy bags and the potential for falls while working at height. The manual process was time-consuming and demanded continuous attention. It required a considerable workforce operating in shifts to ensure uninterrupted boiler operation.

In response to these challenges, a pneumatic bed feeding system was introduced at the plant to enhance operational safety and efficiency. This automated system involved the installation of coal storage and a rotary feeder to facilitate the automated movement of coal into the furnace. By employing air pressure, the coal was conveyed to a storage area located 18 meters above, enabling a sequential and automatic operation. Pneumatic bed feeding is a technique employed in industrial settings, like power plants, to automatically transport solid materials such as coal through pipelines via air pressure. This approach minimises manual labour, enhances safety, and optimises operational efficiency.

The new automated system yielded substantial improvements in both safety and efficiency. This allowed the reallocation of workers to different tasks and priorities. Consequently, plant operations became streamlined, and the work environment became safer for the employees.


## Installation of Screw Compressor for Instrument Air at Coal-Based Power Plant

The upgrade was implemented at the Mettur power plant that utilised air compression. Prior to the initiative, reciprocating air compressors were deployed at the plant, which were noisy and consumed substantial electricity. These machines alternated between working and resting modes based on air pressure requirements.

Upgradation of air compressors involved replacing one reciprocating air compressor with a screw compressor. Unlike the previous compressors, the screw compressor operated continuously by compressing air between meshed rotors. This compressed air serves various functions within the power plant. The screw compressor has been designed for energy efficiency by automatically adjusting air pressure according to operational needs.

The benefits of this change were twofold. The power plant achieved a daily electricity saving of 276 units. Additionally, the new screw compressor reduced noise levels from 92 decibels (dB) to 86.5 dB, creating a quieter work environment and enhancing energy efficiency.

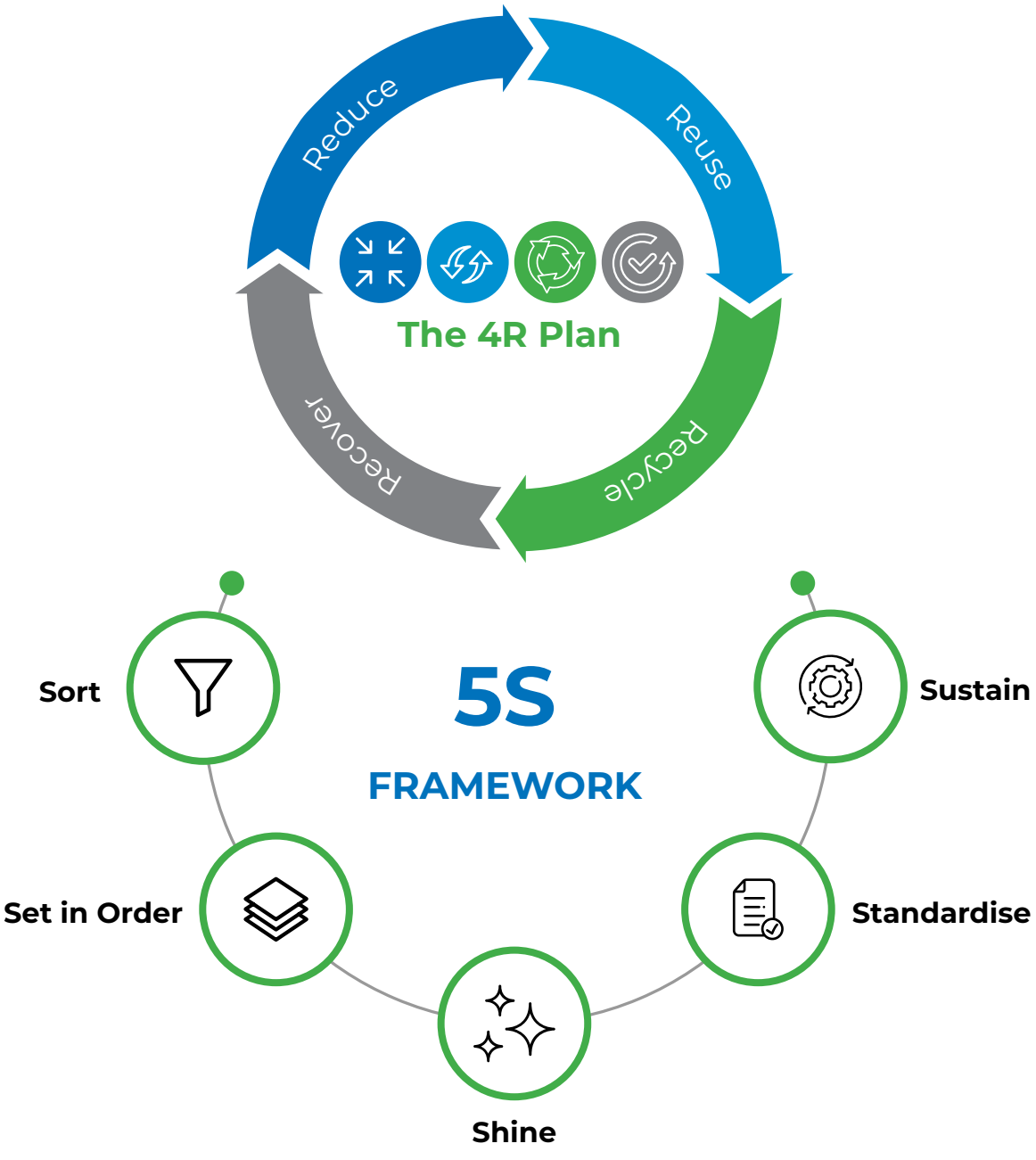

Even slight changes in decibel levels represent significant shifts in sound intensity. By reducing noise levels to 86.5 dB, the risk of hearing damage due to prolonged noise exposure was minimised. Lower noise levels improved working environment, productivity, and wellbeing, reducing the potential for noise-induced stress and associated health issues.

*Marine Terminal Facility, Cuddalore*

## Waste Management

GRI 306-1
GRI 306-2

Chemplast has devised the 5S framework which ensures the safe handling and management of waste, a must in the chemical industry. This framework helps the Company in following operating procedures focused on the 4R philosophy of Reducing, Reusing, Recycling, and Recovering. A dedicated team functions to systematically identify and analyse potential risks of waste generation and develop strategies for mitigation while prioritising the utmost level of safety, compliance, and operational efficiency. Comprising store staff, functional Head of Departments, 5S trainers and plant heads, the team is assembled to reduce operational blind spots. The Company utilises environmentally responsible waste management practices, including recycling and selling waste materials as raw materials for co-processing in other industries. Chemplast's waste management approach is founded on the principles of 4R aligned with the imperative of adopting a circular economy.



GRI 306-3
GRI 306-4
GRI 306-5

**28,429**
**Metric Tonnes**
Total Waste Generated in FY 2022-23

**18,530**
**Metric Tonnes**
Total Waste Reused in FY 2022-23

**1,385**
**Metric Tonnes**
Total Waste Recycled in FY 2022-23

**7,828**
**Metric Tonnes**
Total Waste Sent to the Landfill in FY 2022-23

**1,282**
**Metric Tonnes**
Total Waste Sent for Incineration in FY 2022-23

**Management of Hazardous and Non-hazardous Wastes**

GRI 306-1
GRI 306-2

Chemplast Sanmar has a comprehensive approach to managing hazardous and non-hazardous wastes generated across its operations, ensuring compliance with environmental regulations and responsible waste disposal practices. Here's an overview of the waste management processes:

**Hazardous Wastes Disposal:**

01 **Used or Spent Oil:** Generated from rotating machinery at various locations, it is disposed of to authorised recyclers.

02 **Empty Barrels/Containers:** These containers, contaminated with hazardous chemicals or wastes, are appropriately managed and disposed of according to regulations.

03 **Spent Solvents & Spent Catalyst:** Generated from the production process at the Berigai location, these hazardous wastes are disposed of with authorised recyclers.

04 **ETP Sludge:** Chemical sludge from the Effluent Treatment Plants at multiple locations is sent to an authorised Common TSDF (Treatment, Storage, and Disposal Facility) for secure landfilling.

05 **Brine Sludge:** Generated during salt purification processes in Mettur Plant-3 and Karaikal, this waste is sent to an authorised Common TSDF.

06 **Evaporator Solids & Desalination Plant Sludge:** These wastes from Cuddalore are also sent to an authorised Common TSDF for secure landfilling.

07 **ZLD Salt & ZLD Sludge:** ZLD Evaporator residues from Mettur Plant-2 are either recycled as raw material for brine preparation or co-processed at cement manufacturing plants, depending on the type of waste.

08 **Process or Distillation Residues:** Residues from various production processes are managed through captive incineration at Mettur Plant-2 or authorised common TSDFs.

E-Waste and Battery Waste: Electrical scraps (E-Waste) and used batteries (Battery Waste) are disposed of through authorised recyclers, ensuring safe handling and recycling practices.

Non-Hazardous Wastes: Fly ash and bottom ash are sold to brick manufacturers for reuse, while metal and wood wastes generated during plant operation and maintenance are sold to recyclers.

**Audit and Compliance:**
Chemplast Sanmar conducts regular audits of the sites operated by authorised vendors responsible for reusing and processing waste. These audits ensure the integrity of waste management operations, compliance with legal requirements, and the safe and environmentally sound utilisation of hazardous waste.

Waste management for Chemplast Sanmar involves the systematic handling, treatment, and disposal of waste generated during its operations. It is critical to adopt responsible waste management practices to minimise environmental impacts and ensure compliance with regulatory requirements. The environmental departments of all the facilities monitor the process for collection and disposal of waste. They are also responsible for relevant regulatory filings.

### Regulatory Compliance

The Company follows the guidelines specified in the Plastic Waste Management Rules established by the Central Pollution Control Board (CPCB). The Company is registered in the Extended Producers Responsibility (EPR) portal of CPCB. Additionally, there are well-defined procedures for the disposal of recyclable waste such as e-waste, hazardous waste, and other materials through the State Pollution Control Board (SPCB) and authorised agencies. All the plants are registered in the EPR portal of CPCB to comply with the Plastic Waste Management Rules of 2016 and its subsequent amendments, both as 'Brand Owner' and 'Importer'.

### Significant Spills

GRI 306-2

While dealing with hazardous materials and products, an event of a chemical spill can be highly detrimental for public health and the environment. Stringent processes are in place to avoid any such situation posing risks. During the past reporting period, the Company had no significant spills at the sites.

## Sustainable Supply Chain

Chemplast has longstanding associations with suppliers and business partners which is fortified through a fair procurement process and decisions which hinge on a transparent and accountable approach. Evaluation of the supply chain for ensuring quality and safety across the value chain is crucial and a regular practice.

GRI 308-1
GRI 308-2

Chemplast has shown its ability to adapt and overcome challenges in its supply chain by maintaining robust connections with suppliers and ensuring transparency and traceability. Despite the difficulties, the Company diversified its sourcing, monitored supplier performances, collaborated with industry peers, and invested in technology to ensure the smooth operation of its supply chain. It aims to develop an inclusive risk mitigation strategy to reduce negative effects on the business, environment, and society. The Company maintains regular communication and engagement with its key suppliers. Additionally, specific environmental, social, and legal compliance aspects are carefully assessed as part of the on-boarding process. Based on feedback, the Company identifies potential risks and takes necessary actions to ensure compliance with its sustainability goals.

GRI 414-2

An engagement is carried out to identify and mitigate procurement risks. This ensures a buffer from negative outcomes on the business, environment, local communities and the society. The Company's strategy to identify incongruities in the endeavour for sustainability includes addressing key challenges encountered by the suppliers. To promote responsible procurement, corrective plans are devised, and capacity building is undertaken for the vendors. It is a step for nurturing a robust supply chain, through a methodical approach. Chemplast engages with its suppliers for continuous improvement in select areas of identified shortcomings in a phased manner. The Company seeks to uplift its suppliers to adhere to leading practices through this engagement.

GRI 414-1
GRI 414-2

| Supply Chain Assessment for FY 2022-23 | Number of Suppliers |
|---|---|
| Supply chain responses received from vendor | 61 |
| Supplier responses | 5 |
| Suppliers evaluated for environmental & social parameters | 61 |
| Suppliers adhering to ISO 14001 | 14 |
| Suppliers adhering to ISO 45001, 9001 | 39 |
| Suppliers who were re-contacted for non-compliance or for improvement | 24 |
| Suppliers disengaged from material supply /services | 1 |
| Suppliers evaluated at site | 2 |

## Water Management

GRI 303-1

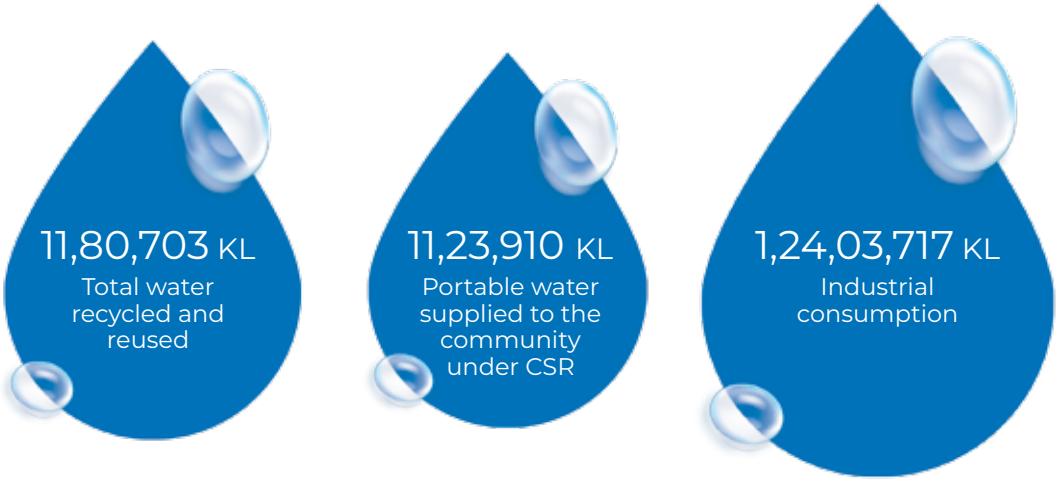
As a conscientious company, Chemplast acknowledges the scarcity of water and its invaluable importance to the planet. As a responsible member of the chemical industry, the Company strives to minimise water consumption and implement sustainable water management practices. Through stringent measures and advanced technologies, it ensures effective treatment of effluents, thereby protecting water resources. The Company has maintained Zero Liquid Discharge (ZLD) status across the plants for many years, moving forward on the agenda on responsible water usage and conservation of potable water.

GRI 303-3

| S. No. | Water Withdrawal (FY 2022-23) | Volume (KL) |
|---|---|---|
| 1 | Water withdrawal - Surface Water | 25,90,495 |
| 2 | Water withdrawal - Ground Water | 2,27,696 |
| 3 | Water withdrawal - Sea Water | 1,19,99,917 |
| | **Total Water Withdrawal** | **1,48,18,108** |

In FY 2022-23, out of the total water intake of 14.8 million KL, 17% was sourced from surface water, 2% from ground water, and 81% from sea water.

**Water Consumption (FY 2022-23)**




GRI 303-5

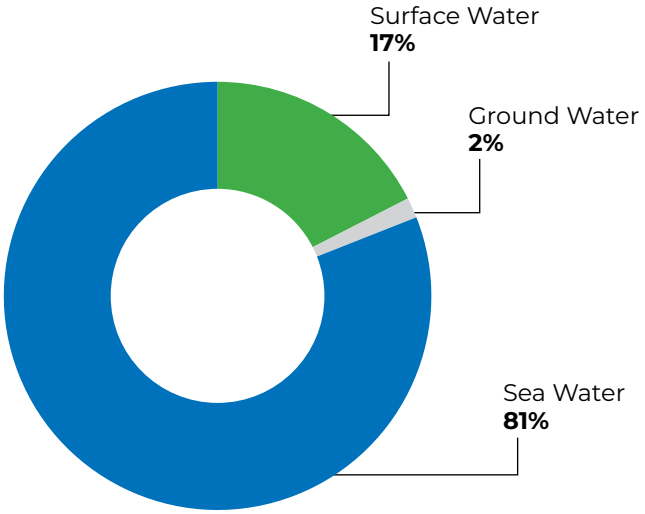
In FY 2022-23, 11.8 lakh KL water was recycled and reused, 11.2 lakh KL treated water was supplied to the community under CSR and 124 lakh KL was utilised by business operations. The Company has implemented various strategies and practices to optimise water consumption and minimise environmental impact. It focuses on reducing water consumption by implementing advanced technologies and best practices across the operations. It emphasises water recycling and reuse within the business operations. Effluent water is treated to meet regulatory standards, and the treated water is then reused for non-potable purposes. The Company engages with local communities and stakeholders to create awareness about responsible water usage.

GRI 303-1

Chemplast is dedicated to ensuring that the operations have minimal adverse impacts on the environment, particularly in relation to water resources. To achieve this, the Company conducted a thorough Environmental Impact Assessment (EIA) in 2019 at Mettur Plant-IV, employing industry-standard methodologies and tools. This assessment was meticulously

designed to analyse and understand the various ways in which the Company's activities could potentially affect water-related ecosystems, including quality and availability. Assessment study of manufacturing of hydrogen peroxide and its impact on select regions in Tamil Nadu was evaluated. During the study, surface water sampling results were compared with the Surface Water Standards IS 2296:1992. The pH levels varied between 7.49 and 8.11 and TDS value ranged within 253mg/l to 462 mg/l, which is well within the limits of the prescribed standard.

**Water Withdrawal Sources (%)**




GRI 303-3

Chemplast has ensured that the facilities are strategically positioned far away from any regions of high biodiversity significance. In locations such as Cuddalore and Karaikal, where desalination plants are being operated, the water that is not utilised for operations, known as 'Rejects', is released back into the sea. In the financial year 2022-23, the quantities of desalination reject water discharged was 2,64,242 $m^3$ and 9,90,711 $m^3$ from the Karaikal and Cuddalore plants respectively. Additionally, 3,416 $m^3$ of treated Sewage Treatment Plant (STP) water was reused in the Company's greenbelt. All the facilities are located in regions without water scarcity issues, resulting in the absence of trade effluent water discharge from any of the sites. None of the chemical manufacturing facilities operated by Chemplast fall within the water-stressed regions in India.

GRI 303-2

**Zero Liquid Discharge**

Since 2009 the Company has been achieving zero liquid discharge at numerous sites, which is maintained throughout the operations by in-house water treatment, recycling, and reuse. No amount of the wastewater is externally discharged in the surrounding environment. By adopting Zero Liquid Discharge systems and desalination units at coastal areas, it has achieved exceptional water management standards.

GRI 303-4

Both the State Board and Central Pollution Control Board consistently monitor its Zero Liquid Discharge (ZLD) status. The Company has been able to achieve this by employing IP-enabled night vision cameras for continuous 24-hour monitoring and capturing real-time water flow data. Furthermore, it transmits flow meter data from the ZLD system to the water quality watch centres of TNPCB. In support of the green belt development initiative, the Company utilises both industrial water and treated sewage water for irrigation purposes. Given that all of the Company's facilities have successfully implemented Zero Liquid Discharge (ZLD) systems, the parameters related to discharge are not applicable.

## Materials

GRI 301-1

Responsible production and consumption play a crucial role, particularly in material-intensive industries like the chemical sector. Chemplast Sanmar prioritises responsible sourcing of materials and employs an “Optimal Resource Utilisation” strategy to maintain the quality of raw materials during transportation and minimise material wastage. Additionally, it encourages the customers to take charge of packaging materials at their end, recognising the complexities associated with the reclamation process in the chemical business.

| Safety Measures | Description |
|---|---|
| **GPS Tracking** | GPS-equipped vehicles are used for transporting materials, allowing real-time monitoring and communication in case of any deviations. |
| **Rubber Lining Certification** | Vehicles carrying acids undergo quarterly certification with pre-qualified agencies to ensure the integrity of rubber lining and minimise failure risks. All tankers are checked and cleaned properly to reduce the probability of rubber lining failure due to excessive heat from exothermic reactions between incompatible materials. |
| **Safety Review with Truck Crews** | Regular reviews are conducted with truck crews every quarter to address safety aspects associated with chemical transportation. This practice aids in mitigating transportation hazards, and a designated transport safety officer oversees secure transportation and regulatory compliance. |
| **ISO 14000 and ISO 45000 Certification** | Suppliers are encouraged to obtain ISO 14000 and ISO 45000 certification, ensuring adherence to high environmental standards and occupational health standards. |
| **Periodic Training** | Vehicle drivers receive periodic training to handle emergencies and mitigate risks during transportation. |
| **Safeguarding Valves** | Sturdy metallic frames are installed in trucks to protect non-metallic valves and withstand impacts during collisions. |
| **Material Safety Data Sheet (MSDS)** | Suppliers are required to provide MSDS for hazardous goods supplied, and for identifying all the environmental and safety impacts of the materials supplied. |
| **Pollution Check Certificate** | All vehicles carry an emission certificate and drivers need an endorsement for hazardous goods transportation. |
| **Periodic Safety Check** | Vehicle drivers are screened through an alcohol breath analyser tests, and vehicles older than 15 years are not permitted from transporting hazardous goods. |
| **HAZCHEM Label** | Vehicles comply with motor vehicle rules by displaying HAZCHEM labels as per regulatory requirements. |
| **Chemical Transport Safety Film for Truck Crews** | Educational videos are shared with truck crews to raise awareness of safety practices during chemical transportation. |

**Recycled input materials used during FY 2022-23**

GRI 301-2

| Plant | Materials used that are recycled input materials, by Volume (MT) | | | |
|---|---|---|---|---|
| | Process Salt | Chloroform | Chlorine | Hydrogen |
| Mettur | 1,00,463 | 1,221 | 37,022 | 969 |
| Cuddalore | - | - | - | - |
| Berigai | - | - | - | - |
| Karaikal | 63,046 | - | 19,167 | - |
| Vedaranyam | - | - | - | - |

969 MT of hydrogen is produced at the caustic soda plant in Mettur and is utilised in the hydrogen peroxide plant at the same location. 37,022 MT of chlorine is generated at the caustic soda plant in Mettur and consumed in the chloromethane production process of the same plant. Additionally, 19,167 MT of chlorine is produced in Karaikal and is used in the manufacturing of Ethylene Dichloride (EDC) at the Karaikal plant itself. Chloroform, produced at Plant 3 in Mettur (1,221 metric tonnes), is used in the manufacturing of Refrigerant Gas R-22 at Plant 1 in Mettur. 20,838 MT & 13,233 MT produced salt from the Vedaranyam location and 79,626 MT & 49,813 MT purchased salt from external vendors are utilised in the manufacturing of caustic soda at Plant 3 of Mettur and Karaikal, respectively.

The products manufactured by Chemplast, such as process salt, chloroform, chlorine, and hydrogen, are incorporated back into the processes as recycled input materials. Process salt, generated at Vedaranyam, serves as an input material for caustic production processes. Similarly, chloroform, produced at the Chloromethane plant in Mettur, is reused as a recycled input material for manufacturing R-22. Chlorine, which is produced at the Caustic soda plants in Mettur and Karaikal, is used in the manufacturing of Chloromethanes and EDC.

**Reclaimed products and their packaging materials**

GRI 301-3

Chemplast Sanmar prioritises efficient and responsible production of its products. While not all products may be directly reclaimed after use, the Company's focus on product quality, efficiency, and responsible manufacturing contributes to reducing waste and promoting sustainable practices across its diverse product range. Packaging materials are chosen with the aim of minimising environmental impact and supporting recycling efforts.

The Company explores opportunities to reuse materials within the business process by adapting to the 4Rs principles and the 5S framework. For FY 2022-23, a total of 17,481 number of soda ash bags from Caustic soda plant in Mettur (1.31 tonnes) were reused for packing of ZLD Salt at Plant-II. Overall, 1.31 tonnes of bags were reclaimed during the year, out of which 17,481 bags were reclaimed from Mettur Plant II. Each bag weighed approximately 75 grams.

# STAKEHOLDER WELFARE

## Employee Wellbeing

At Chemplast, employees are recognised as primary stakeholders. It places significant emphasis on ensuring their wellbeing, productivity, and personal growth. To support their development, the Company has implemented a comprehensive training and development program by defining targets for minimum number of training hours per employee. Additionally, it provides resources, including manuals, to enhance employees' understanding of Company's HR policies, code of conduct, and organisational values. These initiatives aim to build the capacity of the employees and foster a positive work environment.

*Chemplast Cuddalore Vinyls Limited*

GRI 2-7

At Chemplast, the workforce consists of two types of employees: regular (full-time) and contractual employees. As on March 31st, 2023, the total number of regular and contractual employees at Chemplast Sanmar stood at 3,699 out of which 1,044 are regular employees, while the remaining 2,655 are contractual employees. The Company has no regular female employees directly stationed at the plant operations. However, within the contractual workforce, the Company has 405 female employees.

**Diversity and Inclusion**

Chemplast is dedicated to establishing a workplace that values diversity and inclusivity, ensuring that all employees are treated fairly and given equal opportunities without discrimination. The Company's ethics manual serves as a comprehensive resource for addressing any inquiries or concerns related to ethics, encompassing the Code of Conduct and business practices that promote equal opportunity for all employees, irrespective of their gender identity, age, nationality, ethnicity, colour, religion, sexual orientation, disability, faith, or marital status. It encourages every employee to reach out to their immediate supervisors, department heads, or the designated Ombudsman for guidance and clarification whenever they have questions or doubts. The Company firmly believes that inclusivity brings forth a variety of perspectives that promote innovation and cultivate a creative work environment.

GRI 2-7
GRI 2-8

The regular employees are classified into three categories: Management (ME), Junior Management (JME), and Non-Management (NME). At Cuddalore, Karaikal, and Berigai Plants, all regular employees fall under the management category. Following is the age-wise categorisation of the regular (management cadre) employees. This categorisation consists of male employees' headcount only since no female employees are employed at the plant level. No significant fluctuations were observed in the hiring and turnover rate of both regular and contractual employees during the reporting period.

**Age-wise Categorisation of Regular Employees as on March 31st, 2023**

GRI 2-7

| Age Category (in years) | Mettur | Karaikal | Cuddalore | Vedaranyam | Berigai | Total |
|---|---|---|---|---|---|---|
| ≤30 | 176 | 36 | 52 | 4 | 163 | 431 |
| 31-50 | 255 | 56 | 106 | 29 | 64 | 510 |
| Above 50 | 27 | 21 | 21 | 24 | 10 | 103 |
| **Total** | **458*** | **113** | **179** | **57** | **237** | **1,044** |

* No. of employees at Mettur comprising 14, 219, 143, and 57 at Plant I, II, III, IV respectively. In addition, there are 25 common employees in the Mettur location.

GRI 2-7
GRI 2-8

**Contractual Employees as on 31st March 2023**

| Gender | Mettur | Karaikal | Cuddalore | Vedaranyam | Berigai | Total (Gender-Wise) |
|---|---|---|---|---|---|---|
| Male | 1,105 | 170 | 533 | 225 | 217 | 2,250 |
| Female | 100 | 8 | 26 | 263 | 8 | 405 |
| **Total** | **1,205** | **178** | **559** | **488** | **225** | **2,655** |

GRI 2-8

The contractual workers are deployed in house-keeping services, mechanical fabrication processes, repairing and maintenance activities, assisting the process employees on the shop floor, and in gardening.

### Hiring and Employee Turnover

During the fiscal year 2022-23, Chemplast Sanmar and CCVL recruited a total of 176 employees across five different locations, namely Mettur, Karaikal, Cuddalore, Berigai, and Vedaranyam. Within the same period, the attrition rate for regular employees was recorded at 14.2%.

The Company's notice period policy is designed in alignment with the Industrial Disputes Act, 1947. Junior and Non-management cadre employees are required to serve a notice period ranging from 21 days to 4 weeks. The notice period for Executive employees varies based on their seniority, ranging from 8 weeks - 16 weeks. Operational changes that may affect employees are communicated with a minimal notice period, following consultations with relevant plant authorities. These changes aim to prioritise prevention and reduction of potential adverse effects, and employees are also provided with necessary information and training to ensure familiarity with the requirements.

GRI 402-1

**New Hires during FY 22-23**

GRI 401-1

| Age Category (in years) | Mettur | Karaikal | Cuddalore | Vedaranyam | Berigai | Total |
|---|---|---|---|---|---|---|
| ≤30 | 13 | 5 | 2 | 1 | 113 | 134 |
| 31-50 | 12 | 5 | 0 | 3 | 18 | 38 |
| Above 50 | 0 | 0 | 0 | 0 | 4 | 4 |
| **Total** | **25** | **10** | **2** | **4** | **135** | **176** |

| Gender-wise Breakup | Mettur | Karaikal | Cuddalore | Vedaranyam | Berigai | Total (Gender-Wise) |
|---|---|---|---|---|---|---|
| Males | 25 | 10 | 2 | 4 | 135 | 176 |
| Females | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **25** | **10** | **2** | **4** | **135** | **176** |

**Total Employee Turnover for FY 2022-23**

| Age Category (in years) | Mettur | Karaikal | Cuddalore | Vedaranyam | Berigai | Total |
|---|---|---|---|---|---|---|
| ≤30 | 22 | 4 | 13 | 1 | 59 | 99 |
| 31-50 | 22 | 2 | 8 | 1 | 7 | 40 |
| Above 50 | 1 | 0 | 3 | 3 | 2 | 9 |
| **Total** | **45** | **6** | **24** | **5** | **68** | **148** |

| Gender-wise Breakup | Mettur | Karaikal | Cuddalore | Vedaranyam | Berigai | Total (Gender-Wise) |
|---|---|---|---|---|---|---|
| Males | 45 | 6 | 24 | 5 | 68 | 148 |
| Females | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **45** | **6** | **24** | **5** | **68** | **148** |


**Employee Engagement and Recognition**

Chemplast believes in fostering a positive work environment that supports the growth and aspirations of its employees. It regularly engages with the employees through various initiatives, including frequent training sessions, career guidance programs, performance reviews, and surveys. These interactions and dialogues allow the Company to effectively understand and address their concerns.

To ensure compliance with statutory requirements and enhance employee wellbeing, it has implemented a range of employee welfare schemes. It believes in promoting a culture of excellence among employees by incentivising their efforts through both monetary and non-monetary rewards. These incentives boost their confidence, motivate them to excel, and acknowledge their valuable contributions towards the organisation. During the Group Annual Day, the Company acknowledged and appreciated the outstanding performance and long-term commitment of employees. Eleven individuals from different business units were awarded for their exceptional contributions and achievements in their respective roles. Additionally, thirteen Sanmarites who have demonstrated remarkable dedication by serving the group for 30, 35, and 40 years were honoured with Long Service Awards, recognising their long-standing commitment and loyalty towards the organisation.

Grand double  for Jolly Rovers: Winnners of Rajah of Palayampatti Shield and VA Parthasarathy Trophy (2023).

**Benefits provided to full time employees**

**Management Level Employees**

Competitive compensation | Special settlement scheme | Employee Provident Fund | Contributions towards Employees State Insurance Corporation, as applicable | Gratuity Scheme | Group personal accident and hospitalisation insurance | Statutory bonus, as applicable

**Junior and Non Management Level Employees**

Negotiated compensation | Dearness Allowance | Employee Provident Fund | Contributions towards Employees State Insurance Corporation, as applicable | Gratuity scheme | Group personal accident and hospitalisation insurance | Statutory bonus, as applicable | Production incentive

**Contract Employees**

Payment of minimum wages | Employee Provident Fund | Employees State Insurance Corporation | Group personal accident and hospitalisation insurance | Statutory bonus

As per the current policy of the Company, no parental leave and stock ownership is applicable to the plant level employees. Parental leave includes maternity leave for female employees and paternity leave for male employees. Male employees are not provided paternity leave as per the Company's existing practice. No female employees are employed at the plants. Hence, none of the employees are eligible for maternity leave. All the full-time employees are provided with competitive salaries along with various allowances such as House Rent Allowance (HRA), medical allowance, travel allowance, etc. A portion of the employee's salary is contributed to the provident fund, which serves as a retirement savings scheme. Paid leaves are provided such as earned leaves, sick leaves, and casual leaves.

GRI 401-3

GRI 401-2

Incentives act as motivators for employees, encouraging them to perform at their best and stay engaged in their work. When employees are rewarded for their efforts, they are more likely to be enthusiastic and committed to achieving organisational goals. When employees are motivated and productive, the Company's overall performance and profitability are likely to improve, contributing to its long-term success.

**Key Policies and Performance Management**

The Company firmly believes that the growth of the Company is closely linked to the performance of the employees, supported by robust human resources policies and fair work practices. To ensure transparency and accessibility, employees can easily access HR policies through the intranet. Moreover, all employees receive training on the Company's policies and code of conduct, making them well-informed about any policy amendments. The Company values open communication and provides a channel called VOTE (Voice of the Employees), where employees can share their feedback on policies. This valuable feedback helps in understanding employee expectations based on which the HR team incorporates relevant suggestions into the Company's policies.

For the fiscal year 2022-23, there were no cases of discrimination, sexual harassment, child labour, forced labour, human rights violations, or discriminatory employment practices. This serves as a testament to the successful implementation of the policies and the Code of Conduct. As a responsible business, the Company adheres to a fair remuneration policy by incorporating the following parameters:

GRI 406-1

- Compensation is benchmarked against similar roles in the market.
- At middle and senior levels, the individual's value to the organisation is considered.


- At junior levels, the cost of living and individual performance are considered.
- Revisions in the compensation structure are handled on a case-by-case basis.
- Affordability of the business is also taken into consideration.

Performance evaluations and feedback play a crucial role in assessing employee growth and identifying skill gaps within the organisation. To align with organisational objectives, performance targets are further categorised into departmental goals. Regular semi-annual reviews are conducted to evaluate task completion and identify areas that may impede performance. Following this assessment, detailed plans are implemented to enhance the skills of the employees.

For executive employees, objective assessments are conducted, and individualised training plans are developed and periodically revised to address their specific needs. The Company's internal online portal, 'SPARSH', serves as a platform for employee performance reviews. It contains a management philosophy handbook that outlines the Company's fair work practices and provides case studies and live sessions for grievance redressal. Appraisal reviews are conducted by the plant head, location head, and HR personnel.

GRI 2-30

GRI 407-1

Chemplast is committed to upholding the workers' Right to Freedom of Association and Collective Bargaining. Its practices and discussions related to operations, employee compensation, and benefits are transparent. Significant operational changes, such as the introduction of new technology, work procedures, process changes, automation, or system/procedure modifications, are formally discussed and documented in the agreements with trade unions. The collective bargaining document serves as a platform for consultation and negotiation between the Company and the unionised employees. This document outlines the terms and conditions of employment, including aspects related to wages, working hours, benefits, and other employment-related matters. One important provision highlighted in the document is that unionised employees are not subject to transfers from one location to another. At Chemplast, collective bargaining is applicable at two of its plants, namely Vedaranyam and Mettur-Plant-II. At the Vedaranyam facility, 39 out of 57 employees are covered by collective bargaining agreements, representing 68% of the workforce, whereas, at the Mettur-Plant-II, 137 employees out of a total of 219 are covered by collective bargaining agreements, accounting for 63% of the workforce of the plant. Employees who are not subject to collective bargaining agreements, who comprise the majority, are regulated by the appointment orders issued by the Company, following the guidelines outlined in the manual titled "People Philosophy." During the reporting period, no potential risk of violation of rights to exercise freedom of association or collective bargaining of workers was identified.

| Plant | Management Cadre | Non-Management Cadre | Junior Management Cadre | Existence of Labour Union | Collective Bargaining may be at risk |
|---|---|---|---|---|---|
| Mettur Plant-I | ✓ | | | | |
| Mettur Plant-II | ✓ | ✓ | | ✓ | ✓ |
| Mettur Plant-III | ✓ | | ✓ | | |
| Mettur Plant-IV | ✓ | | | | |
| Vedaranyam | ✓ | ✓ | | ✓ | ✓ |
| Karaikal | ✓ | | | | |
| Cuddalore | ✓ | | | | |
| Berigai | ✓ | | | | |

**Training and Development**

GRI 404-1
GRI 404-2
GRI 404-3

Chemplast promotes continuous learning and development among employees through regular training programs aimed at acquiring new skills and enhancing their competencies. Their training initiatives cover a range of focal topics, including human rights, emergency handling, first aid, workplace safety, chemical safety, firefighting, respiratory problems, permit to work, and environment management. Both the permanent and contractual employees have access to these training initiatives.

In the fiscal year 2022-23, Chemplast dedicated a total of 23,224 training hours for the regular employees and 35,269 training hours for the contractual employees. In-person training and select virtual training aimed at skill upgradation on safety, environment, soft skills & career development are provided for all employees deployed at all the locations. The Company regularly evaluates the effectiveness of these training programs to inform the design of future training and development initiatives. They also gather insights on employees' skill development needs by considering departmental requirements, trainer reviews, training workshops, quarterly meetings, and performance appraisals.

The Company provided support to its employees and their families during the pandemic. To promote health and wellbeing, it has implemented several awareness programs addressing high-risk diseases such as diabetes, dengue, and water-related illnesses. Additionally, it focuses on preventive care through activities like yoga, road safety awareness, and educating about the impact of dust on the health of both the workforce and society.

**Human Rights and Labour Practices**

GRI 406-1

Chemplast upholds the principles of human rights across all aspects of its operations. Compliance with statutory requirements forms a crucial part of the human rights strategy. It maintains a zero-tolerance policy towards human rights violations at all its sites and corporate offices, ensuring that all employees are treated with respect and without discrimination.

GRI 408-1
GRI 409-1

To prevent any instances of child labour, forced labour, or other human rights violations, it implements a rigorous due diligence process. As part of the supplier's engagement process, risks associated with child labour, young labour along with forced and bonded labour are assessed. Thorough employee background verification processes are implemented to verify age, address, and medical history for both employees and suppliers, whether they are local or global, throughout the engagement. This comprehensive verification helps ensure that individuals are of legal working age, have provided accurate personal information, and meet the necessary health requirements to carry out their roles effectively and safely. It's an essential practice to maintain the integrity and compliance of the workforce and supplier network. Child forced labour is defined in accordance with the Tamil Nadu Factories Act. This definition typically includes provisions that specify the minimum age at which a person can be employed, as well as the types of work or industries from which children are prohibited. These regulations are designed to protect the rights and wellbeing of children, ensuring that they are not engaged in hazardous or exploitative labour. The Company has established a dedicated team comprising of HR heads, function heads, and plant heads to review and ensure human rights regulatory compliance, including risk associated with child labour and forced labour. Risks related to the incidents of child labour, young workers exposed to hazardous work, and forced or compulsory labour were considered during the annual review of risk assessment of the operations. The risks related to these areas were concluded with low risk owing to the hierarchy of controls implemented to mitigate the same. The Company recorded and reported zero complaints regarding child labour, forced labour, involuntary labour, or other human rights violations. Additionally, it has incorporated the human rights clause in all relevant investment agreements and contracts during the reporting period.

To promote awareness and prevent exploitation, the Company ensures that the workforce is well-informed about labour laws and the human rights that are applicable to them. The Human Rights Training Program aims to empower employees and executives with the knowledge and tools to integrate human rights principles into their daily decision-making processes. By creating a human rights-conscious workforce, the Company endeavours to contribute positively to the protection and promotion of human rights within its sphere of influence.

GRI 410-1

The table below summarises of the security personnel trained in human rights policies or procedures. Mandatory training requirements apply to third-party organisations providing security personnel.

| Particulars | Mettur | Karaikal | Cuddalore | Vedaranyam | Berigai | Total |
|---|---|---|---|---|---|---|
| Total security personnel that attended training (100% coverage of security personnel) | 1,455 | 61 | 143 | 0 | 36 | 1,695 |

## Local Communities

GRI 413-1

GRI 413-2

Chemplast strives to cultivate a mutually beneficial relationship with the communities in which it operates. It actively engages with them to empower individuals and enhance their quality of life. A circular model has been developed to guide the interactions and initiatives, which emphasises enduring sustainable relationships with the local communities. Most of the CSR activities are aligned with local community development programs designed based on the specific needs and priorities of the local communities in which the Company operates. This approach ensures that the Company initiatives have a meaningful and positive impact on the wellbeing and progress of the communities in the vicinity. To ensure that CSR initiatives align with the specific needs of each community, comprehensive surveys are conducted annually to identify gaps and areas that require attention. The Company has a CSR policy in place which includes CSR committee composition and CSR projects approved by the board. It can be accessed at – https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/csr-policy.pdf

The Company's community outreach efforts have achieved a 100% coverage rate, encompassing all five of its operational locations. They are detailed in the table provided on page 46 of the Annual Report https://www.chemplastsanmar.com/downloads/cslfinancials/csl-annual-report-2023.pdf. In FY-2022-23, the Company undertook various CSR initiatives towards the welfare and upliftment of nearby communities

| S. No. | CSR Activities Undertaken (Chemplast Sanmar) | Community Engagement Initiatives | Location of the Activities Undertaken | Amount spent for the project (in Lakhs, INR) |
|---|---|---|---|---|
| 1 | Supply of clean drinking water and reforestation efforts | Ensuring access to clean drinking water and fostering environmental conservation through tree plantation. | Mettur Berigai | 107.71 |
| 2 | Addressing medical and healthcare requirements | Providing essential medical services, financial support, and infrastructure improvement for healthcare in underserved communities. | Mettur Berigai Karaikal | 27.04 |
| 3 | Education and training expenses | Fostering education and offering training opportunities for underserved communities. The Company firmly believes that education is a catalyst for progress and prosperity. | Mettur Vedaranyam Karaikal | 156.64 |
| 4 | Expenditure towards armed forces benefit | Ongoing commitment to supporting and improving the wellbeing of the country's armed forces and veterans. | Mettur Vedaranyam Karaikal | 1.35 |
| 5 | Sports promotion expense | Promoting and nurturing nationally recognized sports by sponsoring training for them. | Mettur Berigai Karaikal Vedaranyam | 51.29 |
| 6 | Expenditure towards rural development | Empowering rural communities, fostering sustainable growth, and enhancing the quality of life for those living in these areas. | Mettur Karaikal | 30.46 |

| S. No. | CSR Activities Undertaken (Chemplast Sanmar) | Community Engagement Initiatives | Location of the Activities Undertaken | Amount spent for the project (in Lakhs, INR) |
|---|---|---|---|---|
| 7 | Expenditure on protecting environment | Investing in resource conservation, pollution control, renewable energy, and greener technologies | Vedaranyam | 34.00 |
| 8 | Empowering women | Promoting gender equality and women empowerment by recognising the vital role women play in the workforce and society. | Mettur Berigai | 1.87 |
| 9 | Disaster management | Minimizing the impact of disasters, including relief, rehabilitation and reconstruction activities. | Vedaranyam | 2.50 |
| 10 | Differently abled and livelihood enhancement projects | Empowering individuals with disabilities, providing them with opportunities, and promoting a more equitable world. | Vedaranyam | 8.35 |
| **Total** | | | | **421.21** |

| S. No. | CSR Activities Undertaken (CCVL) | Community Engagement Initiatives | Location of the Activities Undertaken | Amount spent for the project (in Lakhs, INR) |
|---|---|---|---|---|
| 1 | Supply of clean drinking water and reforestation efforts | Ensuring access to clean drinking water and fostering environmental conservation through tree plantation. | Cuddalore | 0.22 |
| 2 | Addressing medical and healthcare requirements | Providing essential medical services, financial support, and infrastructure improvement for healthcare in underserved communities. | Cuddalore | 0.54 |
| 3 | Education and training expenses | Fostering education and offering training opportunities for underserved communities. The Company firmly believes that education is a catalyst for progress and prosperity. | Cuddalore | 17.19 |
| 4 | Sports promotion expense | Promoting and nurturing nationally recognized sports by sponsoring training for them. | Cuddalore | 37.13 |
| 5 | Expenditure towards rural development | Empowering rural communities, fostering sustainable growth, and enhancing the quality of life for those living in these areas. | Cuddalore | 1.92 |
| 6 | Contribution to CSR Trust | | | 314,00 |
| **Total** | | | | **371.00** |

## Key CSR Initiatives

- Following are some of the CSR activities carried out by Chemplast Sanmar during the year:
- Organised a rural health camp across locations which benefitted over 7,500 people
- Over the last 25 years, access to safe drinking water has been made available to several villages in Mettur. This has been provided through pipelines, street taps, overhead tanks, and pumps. This had a direct positive impact on the overall health care of the community in and around Mettur.
- Construction of a water tank, ensuring distribution through public water taps, benefitting more than 250 households in the hilly terrain of Perumal Karadu, near Mettur.
- Installation of RO water plant at Berigai Panchayat, providing safe drinking water to over 6,000 people in the community. In addition, a 5,000 litres water tank was installed at B Kuruparapalli village Panchayat.
- Organised skill development workshops for around 80 local women, a key step towards empowering them in B Kuruparapalli village, Berigai.
- Donated medical equipment and constructed an out-patient waiting shelter to strengthen the medical infrastructure of a Government hospital and primary healthcare centre at Mettur.
- Supported municipal schools by donating classroom infrastructure and outdoor play equipment, providing teaching material at Mettur.



- Contributed for rebuilding the sanitation blocks for boys and girls, civil work, furniture, painting and setting up a new computer lab, among others, in a Government-aided school at Mettur.
- Provided bus stop shelters in B Kuruparapalli village and Seekanapalli village, Berigai.
- Installation of a hi-mast light at a busy Thangamapuripattinam junction on the National highway, to address road safety, especially at the night. Renovated a bus stop in the same area for convenience and safety of the community.

## Occupational Health and Safety

GRI 403-1

To drive continual improvement in occupational health and safety performance, Chemplast has established safety objectives for each department. It conducts a range of safety-focused training programs to enhance the awareness and knowledge of the worker. Ensuring compliance with health and safety standards is a priority, within the Company boundaries and throughout its supply chain. It monitors and assesses health and safety compliance on a regular basis to maintain a safe working environment and mitigate potential risks.

The Company has achieved global workplace safety, health, and environmental benchmarks. This has been accomplished through the implementation of various measures such as workplace air monitoring systems, machine guarding with adequate safety devices, and adherence to electrical safety protocols. These aspects have now become an integral part of the Company's operations, driven by technological advancements, international standards, evolving national legislation, and the organisation's core values.

The Company goes beyond mere compliance and strives to build a comprehensive approach to workplace safety and health, considering it as a driver for business excellence. The Company prioritises the development of robust health and safety systems, processes, equipment, and training to empower its employees to perform their duties in a more sustainable and responsible manner. This commitment is aimed at achieving business excellence while upholding the highest standards of safety and health in the workplace.

The Company took proactive measures to ensure that its operations underwent thorough global certifications for safety and workplace hygiene. These certifications included recognition from the British Safety Council, Eco Vadis, and Responsible Care.

GRI 403-2

Majority of the plants have obtained certifications from internationally recognised occupational health and safety management systems such as ISO 9001, ISO 14000, and ISO 45001/ OHSAS 18001. Quality management standards (ISO 9001) outline specific requirements, specifications, guidelines, and characteristics that products, services, and processes must consistently adhere to. This ensures that the quality aligns with customer expectations and reduces the associated risks in the quality management process. ISO 14001 is an international standard that sets forth requirements for an efficient Environmental Management System (EMS). It offers a framework organisations can adopt instead of establishing environmental performance criteria. This framework promotes resource efficiency, waste reduction, and ultimately leads to a competitive edge and the trust of stakeholders. ISO 45001 is a global standard governing occupational safety and health management systems. It offers pragmatic solutions for ensuring the health and safety of all industrial workers. These solutions involve implementing suitable control measures based on significant risks identified through the "Hazard Identification & Risk Assessment" process for organisational activities.

GRI 403-4

Additionally, EHS audits are being periodically conducted at all the sites to ensure compliance and identify areas for improvement. Internal audits and management reviews are carried out once in 6 months. External surveillance audit is conducted annually by a certified agency. The results of these audits are thoroughly reviewed and analysed by its Board members. To effectively implement safety initiatives, a safety committee has been established at all its plants respectively. These committees are responsible for monitoring and driving safety measures under the supervision of top management. The Company has a robust system in place to closely monitor and address near-miss incidents, taking prompt corrective actions to prevent their recurrence.

GRI 403-7

At all levels of the organisation, accountability and integrity are emphasised to foster a culture of safety. To encourage employees and workers to report near-miss incidents and potential hazards, Chemplast dedicates an entire month each year to promoting 'Near-Miss' as a safety theme. This initiative aims to raise awareness and create a proactive reporting culture. To address significant impacts, mitigation measures are implemented based on Risk Assessment Programs such as HIRA and HAZOP. Chemplast's commitment to safety is further reinforced by adhering to the 'Responsible Care' code of practices adopted by the organisation.

GRI 403-3

The Company has established processes for identifying work-related hazards and assessing risks on a routine and non-routine basis. These processes are designed to ensure the safety and wellbeing of employees and workers in situations where their work and workplace are under the organisation's control. Work-related hazards and risks are systematically identified through regular workplace inspections and hazard assessments. The results of these processes are meticulously documented and recorded to maintain a comprehensive database of identified hazards and assessed risks. Regular reviews and audits are conducted to ensure the quality and effectiveness of these hazard identification and risk assessment processes. Workers are encouraged and empowered to report any work-related hazards or hazardous situations they encounter. Robust policies and processes are in place to ensure that workers are protected against any form of reprisal or retaliation when reporting hazards. In the event of work-related incidents, detailed investigations are conducted. These investigations include identifying the root causes, assessing risks associated with the incidents, and determining corrective actions using the hierarchy of controls.

GRI 403-4

**Functions of Occupational Health Services:**

GRI 403-6

01 **Health Surveillance:** The Company's occupational health services actively monitor the health of the workers exposed to specific workplace hazards. This includes regular health check-ups, screenings, and medical examinations tailored to the nature of their work and associated risks.

02 **Risk Assessment:** Occupational health services contribute to risk assessments by providing data on workers' health and the potential health impacts of workplace hazards.

03 **Medical Consultations:** Workers have access to medical consultations with occupational health experts to address health concerns related to their work. These consultations include advice on managing occupational health risks.

04 **Emergency Response:** Occupational health services are integral to emergency response plans. They provide guidance on medical response during workplace emergencies, ensuring prompt and appropriate care for injured or ill workers.

05 **Qualified Personnel:** The occupational health services are staffed by qualified and experienced healthcare professionals with expertise in occupational medicine, industrial hygiene, and workplace health.

06 **Continuous Improvement:** There are mechanisms in place to continuously improve the occupational health services. This includes regular reviews, audits, and feedback loops to enhance the quality of care and effectiveness of hazard identification.

07 **Training and Awareness:** Training and awareness programs are conducted for workers to inform them about the availability of occupational health services and how to access them.

Chemplast's commitment to the quality and accessibility of occupational health services ensures that workers receive the necessary care and support to identify, manage, and minimise workplace hazards and risks, contributing to a safer and healthier work environment.

## Product Responsibility

Product Responsibility entails minimising the potential health, safety, environmental, and social impacts of a product throughout its entire lifecycle. As a custom-manufactured chemical manufacturer, it is Company's responsibility to carefully assess and manage any adverse impacts associated with the products. The Company adheres to the principles of Product Responsibility by developing and producing chemicals that can be safely manufactured, transported, used, and disposed of.

**Certifications and Management Systems**

| Sites | ISO 9000 | ISO 14000 | ISO 45000 | Responsible Care |
|---|---|---|---|---|
| Mettur | | ✓ | ✓ | ✓ |
| Karaikal | ✓ | ✓ | ✓ | ✓ |
| Berigai | ✓ | ✓ | ✓ | ✓ |
| Cuddalore | ✓ | ✓ | ✓ | ✓ |
| Vedaranyam | | | | ✓ |

As per Chemplast's commitment to product responsibility, the integration of health, safety, and environmental considerations is prioritised in both the planning of existing products and the development of new ones. It strives to minimise risks related to health, safety, security, and the environment throughout the lifecycle, including the design, development, manufacturing, handling, storage, and distribution of the products. By embracing product responsibility, the products are produced and managed in a manner that safeguards the wellbeing of individuals, communities, and the environment. It continuously evaluates and improves the processes to minimise any potential negative impacts, always striving to promote the safe and responsible use of the products.

Chemplast's success is gauged by the satisfaction and experience of its customers. The Company takes pride in delivering a portfolio of high-quality products that consistently meet their expectations. The Company understands its customers' needs and their expectations by conducting an annual survey to measure customer service satisfaction. The feedback it receives from this survey is invaluable in shaping the strategies and initiatives to serve its customers better and provide them with the value they seek. For the customer satisfaction survey held in FY 2022-23, the Company received a total of 81 responses, out of which 65.40% of participants were fully satisfied. The survey consisted of a diverse range of customers belonging to various sectors such as Refrigerant Gas, Chloromethanes and Caustic Soda. By actively seeking and listening to its customers' voices, it strives to continuously improve the products and services, fostering long-term relationships and customer loyalty. Off the PVC resin customers (speciality & commodity grades), 78.70% of customers at Mettur (speciality grades) were fully satisfied and 65.60% customers at Cuddalore (commodity grades) were fully satisfied with the Company's products and services. A total of 89 responses for the Mettur location and 93 responses for Cuddalore location were received. Customers across India participated in the survey.

# ANNEXURES

## GRI Content Index

| | |
|---|---|
| Statement of use | Chemplast Sanmar has reported the information cited in this GRI content indes for the period 1st April 2022 to 31st March 2023 with reference to the GRI Standards. |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | Not Applicable |

| General Disclosures | | | | | |
|---|---|---|---|---|---|
| **GRI Standard** | **Disclosure** | **Location** | **Requirement(s) Omitted** | **Omission Reason** | **Explanation** |
| **General Disclosures** | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organisational details | 3 | | | |
| | 2-2 Entities included in the organisation's sustainability reporting | 3 | | | |
| | 2-3 Reporting period, frequency, and contact point | 3, 5 | | | |
| | 2-4 Restatements of Information | 4 | | | |
| | 2-5 External assurance | 4 | | | |
| | 2-6 Activities, value chain and other business relationships | 9, 10, 11 | | | |
| | 2-7 Employees | 65 | | | |
| | 2-8 Workers who are not employees | 65 | | | |
| | 2-9 Governance structure and composition | 24, 25, 26, 28, 30 | | | |
| | 2-10 Nomination and selection of the highest governance body | 28 | | | |
| | 2-11 Chair of the highest governance body | | Not Applicable | | In the organisational structure, the chair of the highest governance body does not concurrently hold a senior executive position within the organisation. |

| General Disclosures | | | | | |
|---|---|---|---|---|---|
| GRI Standard | Disclosure | Location | Requirement(s) Omitted | Omission Reason | Explanation |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 29 | | | Refer page 98 of Chemplast Sanmar Annual Report |
| | 2-13 Delegation of responsibility for managing impacts | 29 | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | 4, 29 | | | |
| | 2-15 Conflicts of interest | 29 | | | Refer page 62 of Chemplast Sanmar Annual Report |
| | 2-16 Communication of critical concerns | 31 | | | |
| | 2-17 Collective knowledge of the highest governance body | 26 | | | |
| | 2-18 Evaluation of the performance of the highest governance body | 28 | | | Refer page 40 of Chemplast Sanmar Annual Report |
| | 2-19 Remuneration policies | 27, 30 | 2-19(b) | | |
| | 2-20 Process to determine remuneration | 28 | | | Refer page 65 of Chemplast Sanmar Annual Report |
| | 2-21 Annual total compensation ratio | 28 | | | |
| | 2-22 Statement on sustainable development strategy | 6 | | | |
| | 2-23 Policy commitments | 9 | | | |
| | 2-24 Embedding policy commitments | 9 | | | |
| | 2-25 Processes to remediate negative impacts | 36 | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 35, 36 | | | |
| | 2-27 Compliance with laws and regulations | 41 | | | |
| | 2-28 Membership associations | 13 | | | |
| | 2-29 Approach to stakeholder engagement | 17, 18 | | | |
| | 2-30 Collective bargaining agreements | 69 | | | |

| General Disclosures | | | | | |
|---|---|---|---|---|---|
| **GRI Standard** | **Disclosure** | **Location** | **Requirement(s) Omitted** | **Omission Reason** | **Explanation** |
| **Material Topics** | | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 19 | | | |
| | 3-2 List of material topics | 21 | | | |
| **Economic Performance** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 23 | | | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 37, 38 | | | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 37 | | | |
| | 201-3 Defined benefit plan obligations and other retirement plans | | | | The Company adheres to Government mandated retirement plans |
| | 201-4 Financial assistance received from government | 38 | | | |
| **Indirect Economic Impacts** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 23 | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | 39 | | | |
| | 203-2 Significant indirect economic impacts | 39 | | | |
| **Anti-Corruption** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 23 | | | |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 35 | | | |
| | 205-2 Communication and training about anti-corruption policies and procedures | 35 | | | |
| | 205-3 Confirmed incidents of corruption and actions taken | 35 | | | |
| **Anti-Competitive Behaviour** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 23 | | | |

| General Disclosures | | | | | |
|---|---|---|---|---|---|
| GRI Standard | Disclosure | Location | Requirement(s) Omitted | Omission Reason | Explanation |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | 40 | | | |
| **Materials** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22 | | | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | 62, 94 | | | |
| | 301-2 Recycled input materials used | 63 | | | |
| | 301-3 Reclaimed products and their packaging materials | 63 | | | |
| **Energy** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 21 | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation | 46, 89, 91 | 302-1(d) | Not Applicable | Energy is generated and consumed internally for the purposes of manufac-turing and other processes. |
| | 302-2 Energy consumption outside of the organisation | 46, 89, 91 | | | |
| | 302-3 Energy intensity | 48 | | | |
| | 302-4 Reduction of energy consumption | 47 | | | |
| | 302-5 Reductions in energy requirements of products and services | 49 | 302-5(a), (b), & (c) | Not Applicable | The Company's businesses primarily involves the production of chemicals and related products. The products are not typically measured in terms of energy consumption by customers. |

| General Disclosures | | | | | |
|---|---|---|---|---|---|
| **GRI Standard** | **Disclosure** | **Location** | **Requirement(s) Omitted** | **Omission Reason** | **Explanation** |
| **Water and Effluents** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22 | | | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | 60 | | | |
| | 303-2 Management of water discharge-related impacts | 61 | | | |
| | 303-3 Water withdrawal | 60, 61, 93 | | | |
| | 303-4 Water discharge | 61, 66, 93 | | | |
| | 303-5 Water consumption | 60, 61, 93 | 303-5(c) | Not Applicable | No significant water related impacts have been identified by the Company during the reporting period. The Company shall include supplier water impact assessment in future reports. |
| **Emissions** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 21 | | | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 43, 90 | | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 43, 90 | | | |
| | 305-3 Other indirect (Scope 3) GHG emissions | 43, 90 | | | |
| | 305-4 GHG emissions intensity | 43, 90 | | | |
| | 305-5 Reduction of GHG emissions | 47 | | | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | 44, 89 | | | |
| | 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions | 45, 91 | | | |

| General Disclosures | | | | | |
|---|---|---|---|---|---|
| GRI Standard | Disclosure | Location | Requirement(s) Omitted | Omission Reason | Explanation |
| **Waste** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 21 | | | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 56, 57 | | | |
| | 306-2 Management of significant waste-related impacts | 56, 57, 58, 59 | | | |
| | 306-3 Waste generated | 57, 92 | | | |
| | 306-4 Waste diverted from disposal | 57, 92 | | | |
| | 306-5 Waste directed to disposal | 57, 92 | 306-5(e) | Not Applicable | The completeness and availability of information for consolidation can vary depending on the specific circumstances. |
| **Supplier Environmental Assessment** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 21 | | | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | 59 | | | |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | 59 | | | |
| **Employment** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22 | | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 66 | | | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 68 | | | |
| | 401-3 Parental leave | 68 | | | |
| **Labour/ Management Relations** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22 | | | |
| GRI 402: Labour/ Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | 66 | | | |

| General Disclosures | | | | | |
|---|---|---|---|---|---|
| **GRI Standard** | **Disclosure** | **Location** | **Requirement(s) Omitted** | **Omission Reason** | **Explanation** |
| **Occupational Health and Safety** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22 | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 52, 76 | | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 52, 76 | | | |
| | 403-3 Occupational health services | 77 | | | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 52, 76, 77 | | | |
| | 403-5 Worker training on occupational health and safety | 53,70 | | | |
| | 403-6 Promotion of worker health | 77 | | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 77 | | | |
| | 403-8 Workers covered by an occupational health and safety management system | 76 | 403-8(a) | Not Applicable | Third party verification of suppliers for OHSMS is being planned. |
| | 403-9 Work-related injuries | 96 | | | |
| | 403-10 Work-related ill health | 96 | | | |
| **Training and Education** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22 | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 70, 94 | | | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 70 | 404-2 (b) | Not Applicable | Such programs are being planned. |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 70, 94 | | | |

| General Disclosures | | | | | |
|---|---|---|---|---|---|
| GRI Standard | Disclosure | Location | Requirement(s) Omitted | Omission Reason | Explanation |
| **Diversity and Equal Opportunity** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22 | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 94 | | | |
| | 405-2 Ratio of basic salary and remuneration of women to men | | 405-2(a)&(b) | Not Applicable | Currently, no female employees are employed at the plant level. |
| **Non-Discrimination** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22 | | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 68, 70 | | | |
| **Freedom of Association and Collective Bargaining** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22 | | | |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 69 | | Not Applicable | As such, no association formed by any of our suppliers |
| **Child Labour** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 23 | | | |
| GRI 408: Child Labour 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labour | 71 | | | |
| **Forced or Compulsory Labour** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 23 | | | |
| GRI 409: Forced or Compulsory Labour 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour | 71 | | | |
| **Security Practices** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22 | | | |
| GRI 410: Security Practices 2016 | 410-1 Security personnel trained in human rights policies or procedures | 71 | | | |

| General Disclosures | | | | | |
|---|---|---|---|---|---|
| **GRI Standard** | **Disclosure** | **Location** | **Requirement(s) Omitted** | **Omission Reason** | **Explanation** |
| **Local Communities** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22 | | | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 72 | | | |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | 72 | 413-2(a) | Not Applicable | No significant negative impacts were reported during the reporting period. |
| Supplier Social Assessment | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 21 | | | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 59 | | | |
| | 414-2 Negative social impacts in the supply chain and actions taken | 59 | | | |
| Marketing and Labelling | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 23 | | | |
| GRI 417: Marketing and Labelling 2016 | 417-1 Requirements for product and service information and labelling | 39, 40 | | | |
| | 417-2 Incidents of non-compliance concerning product and service information and labelling | 40 | | | |
| | 417-3 Incidents of non-compliance concerning marketing communications | 40 | | | |

## SASB Content Index

| SASB Code | Topic | SASB Metric | Report Section/ Explanation |
|---|---|---|---|
| RT-CH-410b.1. | Safety & Environmental Stewardship of Chemicals | 1. Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances<br>2. Percentage of such products that have undergone a hazard assessment | Safety & Environmental Stewardship of Chemicals |
| RT-CH-410b.2. | | Discussion of strategy to -<br>1. Manage chemicals of concern and<br>2. Develop alternatives with reduced human and/or environmental impact | Safety & Environmental Stewardship of Chemicals |
| RT-CH-540a.1. | Operational Safety, Emergency | Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR) | Operational Safety, Emergency Preparedness & Response |
| RT-CH-540a.2. | Preparedness & Response | Number of transport incidents | Operational Safety, Emergency Preparedness & Response |

## Quantification Methodologies

GRI 302-1
GRI 302-2

Chemplast Sanmar's reporting boundary of this sustainability report is the organisational boundary. In the absence of trend analysis data, the current year is considered as the base year. As all the facilities are owned and operated by Chemplast, operational control approach has been adopted for consolidation of energy and GHG emission. The GHG emissions, including air emissions, for the Company are reported as per guidance of GHG Protocol Corporate Accounting and Reporting Standard along with addressing the requirements of ISO 14064-1:2018 Standard.

Only select categories namely Category 3, Category 4, and Category 9 are only considered in the Scope 3 GHG emissions calculated as per the guidance of Corporate Value Chain (Scope 3) Accounting and Reporting Standard developed by the GHG Protocol Initiative, a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

Default Net Calorific Values (NCV) and default Emission Factors (EF) are referred from IPCC 2006 guidelines and been used for energy and GHG emission calculations. For calculation of tonnes of carbon dioxide equivalent ($tCO_2e$) for GHG emissions, Global Worming Potential (GWP) {100 years} of $CO_2$, $CH_4$ and $N_2O$ have only been considered from IPCC's Assessment Report (AR) 5. The Company has purchased 17,387 RECs in FY 2022-23, and the associated GHG emissions is zero. Hence the market based Scope 2 emission is zero. The gases considered for estimating Scope 2 emissions are same as those considered by CEA for establishing average grid emission factor. For calculation of ODS, the ODP values is considered as per Montreal Protocol. The ODP for R-22 is 0.055 and for R-404 & 407C is 0. For consolidating the data, the refrigerant gases used by the Company is multiplied with the respective ODP value and the individual figures are then added to receive at a value of 0.147 metric tonnes of CFC-11 equivalent.*

GRI 305-6

*Ozone-Depleting Substances, EPA, 2023, https://www.epa.gov/ozone-layer-protection/ozone-depleting-substances
Guidance Note, Assessing GHG Emissions from Refrigerants Use in UNDP Operations, 2022 https://www.undp.org/sites/g/files/zskgke326/files/2022-07/Refrigerants%20methodology%20version%20July%202022.pdf

The emission factor for sawdust briquette, as sourced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories – Volume 2 Energy; Chapter 2 Stationary Combustion, Table 2.5, is 9.46 $tCO_2e$ per terajoule (TJ) of energy produced. This factor is used to estimate the carbon dioxide equivalent emissions associated with the combustion or use of sawdust briquettes as an energy source. The density factors of all the liquid fuels, namely, kerosene, diesel, LSHS, sub bituminous coal, natural gas, and diesel oil have been referred from GHG Protocol's tool for stationary combustion.

Chemplast's manufacturing operations result in air emissions, including nitrogen oxides, sulphur compounds, particulate matter, Volatile Organic Compounds (VOCs), and others. The Company ensures that the air emission levels are maintained significantly lower than the standards outlined by the Air (Prevention and Control of Pollution) Act of 1981 (and its subsequent amendments) and the rules and regulations established under the Environment Protection Act of 1986. The consolidation approach for air emissions involves gathering data and information from all relevant sources within the organisation, including different facilities and departments, and then aggregating this data to provide a comprehensive view of the organisation's air emissions. NABL Accredited stack report for monitoring air emissions is developed and shared with Tamil Nadu Pollution Control Board (TNPCB) and MoEFCC.

## Emissions

**Table 1: Absolute Greenhouse Gas (GHG) Emissions for FY 2022-23**

GRI 305-1
GRI 305-2
GRI 305-3

| Plant | Net Scope 1 Emissions ($tCO_2e$) | Net Scope 2 Emissions ($tCO_2e$) | Net Scope 3 Emissions ($tCO_2e$) |
|---|---|---|---|
| Mettur | 4,12,456 | 48,945 | 8,059 |
| Cuddalore | 61,966 | 42,143 | 42,332 |
| Berigai | 9,246 | 6,868 | 246 |
| Karaikal | 37,160 | 30,165 | 7,109 |
| Vedaranyam | 229 | 1,057 | 188 |
| **Total** | **5,21,058** | **1,29,179** | **57,933** |

**Table 2: Absolute GHG Emissions for FY 2021-22 & 2022-23**

| GHG Emissions | FY 2022-23 ($tCO_2e$) | FY 2021-22 ($tCO_2e$) |
|---|---|---|
| Net Scope 1 Emissions | 5,21,058 | 5,33,359 |
| Net Scope 2 Emissions | 1,29,179 | 1,31,075 |
| Net Scope 3 Emissions | 57,933 | 49,179 |
| **Total** | **7,08,170** | **7,13,613** |

**Table 3: GHG Emissions Intensity for FY 2022-23**

GRI 305-4

| Plant | Scope 1 and 2 Intensity ($tCO_2e$/ MT) | Scope 3 Intensity ($tCO_2e$/ MT) | Production Values Used as Denominator (MT) |
|---|---|---|---|
| Mettur | 2.35 | 0.04 | 1,95,927 |
| Cuddalore | 0.32 | 0.13 | 3,24,007 |
| Berigai | 15.43 | 0.24 | 1,044 |
| Karaikal | 0.55 | 0.06 | 1,22,760 |
| Vedaranyam | 0.03 | 0.004 | 47,927 |

**Table 4: Emissions and Air Pollution Levels for FY 2022-23**

GRI 305-7

| Plant | $NO_x$ (Metric Tonnes per Year) | $SO_x$ (Metric Tonnes per Year) | Particulate Matter (Metric Tonnes per Year) |
|---|---|---|---|
| Mettur | 210.83 | 380.83 | 52.59 |
| Cuddalore | 63.59 | 33.46 | 17.97 |
| Berigai | 19.63 | 34.75 | 4.60 |
| Karaikal | 14.12 | 3.32 | 3.36 |
| Vedaranyam | 0.04 | 0.002 | 0.003 |
| **Total** | **308.21** | **452.36** | **78.52** |

## Energy Management

**Table 5: Energy Consumption for FY 2022-23**

GRI 302-1
GRI 302-2

| Sources of Energy Consumption | FY 2022-23 (in GJ) |
|---|---|
| Furnace Oil | 1,38,193 |
| Diesel | 12,708 |
| LSHS | 50,286 |
| Superior Kerosene | 3,02,640 |
| Natural Gas | 5,75,458 |
| Coal | 46,06,924 |
| Biomass consumption - Briquettes | 3,048 |
| Biomass consumption - Sawdust | 1,938 |
| Hydrogen | 56,950 |
| Renewable energy procured from 3rd party | 7,432 |
| Grid Power | 7,16,635 |
| **Total Energy Consumption Within the Organisation** | **64,72,212** |
| Raw material transport | 75,390 |
| Finished goods transport (Domestic + International) | 6,57,453 |
| Coal transportation (Road + Rail) | 3,314 |
| **Total Energy Consumption Outside the Organisation** | **7,36,157** |

## Waste Generation and Disposal

**Table 6: Total hazardous and non-hazardous waste generated and disposed**

GRI 306-3
GRI 306-4
GRI 306-5

| Waste Category | Waste Generated (MT) | Waste Disposed (MT) | Total Waste Diverted from Disposal |
|---|---|---|---|
| **Hazardous Waste** | | | |
| Used/Spent Oil | 38.64 | 40.40 | Recycling (off-site) |
| Evaporator Solids | 85.02 | 85.41 | Landfilling (off-site) |
| Desalination Plant Sludge | 709.69 | 715.24 | Landfilling (off-site) |
| Chemical sludge from wastewater treatment | 2,699.00 | 2,718.30 | Landfilling (off-site) |
| Brine Sludge | 3,754.00 | 4,309.19 | Landfilling (off-site) |
| Spent carbon or filter medium | 203.83 | 203.83 | Recycling (off-site) |
| Spent Solvent | 252.54 | 255.04 | Recycling (off-site) |
| Process or distillation residue / Residue from preparation of Vinyl Chloride | 1,347.00 | 1,281.48 | Incineration (off-site) |
| Empty Barrels/containers/Liners contaminated with hazardous chemicals/wastes | 60.82 | 71.15 | Recycling (off-site) |
| Chemical sludge from wastewater treatment (ZLD Sludge) | 136.33 | 131.72 | Recycling (off-site) |
| Chemical sludge from wastewater treatment (ZLD Salt) | 611.83 | 613.63 | Recycling (off-site) |
| **Total Hazardous Waste** | **9,898.83** | **10,425.36** | |
| **Non-Hazardous Waste** | | | |
| Fly ash | 15,990.00 | 15,989.85 | Reuse (off-site) |
| Bottom Ash | 2,540.63 | 2,540.63 | Reuse (off-site) |
| Metal Waste | - | 43.52 | Recycling (off-site) |
| Wood Waste | - | 20.14 | Recycling (off-site) |
| **Total Non-Hazardous Waste** | **18,530.63** | **18,594.14** | |
| **Other Waste** | | | |
| E-waste | - | 2.92 | Recycling (off-site) |
| Batteries | 0.16 | 3.13 | Recycling (off-site) |
| **Total Other Waste** | **0.16** | **6.05** | |

Waste is given to CPCB/SPCB approved third party vendors in line with Hazardous waste management rules as amended.

## Water Withdrawal and Consumption

**Table 7: Water Withdrawal Sources and Industrial Consumption for FY 2022-23**

GRI 303-3
GRI 303-4
GRI 303-5

| Plant | Surface Water (in KL) | Groundwater (in KL) | Seawater (in KL) |
|---|---|---|---|
| Mettur | 25,72,211 | 0.00 | 0.00 |
| Cuddalore | 0.00 | 0.00 | 16,50,084 |
| Berigai | 0.00 | 63,193 | 0.00 |
| Karaikal | 18,284 | 1,64,503 | 2,28,233 |
| Vedaranyam | 0.00 | 0.00 | 1,01,21,600 |
| **Total** | **25,90,495** | **2,27,696** | **1,19,99,917** |

| Plant | Industrial Consumption (in KL) |
|---|---|
| Mettur | 14,48,301 |
| Cuddalore | 6,23,845 |
| Berigai | 63,193 |
| Karaikal | 1,46,778 |
| Vedaranyam | 1,01,21,600 |
| **Total** | **1,24,03,717** |

**Table 8: Water withdrawal details of TDS for FY 2022-23**

| Plant | Surface Water | Groundwater | Seawater |
|---|---|---|---|
| Mettur | pH – 8.0<br>TDS (ppm) – 291<br>Freshwater | - | - |
| Cuddalore | - | - | pH - 7.4<br>TDS (ppm) - 28,870<br>Other water |
| Berigai | - | pH - 7.6<br>TDS (ppm) - 1,029<br>Other water | - |
| Karaikal | pH - 7.7<br>TDS (ppm) - 32,359<br>Other water | pH - 8.01<br>TDS (ppm) - 2,466<br>Other water | pH - 8.0<br>TDS (ppm) - 35,578<br>Other water |
| Vedaranyam | - | - | pH - 8.1<br>TDS (ppm) - 25,550<br>Other water |

**Table 9: Total Water Consumption (Withdrawal – Discharge)**

GRI 303-5

| Water Source | Mettur | Cuddalore | Berigai | Karaikal | Vedaranyam | Consolidation |
|---|---|---|---|---|---|---|
| Total water consumption from all areas (in KL) | 14,48,301 | 6,59,373 | 63,193 | 1,46,778 | 1,01,21,600 | 1,24,39,245 |

Note: None of the facilities falling under the reporting boundary of this report falls under water stress region as per classification by CGWA released in June 2023. Value reported here is 5% more than the actual value due to inherent error in installed meter reading.
http://cgwb.gov.in/cgwbpnm/public/uploads/documents/16861154556429763 61file.pdf

## Raw Material Consumption

**Table 10: Raw Material Consumption for FY 2022-23 and FY 2021-22**

GRI 301-1

| Raw Material | 2022-23 Consumption (in MT) | 2021-22 Consumption (in MT) |
|---|---|---|
| **Non-Renewable Materials Used** | | |
| Anhydrous HF | 467 | 453 |
| Methanol | 12,440 | 12,441 |
| Ethylene | 24,249 | 22,325 |
| EDC-Ethylene Di chloride | 1,15,522 | 1,10,343 |
| Vinyl Chloride Monomer | 3,25,515 | 3,06,043 |
| Vanillin | 654 | 554 |
| Sodium cyanide | 263 | 232 |
| Thionyl chloride | 77 | 131 |
| Hydrogen | 912 | 607 |
| **Renewable Materials Used** | | |
| Salt (from sea) | 47,927 | 1,61,017 |

## Social Indicators

**Table 11: Performance and Career Development Reviews**

GRI 404-3

| S. No. | Performance Reviews for FY 2022-23 | Mettur | Karaikal | Cuddalore | Vedaranyam | Berigai |
|---|---|---|---|---|---|---|
| 1. | Percentage of regular male employees receiving periodic performance and career development reviews (%) | 69 | 100 | 100 | 32 | 100 |

**Table 12: Employee Training Hours**

GRI 404-1

| Employee Training Hours | Category | Mettur | Cuddalore | Berigai | Karaikal | Vedaranyam |
|---|---|---|---|---|---|---|
| Average Training Hours per year per employee **(Regular Employees)** | Male | P1 = 82.07<br>P2 = 69.55<br>P3 = 32.83<br>P4 = 31.61 | 14.42 | 26.61 | 10.52 | 25.26 |
| Average Training Hours per year per employee **(Contractual Employees)** | Male | P1 = 20.80<br>P2 = 23.03<br>P3 = 9.85<br>P4 = 15.05 | 16.70 | 20.35 | 6.51 | 3.68 |
| Average Training Hours per Year per Employee **(Contractual Employees)** | Female | P1 = 18.80<br>P2 = 10.10<br>P3 = 14.44<br>P4 = 45.42 | 1.40 | 14.50 | 16.28 | 0.00 |

**Table 13: Individuals Within the Governance Body of the Organisation** GRI 405-1

| Gender-wise Breakup | Mettur | Cuddalore | Berigai | Karaikal | Vedaranyam |
|---|---|---|---|---|---|
| Males | 88% | 75% | 88% | 88% | 88% |
| Females | 13% | 25% | 13% | 13% | 13% |

| Age Category | Mettur | Cuddalore | Berigai | Karaikal | Vedaranyam |
|---|---|---|---|---|---|
| <30 Years | 0 | 0 | 0 | 0 | 0 |
| 30 – 50 Years | 1 | 1 | 1 | 1 | 1 |
| > 50 Years | 7 | 3 | 7 | 7 | 7 |

**Table 14: Management Cadre Employees** GRI 405-1

| Gender-wise Breakup | Mettur | Cuddalore | Berigai | Karaikal | Vedaranyam |
|---|---|---|---|---|---|
| Males | 69% | 100% | 100% | 100% | 32% |
| Females | 0% | 0% | 0% | 0% | 0% |

| Age Category | Mettur | Cuddalore | Berigai | Karaikal | Vedaranyam |
|---|---|---|---|---|---|
| <30 Years | 38.43% | 29.05% | 68.78% | 31.86% | 7.02% |
| 30 – 50 Years | 55.68% | 59.22% | 27.00% | 49.56% | 50.88% |
| > 50 Years | 5.90% | 11.73% | 4.22% | 18.58% | 42.11% |

**Table 15: Safety Performance Metrics for FY 2022-23**

GRI 403-8
GRI 403-9
GRI 403-10

| Description of safety performance Indicator | | Mettur Plant-I | Mettur Plant-II | Mettur Plant-III | Mettur Plant-IV | Cuddalore | Karaikal | Vedaran-yam | Berigai |
|---|---|---|---|---|---|---|---|---|---|
| No. of Fatalities in 2022-23 (work related) | Regular Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Contract Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rate of fatalities related to work related injury*** | Regular Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Contract Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| No. of high consequence injuries[&] (work related) | Regular Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Contract Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rate of high consequence injuries (work related) | Regular Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Contract Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| No. of Recordable Injuries* (work related) | Regular Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Contract Employees | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Rate of recordable work-related injuries** | Regular Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Contract Employees | 3.89 | 0.00 | 1.002 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Man-days Lost due to recordable injuries | Regular Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Contract Employees | 13 | 0 | 17 | 0 | 0 | 0 | 0 | 0 |

| Description of safety performance Indicator | | Mettur Plant-I | Mettur Plant-II | Mettur Plant-III | Mettur Plant-IV | Cuddalore | Karaikal | Vedaran-yam | Berigai |
|---|---|---|---|---|---|---|---|---|---|
| No. of Fatalities in 2022-23 (work related ill health related) | Regular Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Contract Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| No. of Recordable work-related ill health cases# | Regular Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Contract Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Man-days Lost due to recordable work-related ill health | Regular Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Contract Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Manhours worked during 2022-23 | Regular Employees | 40,232 | 5,86,895 | 3,90,312 | 1,27,094 | 4,01,904 | 4,43,991 | 1,75,620 | 4,77,304 |
| | Contract Employees | 2,57,272 | 8,82.126 | 9,98,486 | 2,73,806 | 10,54,758 | 3,50,116 | 6,54,524 | 12,83,892 |

* Injuries involving more than first aid
** Rate of Recordable work-related Injuries = (No of recordable work-related injuries)/ (No. of man-hours worked) *1000000
*** Rate of fatalities related to work related injury = (No of fatalities as a result of work-related injuries)/ (No. of man-hours worked) *1000000
# Work related ill health involving more than first aid

& High consequence work related injuries: Work related injuries resulting more than 6 months of absence for the resumption of work by the employee

# Independent Assurance Statement

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**Independent Limited Assurance Report to Chemplast Sanmar Limited on the Select Non-financial Disclosures in the Sustainability Report 2022-23**

We ('KPMG Assurance and Consulting Services LLP', or 'KPMG' or 'the firm') have been engaged by Chemplast Sanmar Limited ('the Company') for the purpose of providing an independent limited assurance on the select non-financial disclosures in its Sustainability Report 2022-23 ('the Report') as described in the 'scope, boundary, and limitations' below.

***We were engaged by the Company to report on its select non-financial disclosures in its Sustainability Report for the financial year 2022-23 in the form of an independent limited assurance conclusion that, based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the select non-financial disclosures in the Report are not properly prepared, in all material respects, based on the GRI Standards 2021.***

**Company's Responsibilities**

The management of the Company is responsible for preparing the Sustainability Report 2022-23 that is free from any material misstatement in accordance with the reporting criteria (GRI Standards 2021) and for the information contained therein. The management at the Company is also responsible for preparing the designed report accompanying this statement.

The Company's responsibilities include designing, implementing, and maintaining internal controls relevant to the preparation and presentation of the select non-financial disclosures in the Sustainability Report 2022-23 that are free from material misstatement, whether due to fraud or error. It also includes conducting the materiality assessment process as mentioned in the GRI Standards 2021 to identify material topics and associated material impacts relevant for the Company based on the responses of the internal and external stakeholders. The Company ensures that it complies with the GRI Standards 2021 and local regulations applicable to its activities for the reporting boundary. It designs, implements, and effectively operates controls to achieve the stated control objectives; selects and applies policies; makes judgments and estimates that are reasonable in the circumstances; and maintains adequate records in relation to the select non-financial disclosures in the Sustainability Report 2022-23.

The Company is also responsible for preventing and detecting fraud, and for identifying and ensuring that it complies with laws and regulations applicable to its activities. The Company is responsible for ensuring that its staff involved with the preparation of the select non-financial disclosures in its Sustainability Report 2022-23 are properly trained, and any systems/tools utilized for data collection and collation are properly updated, and that any changes in reporting encompass all significant operational sites.

**Our Responsibilities**

Our responsibility is to examine the select non-financial disclosures in the Sustainability Report prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the select non-financial disclosures in the Report comply with the GRI Standards 2021 in all material respects, as the basis for our limited assurance conclusion.

The firm applies the International Standard on Quality Management, which requires the firm to design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on the fundamental principles of integrity, objectivity, professional competence, and due care, confidentiality, and professional behavior. The procedures selected depend on our understanding of the select non-financial disclosures in the Sustainability Report and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the select non-financial disclosures in the Sustainability Report 2022-23 and other engagement circumstances, we have considered the process used to prepare the select non-financial disclosures in the Report in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's processes or internal controls over the preparation and presentation of the select non-financial disclosures in the Report.

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Our engagement also included: assessing the appropriateness of the select non-financial sustainability disclosures and the suitability of the criteria used by the Company, evaluating the appropriateness of the methods, policies, and procedures, and models used, and the reasonableness of estimates made by the Company in the context of the select non-financial disclosures in the Report.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. As part of this engagement, we have not performed any procedures by way of audit, review or verification of the financial disclosures nor of the underlying records or other sources from which the financial statements and information were extracted.

**Assurance Procedures**

Our assurance process involves performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing, and extent of the procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the select non-financial disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report to design assurance procedures that are appropriate in the circumstances.
We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the select non-financial disclosure is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the select non-financial disclosures, we:

- Undertook site visits to the Company's manufacturing units at Mettur and Cuddalore. We selected these sites based on the nature & size of the operations, the contribution of the sites to the select non-financial disclosures, and the geographic locations of the sites. We also undertook virtual verification for the remaining plants of the Company at Berigai, Karaikal and Vedaranyam in India.
- Through inquiries, obtained an understanding of the Company's control environment, processes, and information systems relevant to the preparation of the select non-financial disclosures, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Performed analytical procedures by comparing the expected performance data of the select non-financial disclosures with the actual performance data and made inquiries of management to obtain explanations for any significant differences we identified.

**Scope, Boundary, Characteristics, and Limitations**

- The scope of assurance covers the select non-financial sustainability data related to the disclosures of Chemplast Sanmar Limited for the period 01 April 2022 to 31 March 2023, based on the reference reporting criteria, as mentioned in the following table.
- The boundary of assurance covers the only manufacturing locations at Mettur, Cuddalore, Berigai, Karaikal, and Vedaranyam, in India.

| **Reference Reporting Criteria - GRI Standards 2021** | |
|---|---|
| **Disclosure Detail** | **Disclosures with a Limited Level of Confidence** |
| **GRI Standards 2021: General Disclosure** | |
| • 2-7 {Employees}*** | 2-7(a), 2-7(b)(i), 2-7(b)(ii), 2-7(c)(ii) |
| • 2-8 {Workers who are not employees} *** | 2-8(a)(i), 2-8(a)(ii), 2-8(b)(ii) |
| **GRI Standards 2021: Topic Specific Standards: Environmental** | |
| • Material (2016): GRI 301-1 {Materials used by weight or volume} | 301-1(a)(i), 301-1(a)(ii) |
| • Material (2016): GRI 301-2 {Recycled input materials used in MT} * | 301-2(a) |
| • Material (2016): GRI 301-3 {Reclaimed products and their packaging materials} * | 301-3(a) |
| • Energy (2016): GRI 302-1 {Energy consumption within the organization} | 302-1(a), 302-1(b), 302-1(c)(i), 302-1(e), 302-1(g) |
| • Energy (2016): GRI 302-2 {Energy consumption outside of the organization} ** | 302-2(a), 302-2(c) |
| • Energy (2016): GRI 302-3 {Energy intensity} | 302-3(a), 302-3(b), 302-3(c), 302-3(d) |
| • Energy (2016): GRI 302-4 {Reduction of energy consumption} | 302-4(a), 302-4(b) |
| • Water and Effluents (2018): GRI 303-3 {Water withdrawal} | 303-3(a), 303-3(b), 303-3(c)(i), 303-3(c)(ii) |
| • Water and Effluents (2018): GRI 303-4 {Water discharge} | 303-4(a)(iii) |
| • Water and Effluents (2018): GRI 303-5 {Water consumption} | 303-5(a) |
| • Emissions (2016): GRI 305-1 {Direct (Scope 1) GHG emissions} | 305-1(a), 305-1(b), 305-1(c), 305-1(e), 305-1(f), 305-1(g) |
| • Emissions (2016): GRI 305-2 {Energy indirect (Scope 2) GHG emissions} | 305-2(a), 305-2(b), 305-2(c), 305-2(e), 305-2(f), 305-2(g) |
| • Emissions (2016): GRI 305-3 {Other indirect (Scope 3) GHG emissions} ** | 305-3(a), 305-3(b), 305-3(f), 305-3(g) |
| • Emissions (2016): GRI 305-4 {GHG emissions intensity} | 305-4(a), 305-4(b), 305-4(c), 305-4(d) |
| • Emissions (2016): GRI 305-5 {Reduction of GHG emissions} | 305-5(a), 305-5(b), 305-5(d) |
| • Emissions (2016): GRI 305-6 {Emission of ozone-depleting substances (ODS)} | 305-6(a), 305-6(b), 305-6(c) |
| • Emissions (2016): GRI 305-7 {Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions} | 305-7(a)(i), 305-7(a)(ii), 305-7(a)(vi), 305-7(b) |
| • Waste (2020): GRI 306-3 {Waste generated} | 306-3(a) |
| • Waste (2020): GRI 306-4 {Waste diverted from disposal} | 306-4(a), 306-4(b)(i), 306-4(b)(ii), 306-4(c)(i), 306-4(c)(ii), |

| Reference Reporting Criteria - GRI Standards 2021 | |
|---|---|
| **Disclosure Detail** | **Disclosures with a Limited Level of Confidence** |
| • Waste (2020): GRI 306-3 {Waste generated} | 306-3(a) |
| • Waste (2020): GRI 306-4 {Waste diverted from disposal} | 306-4(a), 306-4(b)(i), 306-4(b)(ii), 306-4(c)(i), 306-4(c)(ii), 306-4(d)(ii), 306-4(e) |
| • Waste (2020): GRI 306-5 {Waste directed to disposal} | GRI 306-5(a), GRI 306-5(b)(i), GRI 306-5(b)(iii), GRI 306-5(d)(ii), GRI 306-5(e) |
| **GRI Standards 2021: Topic Specific Standards: Social** | |
| • Employment (2016): GRI 401-1 {New employee hires and employee turnover} *** | 401-1(a), 401-1(b) |
| • Employment (2016): GRI 401-2 {Benefits provided to full-time employees that are not provided to temporary or part-time employees} *** | 401-2(a)(i), 401-2(a)(ii), 401-2(a)(vii) |
| • Employment (2016): GRI 401-3 {Parental leave} | 401-3(a) |
| • Occupational Health and Safety (2018): GRI 403-1 {Occupational health and safety management system} | 403-1(a)(i), 403-1(a)(ii),403-1(b) |
| • Occupational Health and Safety (2018): GRI 403-2 {Hazard identification, risk assessment, and incident investigation} | 403-2(a)(ii), 403-2(b) |
| • Occupational Health and Safety (2018): GRI 403-5 {Worker training on occupational health and safety} | 403-5(a) |
| • Occupational Health and Safety (2018): GRI 403-8 {Workers covered by an occupational health and safety management system}**** | 403-8(a)(i), 403-8(a)(ii), 403-8(a)(iii) |
| • Occupational Health and Safety (2018): GRI 403-9 {Work-related injuries} | 403-9(a)(i), 403-9(a)(ii), 403-9(a)(iii), 403-9(a)(v), 403-9(b)(i), 403-9(b)(ii), 403-9(b)(iii), 403-9(b)(v), 403-9 (e), 403-9(g) |
| • Occupational Health and Safety (2018): GRI 403-10 {Work-related ill-health} | 403-10(a)(i), 403-10(a)(ii), 403-10(b)(i), 403-10(b)(ii), 403-10(d) |
| • Training and Education (2016): GRI 404-1 {Average hours of training per year per employee} *** | 404-1(a)(i), 404-1a(ii) |
| • Training and Education (2016): GRI 404-3 {Percentage of employees receiving regular performance and career development reviews} *** | 404-3(a) |
| • Diversity and Equal Opportunity (2016): GRI 405-1 {Diversity of governance bodies and employees} *** | 405-1(a)(i), 405-1(a)(ii), 405-1(b)(i), 405-1(b)(ii) |
| • Non-discrimination (2016): GRI 406-1 {Incidents of discrimination and corrective actions taken} *** | 406-1(a) |
| • Freedom of Association and Collective Bargaining (2016): GRI 407-1 {Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk} **** | 407-1(a)(i), 407-1(a)(ii) |
| • Child Labor (2016): GRI 408-1 {Operations and suppliers at significant risk for incidents of child labor} | 408-1(a)(i), 408-1(a)(ii), 408-1(b)(i), 408-1(b)(ii) |
| • Forced or Compulsory Labor (2016): GRI 409-1 {Operations and suppliers at significant risk for incidents of forced or compulsory labor} | 409-1(a)(i), 409-1(a)(ii), 409-1(b)(i), 409-1(b)(ii) |
| • Security Practices (2016): GRI 410-1 {Security personnel trained in human rights policies or procedures} | 410-1(a) |
| • Local Communities (2016): GRI 413-1 {Operations with local community engagement, impact assessments, and development programs} | 413-1(a)(iv) |
| • Marketing and labeling (2016): GRI 417-1 {Requirements for product and service information and labeling} | 417-1(a)(ii), 417-1(a)(iii), 417-1(a)(iv) |
| • Marketing and labeling (2016): GRI 417-2 {Incidents of non-compliance concerning product and service information and labeling} | 417-2(a)(i) |
| • Marketing and labeling (2016): GRI 417-3 {Incidents of non-compliance concerning marketing communications} | 417-3(a)(i) |

*Note-*
**Assurance is provided on absolute numbers reported*
*** Select activities with respect to upstream transportation and distribution, and downstream transportation and distribution of Scope 3*
****Data excludes employees at corporate office*
*****Disclosure limited to the Company's own operation*

**Limitations**

The assurance scope excludes the following:

- Disclosures and claims related to the Company's financial performance
- Qualitative and quantitative disclosures and claims made under the Business Responsibility & Sustainability Report (BRSR) of the Company.
- Data and information outside the defined Reporting Period i.e. 1 April 2022 to 31 March 2023
- Data outside the operations mentioned in the Assurance Boundary, herein the reporting boundary, above unless and otherwise specifically mentioned in this report.
- Strategy and other related linkages expressed in the Report.
- Mapping of the Report with reporting frameworks other than GRI 2021 standards.
- Non-financial disclosures, trends, performance highlights, claims etc. made in the report other than those required as per GRI 2021 standards
- Our scope and associated responsibility exclude for the avoidance of doubt, any form of review of the commercial merits, technical feasibility, accuracy, or compliance with applicable legislation for the project, and accordingly we express no opinion thereon

KPMG

- The Company's statements that describe the expression of opinion, claim, belief, aspiration, expectation, aim to future intention provided by the Company, and assertions related to Intellectual Property Rights and other competitive issues.
- We have also not verified any likelihood, timing, or effect of possible future-oriented information and commercial risks associated with the Report, nor comment upon the possibility of achieving any financial projections.
- Aspects of the Report other than those mentioned under the scope and boundary above.
- Review of legal compliances.
- Performance of any management function or making any decision relating to the services provided by us in the terms of this report. Chemplast Sanmar Limited is responsible for making management decisions, including accepting responsibility for the results of our services

We have relied on the data furnished by the Company and have not independently verified the information or efficacy and reliability of the Company's information technology systems, technology tools/platforms, or data management systems.

**Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the select non-financial disclosures in the Sustainability Report 2022-23, are not properly prepared in all material respects based on the GRI Standards 2021.

The select non-financial disclosures in Sustainability Report 2022-23 have been evaluated against the GRI Standards 2021. These criteria have been developed only for ESG-related disclosures. As a result, the select non-financial disclosures in the Company's Sustainability Report 2022-23 may not be suitable for another purpose. This assurance report thus issued by KPMG must be only read in all circumstances in conjunction with the company's Sustainability Report 2022-23.

**Independence**

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social, and economic information in line with the requirements of ISAE 3000 (Revised) standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQM 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

**Restriction of Use of Our Report**

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. We accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusion we have reached.

Our report is released to the Company on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

Anand S Kulkarni
Technical Director, ESG,
KPMG Assurance and Consulting Services LLP

Date: 16-10-2023

# Notes

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CHEMPLAST SANMAR LIMITED