



# EPSILON CARBON SUSTAINABILITY REPORT



2021

# ABOUT THIS REPORT

Epsilon Carbon Private Limited has published its first sustainability report for the year FY 2020-21. This report endeavors to provide our stakeholders with a holistic appraisal of our financial and non-financial performance – including our strategy, governance, risks, performance, and opportunities related to Environment, Social, and Governance aspects.

The report has been prepared in accordance with the framework and disclosures as per the Global Reporting Initiative (GRI) Standards: Core option.

This report includes information that is material to our stakeholders and discloses matters that create value and could influence their decisions. As a part of the reporting process, we have undertaken a materiality analysis with internal stakeholders to

identify and prioritize ESG issues that shape our business operations. The non-financial information presented in this report covers operations at our Vijayanagar facility, unless specified otherwise. The financial information presented in this report pertains to company-wide financial performance. This report covers information pertaining to the period from April 1, 2020 to March 31, 2021.

The GRI Content Index, which specifies the GRI Standards and disclosures made under them in the Report, has been provided on page 108. The content of this report has been reviewed by our senior management and reviewed and approved by the Board of Directors to ensure accuracy, completeness and relevance of the information presented.



15.  
Charging India's  
EV ambition



16.  
Redefining value  
creation



27.  
Our Financial  
Performance



47.  
Our safety  
strategy



51.  
Our employee-  
centric Digitization  
initiatives



55.  
Training on Health  
& Safety, Human  
rights and Ethics &  
Governance



74.  
Maximizing value  
from water



93.  
Green design  
in supply chain  
management



95.  
Our Supplier  
Selection  
Process



# WHAT'S INSIDE

## Message From The Leadership

### Epsilon: Building Blocks Of Life

- 9. About Us
- 13. Building Our Shared Future
- 17. Our Sustainability Focus
- 18. Our Board of Directors

## Assessing What Matters

- 21. Engaging With Our Stakeholders
- 22. Materiality Assessment

## Geared Up For Resilient Growth

- 28. Business Risk Management and Continuity
- 32. Product Stewardship

## Fostering Employee Relationships

- 35. Our People
- 38. Talent Attraction and Retention
- 46. Occupational Health and Safety
- 52. Learning and Development
- 56. Employee Engagement and Well-Being

## Environmental Stewardship

- 61. Living the Circularity Paradigm
- 76. Clean Air For Our Planet and People
- 79. Biodiversity

## Growing With Our Communities

- 81. Our Shared Future

## Creating Sustainable Value For Our Corporate Partners

- 91. Our Partners In Growth: Our Suppliers and Contractors
- 98. Building the Competitive Edge: Customer Centricity and Engagement

## Corporate Governance – The Sustainability Imperative

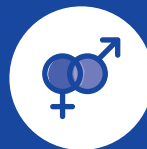
- 104. Nurturing A Culture of Transparency and Accountability

## GRI Index

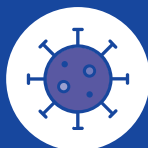
31. Our Business Continuity Story in times of pandemic



43. Improving our gender diversity



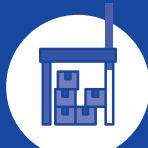
58. Combatting Covid-19



63. Sustainability Goals



100. Digitization - Warehouse Management



FEATURE  
STORIES

# MESSAGE FROM THE LEADERSHIP



**Vikram Handa**

## Dear Stakeholders

Wishing you all health and happiness. In the past 20 months, we have navigated a crisis unprecedented for our generation. My heartfelt condolences to all those who suffered the loss of their near and dear ones.

On the business front, it impacted nearly every aspect of our operations, but we were able to adapt our operating model fairly quickly and were able to sail through the pandemic fairly well. The pandemic has centralized the discourse on resilience and sustainability in a way that has never happened before. While sustainability and circularity have been at the core of our design and thinking since the very inception, the pandemic has elevated the Environmental, Social, and Governance (ESG) theme as the critical agenda item for our investors and stakeholders as well.

Guided by a spirit to nurture and embolden the confidence and trust of our stakeholders, we have recalibrated our sustainability communications strategy to respond to their need for additional information or resources.

It is, therefore, with great pride and pleasure that I present to you our very first sustainability report. The report captures our sustainability journey since inception and highlights the company's performance on key sustainability parameters during the year FY 2020-21. We are committed to communicating our

sustainability performance and plans annually going forward and are already in the process of setting up systems to ensure our stakeholders and investors are provided with timely, holistic, and credible information on the company's performance.

In order to strengthen the Board oversight on ESG governance, we are inducting Independent Directors in our Board, and are in the process of forming three additional Board-level committees – all of which would be effective 1st April 2022.

“ Reflecting on our sustainability performance over FY 2020-21, the lockdown-related disruptions did impact our operations and financial performance for the initial part of the financial year, but we were soon able to reorganize our upstream and downstream supply chains and returned to a sharp upwards trajectory over the next three quarters. ”

It gives me a sense of satisfaction to report that the company has earned remarkable goodwill from the government, customers, employees, suppliers, and community through our ESG-centric response and relief measures across and beyond our business operations. Consequently, we have entered FY 2021-22 on a very strong note – which is testified through the commissioning of our Carbon Black and Advanced Carbon units in the last few months.

We are on track with our 2024 growth strategy towards emerging as India's largest Coal Tar based products complex. We have entered FY 2021-22 all geared up to service the global markets and have already formed alliances with over 30 partners to assist us with local service, warehousing, and logistics support to provide on-time delivery to its customers.

As we continue to grow and evolve, we remain rooted in a sense of responsibility towards shaping the future of our global community and creating value for our local economy, business partners & the planet.

On behalf of the Board of Directors, I thank you all for your continued confidence and support.

**Warm Regards,**



**Vikram Handa** | Managing Director





**Saiprasad Jadhav**

## **Dear Stakeholders**

The financial year gone by has been difficult for all of us, in more ways than one. My heartfelt condolences to everyone who has suffered the loss of loved ones. It was during this time that the resilience of the human spirit was best demonstrated. I am awed and proud of the extraordinary solidarity and resilience displayed by our communities, across the nation. As we begin to cautiously transition towards normalcy, I believe there remains much for businesses to learn from the innate human spirit. The pandemic has only reaffirmed our corporate philosophy of driving a sustainable societal change across and beyond our operational boundaries through our commitment to you - our employees, investors, vendors and customers, and the community at large.

I must also add that it is your continued trust, confidence, and support that gave us the confidence to continue to execute on our growth plans across businesses despite the impediments. You are our growth partners in our journey towards emerging as India's largest Coal Tar based products complex.

It is in this spirit, that we have set on a path to share with you a holistic assessment of our financial and non-financial performance. Stakeholders, I present to you our first annual sustainability report.

Today, we stand as one of India's largest producers of Coal Tar based products. As we gear up to triple our business operations over the next five years,

being future-ready is not just a priority but a business imperative. Anticipating the need for a human capital transformation to respond to our sharply growing business, we are in the advanced stages of formulating a roadmap towards the end-state transition structure in terms of organizational design and detailing. The new structure is set to be rolled out in 2022, and I shall keep you posted on its progress. The transformation shall capture our journey from 350+ employees at present to a team of over 700 professionals as co-creators of our growth story.

Our employees are our most valuable asset on which our ability to deliver long-term value rests. An employee-force, of which over 51% are between the age group of 30-50 years, and another 47% are under 30 years of age, is a cherished characteristic that brings on board profound knowledge and experience coupled with agility, adaptability, and enthusiasm. Building a long-term working relationship with our employees remains one of our foremost priorities, and consequently, we are witnessing a consistent decline in the attrition rates. Improvement in gender diversity in line with the target of 40% female by FY 2024-25 within our support functions remains a work-in-progress, but we are progressing well in that direction.

We are already working to provide a job evaluation framework that supports consistent career pathing, and are constantly investing in our employees' capacity through learning and development initiatives. In FY 2020-21, our employees received ten hours of training on an average – covering functional training, and training on health & safety, human rights, and ethics. As a result of our very strong focus on health & safety of our employees, we have been reporting zero fatalities for two years in a row. We carried forward the same spirit of responsibility towards our employees when the pandemic struck and offered all possible support to our employees and their families during this stressful, and uncertain time. Our response strategy was pillared on employee health, safety, productivity, and welfare.

Much like our response to employee needs during the pandemic, our response to our communities and governments during the pandemic was also structured to address the humanitarian and socio-economic crises that faced our communities. We aligned our community development activities to be relevant to these unforeseen challenges. In FY 2020-21, we spent over INR 2.32 crores through our Corporate Social Responsibility and Corporate Environment Responsibility funds, of which about INR 1 crore was spent towards healthcare infrastructure and

humanitarian COVID-19 relief – benefitting over 1.5 lakhs persons. Our community development activities have so far impacted over 2 lakhs lives.

We continue to be guided by the Sustainable Development Goals (SDGs) framework to generate value for our communities through our interventions in natural resource management, civic infrastructure development, public services, gender upliftment, healthcare, etc.

In addition, the SDGs are also the foundational blocks of the corporate responsibility philosophy governing our core operations. Through constant improvements in our operational process, we are minimizing the need for virgin resources by keeping existing materials in the production cycle; enhancing process efficiencies to use resources more efficiently and to reduce losses; and eliminating the negative externalities related to generation of waste materials and gases.

Circularity is embedded in our design and operating models at various levels and dimensions – including management of energy, raw materials, wastes, and water. Our integrated facility utilizes and develops existing synergies between our various units to deliver innovative solutions that keep resources within the production cycle and maximize their economic, environmental, and social value. I am pleased to share with you that in FY 2020-21, we were able to achieve a reduction of about 25% in energy intensity of our Coal Tar Distillation (CTD) operations in FY 2020-21 over FY 2019-20. Additionally, over 84% of the energy used in our CTD operations during the year was in the form of recovered gases. Consequently, we were able to reduce Scope 1 and Scope 2 GHG emissions from our CTD operations by about 18% during FY 2020-21 over FY 2019-20. Further, recognizing the critical role of natural ecosystems to act as sinks of carbon dioxide, we have earmarked a budget of INR 1.5 crores for afforestation and wildlife conservation works from FY 2020-21 up to FY 2024-25.

On the waterfront, we were able to achieve a reduction of 23% in specific water consumption of our CTD operations in FY 2020-21 over FY 2018-19. We are also responsibly managing our wastes and effluents. Our Vijayanagar plant is a Zero Liquid Discharge facility, and 100% of the wastewater generated is collected, treated, and reused on-site.

For our Carbon Black and Advanced Materials operations, we are in the process of establishing the baseline for environmental performance and shall

subsequently take up targets for the same. While on one hand, our sustainable operations allow us to provide our customers with products that have one of the lowest embodied ESG impacts across markets, on the other hand, we are working to impact our upstream and downstream ESG footprint as well. Responsible sourcing, of raw materials, services, and workforce, allows us to address ESG integration in our upstream. In the downstream, we are making an impact by developing products that cater to the emerging needs for innovative, high-performance, and quality carbon products that support the ensuing energy transition to mitigate CO<sub>2</sub> emissions. We position ourselves as a complete solution provider for the anode material requirement of LiB batteries. Our customer engagement is further strengthened through the use of digital technologies. We are increasingly incorporating digital technologies and innovation in our business process – which allows us to carry out real-time analysis, advanced planning, enhance transparency, provide value-added services, and achieve cost-efficiencies apart from making make processes safer, greener, and more efficient.

Our corporate governance model is the overarching imperative that enables us to continuously pursue the highest levels of fairness, transparency, accountability, and integrity through a holistic framework that encompasses corporate ethics, Code of Conduct, vigil mechanisms, risk management, compliance procedures, and ESG governance amongst others. Resultantly, we are well-placed to demonstrate our organizational commitment towards Agenda 2030 and the Paris Agreement. We are inspired by the need to create innovative solutions for creating a more sustainable future for humankind. I am confident that the growth journey we have embarked upon is going to be a fulfilling one – one that will impact us and the generations to come.

I end by thanking all our employees and business partners for placing their belief, commitment, and confidence in us, despite very personally stressful times. Wish you all good health. Stay safe!

**Yours sincerely,**



**Saiprasad Jadhav** | CEO

# EPSILON: BUILDING BLOCKS OF LIFE





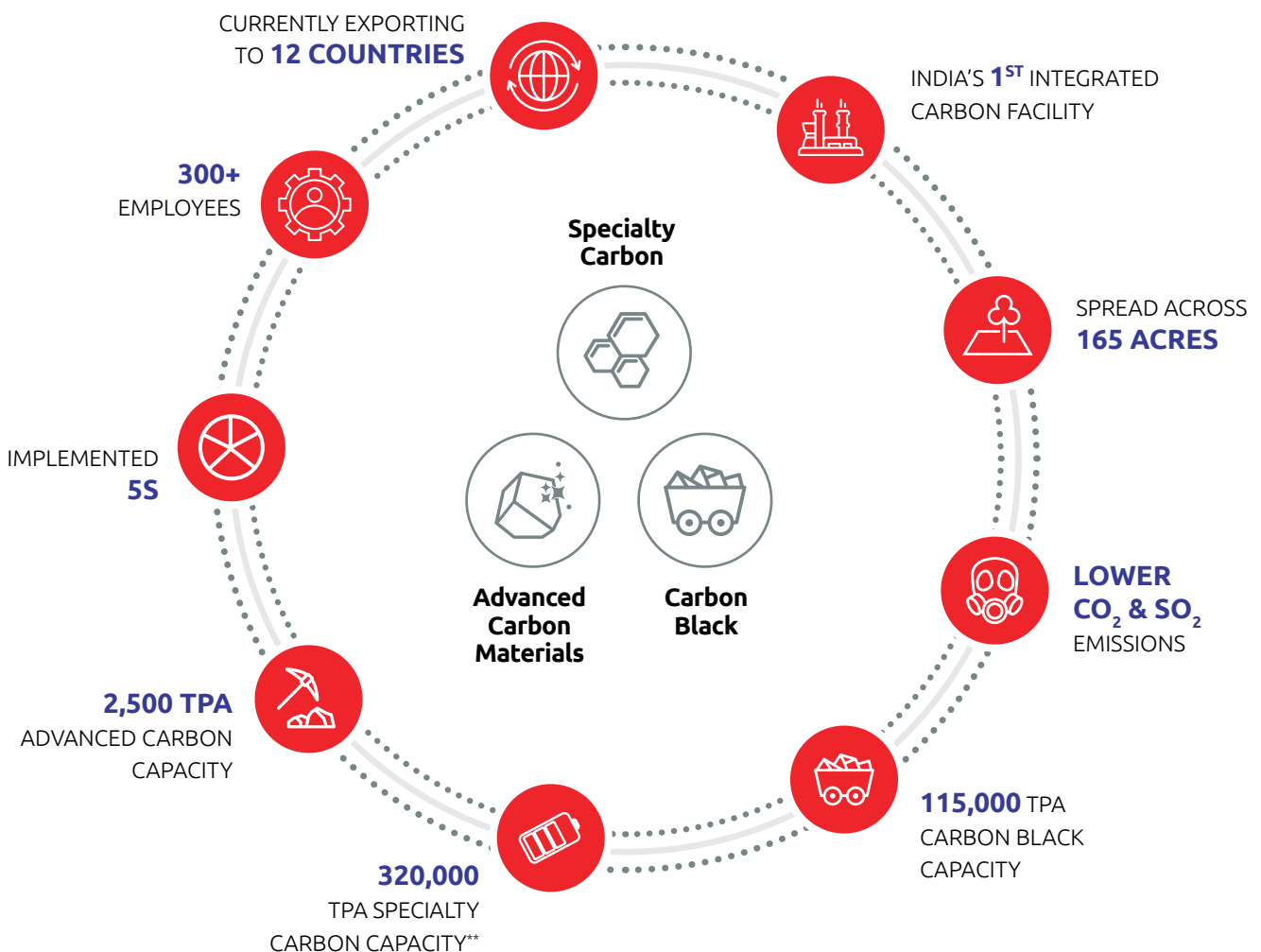
# ABOUT US

Epsilon Carbon – an Epsilon Group company – established in 2010, is a private sector company, limited by shares. We are a leading manufacturer of coal tar derivatives and India's only backward-integrated company with a dedicated source of raw materials. We have manufacturing units in the Indian states of Karnataka, Chhattisgarh, and Odisha.

Led by a committed, experienced team of industry professionals, we pioneered India's continuous coal tar distillation (CTD)\* unit at Vijayanagar, Karnataka. Spread over 160 acres, and with a capacity of 2,20,000 MTPA, this state-of-the-art manufacturing

unit for coal tar allied products caters to 40% of the pitch demand in India's aluminum industry. Our 10-acre pitch melting plant at Sambalpur has two smelters to carry out uninterrupted operations and a combined capacity of 50,000 TPA.

The new state-of-the-art 115,000 TPA backward-integrated carbon black plant in Bellary is our first step in our journey to being a global leader in the coal tar and carbon black industries. We will continue our forward integration as we expand the capacity of our carbon black facility to 300,000 TPA in the second phase.



## Epsilon Group:

- Epsilon Carbon Private Limited (ECPL)
- Epsilon Advanced Materials Private Limited (EAMPL)

\* Coal Tar distillation(CTD) is renamed as Specialty Carbon (SC) henceforth  
 \*\*Total Capacity including Job work at other location

## OUR VISION

To be a market leader and trusted provider of a range of innovative, quality carbon products

## OUR MISSION

To support global industries with an assured supply of quality carbon products, using environmentally-friendly processes, adhering to ethical standards, and to create value for our stakeholders and community

## OUR VALUES



### INNOVATION

We constantly seek new ways to solve problems, improve systems and processes, and grow our business. Cost-effectiveness and sustainability are the cornerstones of all our business practices



### PASSION

We are committed to give our best every day. Our passion for the work we do makes us enthusiastic and eager to learn and succeed



### QUALITY

We strive to do well and look for ways to do it even better. We guarantee products that will exceed customer expectations



### INTEGRITY

We are open, transparent, trustworthy, and hold ourselves to high ethical standards. We have the courage to do the right thing



### COLLABORATION

We believe in the spirit of collaboration and support to achieve the company's goals. We build positive, cooperative relationships with all our stakeholders

## Our Business segments

With our manufacturing capacity, we partner many of India's biggest names in aluminum, carbon black, tyres and mechanical rubber goods, Graphite electrodes & other specialty chemicals.

### Coal Tar Distillation

We distil coal tar to manufacture a broad range of high-quality products that cater to key industries such as Aluminum, Graphite, Carbon Black and Specialty Chemicals. The key product of the distillation of coal tar is Coal Tar Pitch. This is further processed into desired chemical and physical properties to form Binder Pitch, Impregnated Pitch, etc.

### Carbon Black Operations

We are using our vast experience in manufacturing coal tar derivatives to forward integrate to produce Hard and Soft Grades of Carbon Black that cater to tyre and non-tyre applications in domestic and international markets. Our Carbon Black grades exceed the global standards for Carbon Black set by ASTM, in addition, we can offer a range of Carbon Blacks that can be customized to specifications

### Advanced Carbon Operations

In 2018, Epsilon Group marked its entry into lithium-ion battery (LIB) space by forming majority owned subsidiary – Epsilon Advanced Materials Pvt Ltd (EAMPL). Currently, we supply our anode precursor material (EMC series) commercially to globally reputed anode makers and our graphite anodes (EMG series) are under testing and qualification with global cell companies. We are working towards establishing ourselves as a full-fledged anode maker in the global LIB supply chain.

## We operate India's first integrated coal chemicals complex

We are active members of the Confederation for Indian Industries, Federation of Indian Chambers of Commerce & Industry, Indian Chemical Council, International Tar Association and the Associated Chamber of Commerce and Industry of India (ASSOCHAM).

## Our Product Lines

Coal Tar Derivatives

Carbon Black

Anode Materials



## Our Presence

### Our Operations and Markets Served

With aim of establishing India's largest coal chemical processing facility, Epsilon Carbon, headquartered in Mumbai, Maharashtra has its facilities are strategically located near raw material sources and/or customers in Karnataka, Chhattisgarh and Odisha.

Our high-quality products are manufactured to specifications, and cater to disparate industries including aluminum, carbon black, tyres, mechanical rubber goods, graphite, specialty, and construction chemicals, dyes and pigments, amongst others.

We serve industries across India as well as global clients.

We take utmost care in ensuring that our products meet stringent quality requirements and regulatory compliance. Our processes and systems are in place to carefully consider the impact of our products on the health and safety of all our stakeholders and the communities in which we operate – including our team of 350+ employees. We are being certified by leading agencies in the chemical industry quality, health and safety, environment, and supply chain management.

#### Coal Tar Distillation Products



**Coal Tar Pitch**



**Impregnation pitch**



**Crude and refined Naphthalene**



**Carbon Black**



**Anthracene Oil**



**Carbon Black Oil**

#### Carbon Black Products



**Tread Grade Carbon Black**



**Carcass Grade Carbon Black**

#### Advanced Carbon Products



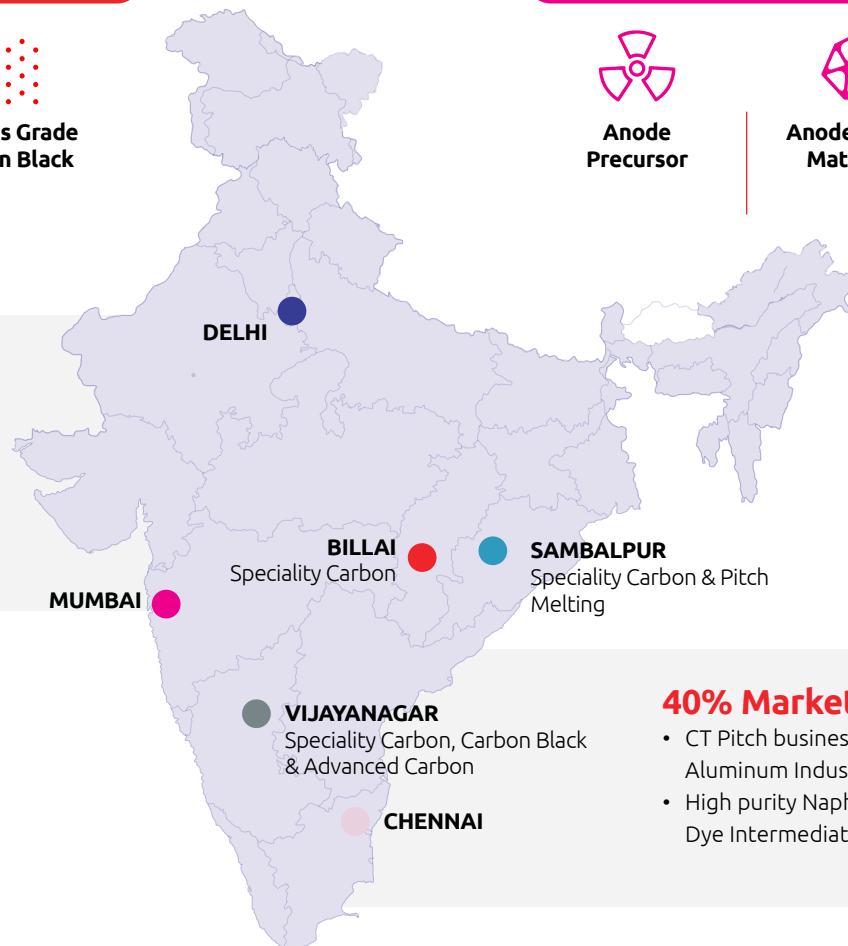
**Anode Precursor**



**Anode Active Materials**

### Epsilon locational advantage

- Raw material sourcing
- Coke Oven Gas input
- 10MW Powerline
- Railway siding
- Lean Gas Sale



### 40% Market Share

- CT Pitch business – Aluminum Industry
- High purity Naphthalene – Dye Intermediates / H-Acid

# BUILDING OUR SHARED FUTURE

Our products are essential for you – today and tomorrow

OUR PRODUCT LINES	PRODUCTION CAPACITY (FY 2021)	TOUCHING YOUR LIVES IN INTERMINABLE WAYS	
Coal Tar Distillation Products	220,000 TPA	<ul style="list-style-type: none"> <li>Aluminum Industry</li> <li>Graphite Industry</li> <li>Dye and Dye Intermediates</li> <li>Tyres and Mechanical Rubber</li> </ul>	Traditional uses
Carbon Black	115,000 TPA	<ul style="list-style-type: none"> <li>Plastics</li> <li>Printing and Packaging</li> <li>Inks</li> <li>Conductive Carbon Blacks</li> <li>Coatings</li> </ul>	Emerging uses
Anode Active Material	2,500 TPA	<ul style="list-style-type: none"> <li>Anode materials for LiB for Electric Vehicles</li> <li>Energy Storage Systems</li> <li>Consumer electronics</li> </ul>	

## Sourcing Local, Supplying Global

Our raw material comes from steel plants which generate coal tar during the production of coke. India is currently producing 900,000 TPA of coal tar annually. By 2030, India is expected to go from about 120 million tons of steel to 300 million tons of steel production – which would increase the production of coal tar to 18,00,000 TPA.

We have entered into strategic long-term contracts for our raw material to ensure we retain our unique advantage of 100% backward integration of locally available raw material. Our planned growth trajectory towards becoming India's single location Carbon Black manufacturing facility, takes into account the projected availability of coal-tar feedstock.

We have forward integrated our CTD unit into two value streams – carbon black and anode materials.

### Carbon Black

As per estimates, the carbon black market is expected to grow at 5.15% during 2021-2026. By application, the market is segmented into diverse industries, with tyre industry dominating the market demand holding a share of 75% in the market share by application. China and India are the key players in the largely consolidated market. Demand for carbon black is expected to grow to ride on the CAGR of 3.71% in the automobile industry between 2020-2030.

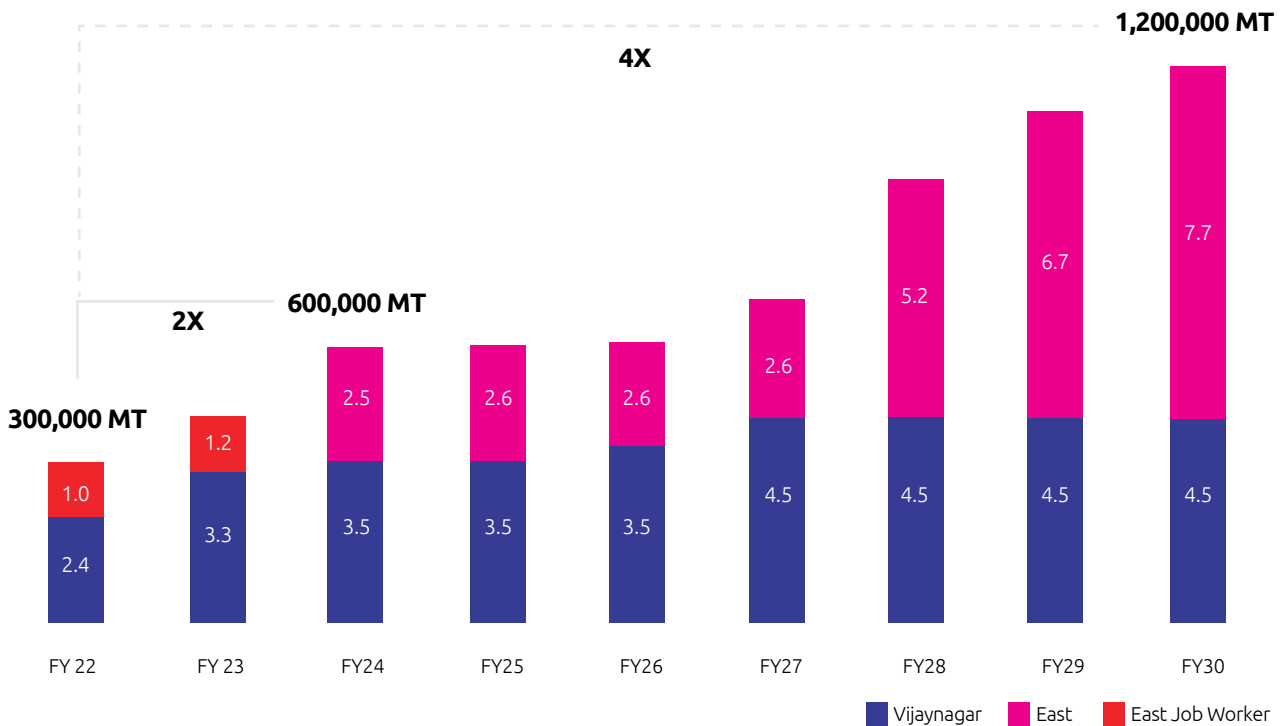
### Anode Material

Our patent-pending furnace design uses the coal tar – which is otherwise a waste by-product for the steel industry – to convert it into bulk mesocoke which is then graphitized to serve as the graphite anode in battery packs.

At present, the local demand for battery packs in India is driven mostly on account of the demand for electric vehicles across two-wheeler, three-wheeler, and public transport segments. These segments are expected to grow in the near future, along with an exponential increase in the demand for batteries in the four-wheeler segment. At present, the EV manufacturers in India are importing battery packs. The government of India is incentivizing cell manufacturing companies that source locally and the Indian market for anode material is geared up to grow fast backing on the government's push.

Our technology, product quality, and backward integration with locally available raw materials positions us well as a preferred supplier for cell manufacturing companies seeking such incentives, although at present with limited local demand, we are supplying anode material mainly to battery pack manufacturers outside India. Our backward integration with coal tar source gives us a unique advantage for the global markets that reflects in our cost competitiveness. In addition, our strong focus on ESG is a differentiating factor particularly for meeting the demand from Gigafactories growing in Europe and United States – with a strong emphasis for responsible sourcing.

## Coal Tar Availability for our Vijayanagar Plant



- With another 75 Mn tonnes of domestic Steel capacity to be established in Odisha by 2030. The new plant in Odisha will give locational advantage to Epsilon by being closer to Raw material source.
- Epsilon to set up 150-acres Greenfield project in East with a planned capacity of 500,000 MT in two phases on the basis of long-term contracts for coal tar.

We have been successful in securing its growth plans. About 80% of our raw material demand is covered by long-term tie-ups with suppliers.



## Charging India's EV ambition

Powered by a series of policy incentives, the electric vehicle market in India is expected to be valued at USD 2 billion by 2023 and is projected to grow to USD 206 billion by 2030. It is estimated that this growth shall be propelled by a cumulative investment of over US\$180 billion in vehicle production and charging infrastructure.

We are one of the first movers in India in the battery storage space. We manufacture anode material – which is a critical part of battery packs – that forms about 25% of the battery. At present, manufacturers in China supply about 85% of the global anode demand – including almost the entire demand from India. With a price sensitive market, import dependency on China for battery packs can be prohibitive for electric vehicle (EV) penetration in India.

The Government of India has introduced multiple production-linked incentive schemes that are intended to incentivize the development of indigenous supply chains for key technologies, products, and auto components. In 2019, Govt had also approved the National Mission on Transformative Mobility and Battery Storage which aims to support setting up large-scale, export-competitive integrated batteries and cell-manufacturing Giga plants in India, as well as localizing production across the entire electric vehicle value chain. Many states are building policy and infrastructural ecosystem

required to enhance manufacturing and adoption of electric vehicles. The Government of Karnataka has been one of the first movers amongst the Indian states to provide a policy framework to push EV and EV ancillary manufacturing in the state.

With years of diligent efforts, conviction, and perseverance, we have developed a patent technology to convert coal tar – a raw material that is locally produced in India – into graphite anode material for lithium-ion batteries. We started commercial production of anode material using the technology in 2020 and are geared up to scale it up exponentially to meet the local and global demand. By 2025, we are looking to enhance anode material production capacity to 30,000 TPA and going up to 100,000 TPA by 2030. With our increased production capacity, we would be equipped to hold a market share of 5% globally. However, with the electric vehicle market and battery pack manufacturing slated to grow exponentially in India, we are aligning our efforts to focus on the Indian market by 2030 - by supplying cost-competitive, innovative, quality, and ethical products. Until the time, the demand picks up in India, we are working to achieve scale by catering to the existing demand from the European and North American markets – so that we can pass on the early mover advantage of scale and cost-competitiveness to Indian consumers.

### Key milestones for India's EV policy development

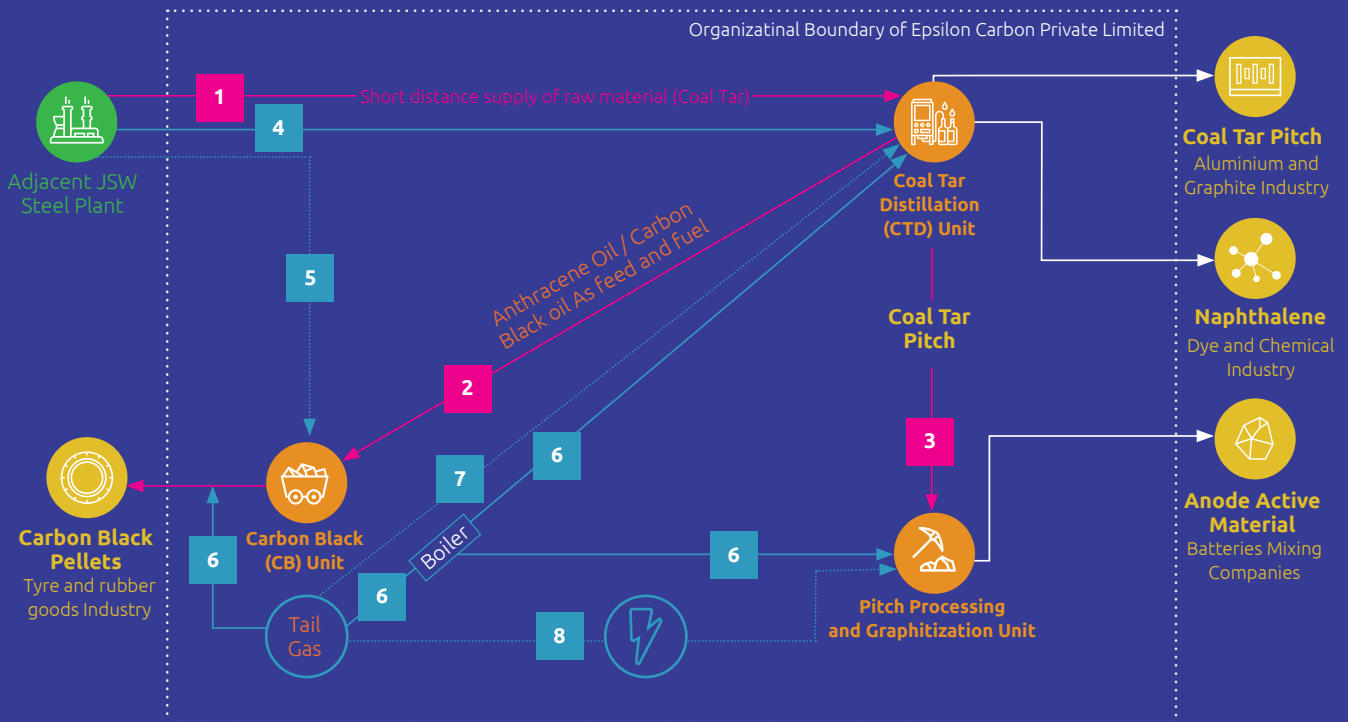
- **September 2018** | Department of Science and Technology launched a Grand challenge for developing the Indian Standards for Electric Vehicle Charging Infrastructure
- **October 2018** | Battery operated vehicles announced to be exempted from the commercial permit requirement by Ministry of Road Transport and Highways
- **March 2019** | The National Mission on Transformative Mobility and Battery Storage approved by the Cabinet.
- **May 2021** | Production-Linked Incentive Scheme (PLI) for ACC Battery Storage Manufacturing to incentivize the domestic production of batteries
- **September 2021** | PLI Scheme for the automobile and drone industry to incentivize green automotive manufacturing, amongst others

As per India Energy Storage Alliance, the EV battery market is also projected to grow at a CAGR of 30% till 2030.

## Redefining Value Creation

Our value creation model is integrated by design and is aimed at generating sustainable value in a production process that is tailored to be circular. The outputs from various of our processes form a web of inputs feeding on

to other processes thereby forming a value-creation system that is fundamentally based on a series of circular system exploited simultaneously to continuously add value to resources throughout our production processes.



- 1** Our manufacturing process utilizes Coal Tar – which is a by-product derived in the manufacturing of steel as key raw material. We distill coal tar to manufacture Coal Tar Pitch and a variety of intermediate chemicals.
- 2** The Carbon Black Oil produced as a by-product in the Coal Tar Distillation process is used as a fuel and feed for the Carbon Black production process within our facility. Our Carbon Black feedstock has lower sulfur content (0.3%) as against the conventional feedstock with 3% sulfur content. Further, being the only player having an in-house feedstock for carbon black, our carbon black operations have a lower scope 3 emissions.
- 3** We use a patent-pending technology, developed on a new, environmentally-friendly process to produce quality, high-performance graphite anode material for the Lithium-ion Batteries in the world's first and only 100% backward-integrated facility producing synthetic graphite.
- 4** About 84% of our Coal Tar Distillation energy needs are met through recovered waste gases (Blast Furnace Gas and Coke Oven Gas) from the steel industry in our vicinity.
- 5** We are in the process of switching to Coke Oven Gas to replace oil for energy use in our Carbon Black Unit.
- 6** The tail gas produced in our carbon black unit is consumed internally for drying of carbon black and for steam generation. We also recover waste heat from the R1 reactor of our carbon black

unit. The carbon boiler supplies steam for our Coal Tar Distillation Operations. The steam from our Carbon Black Boiler is also used to run our advanced materials operations EAMPL leading to a reduction in electricity consumption in thermic fluid heating systems.

- 7** We are planning to utilize the excess tail gas generated from Carbon Black unit in CTD unit for furnace operation.
- 8** In the next phase, we are also planning to produce electricity from the tail gas for our Captive Power Plant (CPP).
- 9** The wastewater generated from our operations is collected and treated in an effluent treatment plant. The treated wastewater is collected, reused, and recycled within our premises leading to zero discharge of liquid.

**The circular elements in our production process allow us to circulate products and materials at the highest possible levels through principles of design and chemistry. In the process, we minimize waste generation which not only eliminates negative externalities, but also boosts our competitiveness by decoupling value creation from resource consumption.**



# OUR SUSTAINABILITY FOCUS

We aspire to create a strong R&D team and develop cutting-edge materials and act as a one-stop solution to our customers. We have strategically tied up with research institutes, start-ups, and technology platforms that help us accelerate our go-to-market for important developmental projects.

Epsilon plays a vital role in shaping the future of our community & we believe that sustainable growth of the company and the

community goes hand-in-hand. We support the activities which facilitate development and growth of the communities around our locations where we operate.

We also believe in being responsible for the environment and making it better for our future generations. Hence all our operations are structured in a manner to make them environment friendly.

## Sustainability Performance Highlights

**25%**

Reduction in energy consumption in FY 2020-21 over FY 2019-20

**84%**

Of energy needs met through recovered gases

**25%**

Reduction in energy intensity in FY 2020-21 over FY 2019-20

**30%**

Reduction in attrition rate during FY 2020-21 over FY 2019-20

**100%**

wastewater generated at our Vijayanagar facility sent to ETP and reused on site

**23%**

Reduction in specific water consumed by our CTD operations in FY 2020-21 over FY 2018-19

**18%**

Reduction in Scope 1 and Scope 2 emissions intensity during FY 2020-21 over FY 2019-20 in our CTD unit

**100%**

Employees and contract workers trained on human rights and H&S

**70%**

Decline in female employees' turnover rate during FY 2020-21 over FY 2019-20

**INR 2.1 Crores**

Spent on community development activities during FY 2020-21

**3,590**

Person hours of training (own employee) during FY 2020-21

**Bronze rating**

Ecovadis 2021

**4,270**

Saplings planted so far

**Zero**

Recordable injuries during FY 2020-21

**2 Lakhs**

Lives impacted since inception

## Our Sustainability Pillars

**Supply advantage**  
Strategically located plant to service customer requirements, state-of-the-art tracking system to enable on time deliveries

**Quality focused**  
Robust QC processes, regulatory compliances and various quality certifications

**Greener footprint**  
Lower emissions footprint due to usage of cleaner fuels, low sulphur feedstocks, and zero discharge



**Experienced Leadership**  
Strong technical and managerial expertise

**Sustainable business growth**  
Secure source of captive raw material with long-term contracts

# OUR BOARD OF DIRECTORS



**Vikram Handa | Managing Director**

Mr. Handa holds a Bachelor of Engineering and Mathematics degree from Tufts University, USA and began his professional journey at Aerotech World LLC, a supplier of high-quality aerospace products and supply chain management solutions to the aviation industry. He is currently pursuing an Executive Education at Harvard Business School. Mr Handa is also a member of the Young Presidents Organization (YPO).



**Sai Prasad Jadhav | CEO & Director**

Mr. Jadhav has a Bachelor of Chemical Engineering degree and brings 28 years of experience. Mr. Jadhav was an entrepreneur & founder of 2 manufacturing unit for Fluorine based specialty chemicals, Active pharma ingredients (APIs) and pharma formulations. Mr. Jadhav has decades of leadership experience with a track record of working with high-growth chemical companies in setting up and heading businesses in diverse fields including chemicals, Agrochemical and Pharma companies. He possesses functional expertise in diverse functions like strategic planning, business operations, P&L management, Business Development, M&A and strategic alliances.



**Tarini Jindal Handa | Director**

Ms. Tarini Jindal Handa is the Creative Director of JSW Realty, the real estate arm of the JSW group. Ms. Handa is trained in fashion and marketing. Ms. Handa is also on the board of Victoria Mills, a museum for children and a creative hub that will be open to the public at large. She is collaborating with the Mumbai Municipal Corporation to create free use of public toilets. Ms. Handa serves on the Boards of JSW Infrastructure, JSW Realty and amongst others.



**Mohinder Kumar Singhania | Director**

Mr. Singhania graduated in Chemical Engineering and has a diploma in Management. With a professional techno-commercial experience of 38 years in the chemical industry, Mr. Singhania has hands-on experience in all business processes, business strategy, project execution, technology transfer, supply chain management, plant operation, developing and stabilizing new businesses. Mr. Singhania has tremendous knowledge of coal chemicals and downstream products, and a good understanding of Indian and international coal tar chemical market and its dynamics. He has successfully executed several green / brown field projects from inception to commissioning.



### **Nirmal Kumar Jain | Director**

Mr. NK Jain holds a bachelor's degree in Commerce. He is a Fellow of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India. He has over 40 years of experience in mergers and acquisitions, finance, legal, and capital structuring. Mr. Jain has a keen interest in management development and human resource training. He is currently the Chairman of JSW Infrastructure Limited and serves on the Board of various JSW Group Companies.

---



### **Ratan Shah | Director**

Mr. Shah holds a Master's degree in Chemical Engineering from the University of Michigan, USA and a Bachelor's degree in Chemical Engineering from IIT Bombay. He holds over 40 years of experience in operations, projects, maintenance, production, materials, financial, H.R. and overall profit center management in India and abroad. He is a CFI Certified CEO Coach. He has spent three years mentoring Senior Manufacturing Professionals during his tenure as the Global Talent Mentor for Manufacturing with Aditya Birla Group. He has spearheaded and successfully implemented series of new initiatives to enhance organization competitiveness with focus on cultural change.

---



### **Vinod Kumar Handa | Director**

Mr. Handa has a Master's degree in Science, Safety and Security Administration (Power, Gas & Oil) from University of Wisconsin, USA; Diploma in Safety Management & Engineering from University of Wisconsin, USA; and a Bachelor's degree in Mechanical engineering from Punjab Engineering College, Chandigarh. Mr. Vinod Kumar Handa has over five decades' experience in the Oil and Natural Gas industry. He began his career as a field engineer with the Oil and Natural Gas Commission of India in 1971, and later moved to the UAE and USA and served field engineer, technical safety advisor and President in various organizations. He is a member of the Society of Fire Protection Engineers, USA; National Fire Protection Association USA; associate member of The Institution of Fire Engineers UK; and The Institution of Engineers, India.

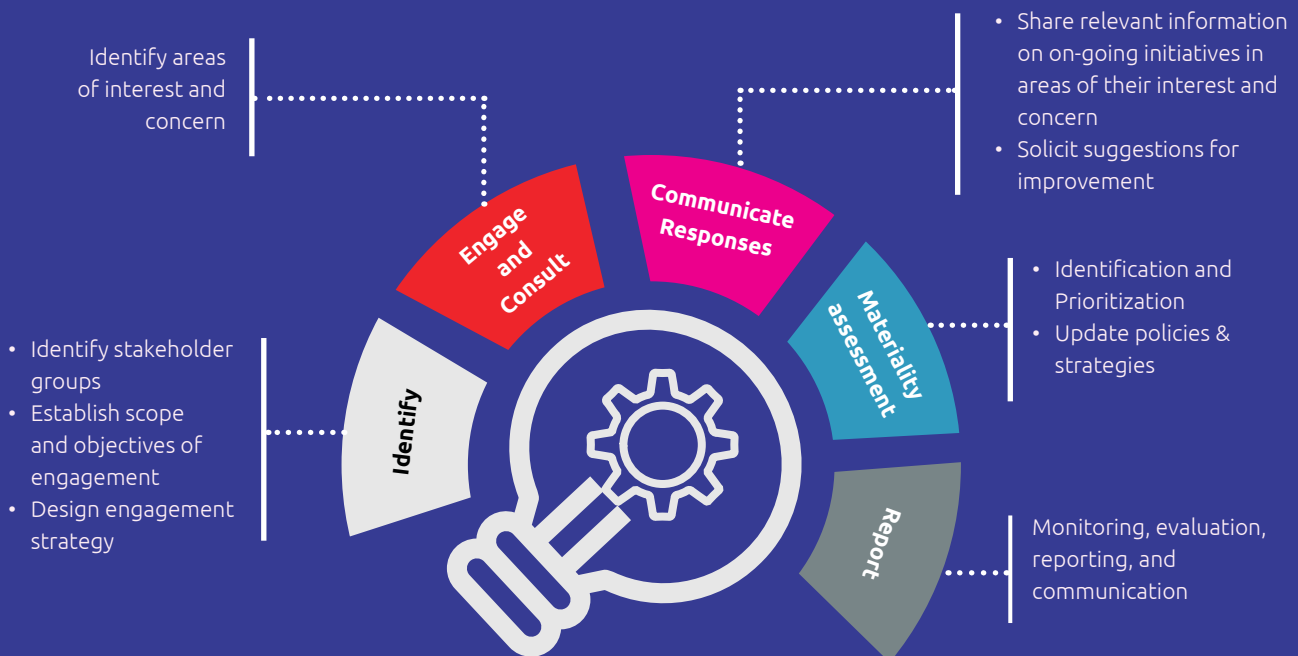
# ASSESSING WHAT MATTERS



# ENGAGING WITH OUR STAKEHOLDERS

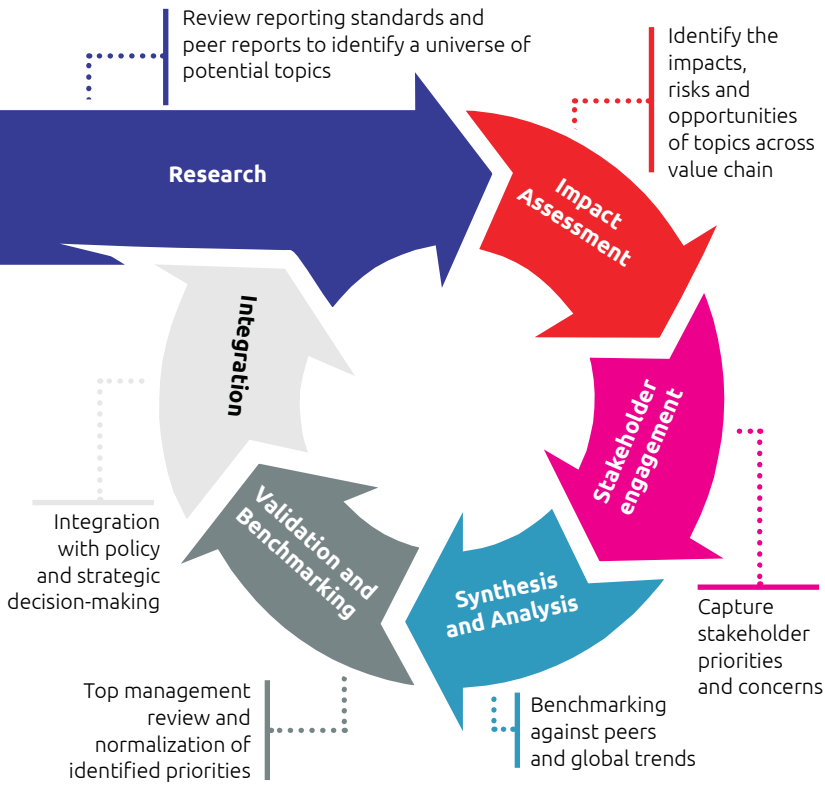
At Epsilon Carbon, we take corporate citizenship very seriously. Maintaining positive relationships and building mutual trust with our various stakeholder groups is the cornerstone of our corporate citizenship strategy. To put the strategy to action, we have devised a structured plan for stakeholder engagement through which we seek their feedback on our internal and

external initiatives and solicit suggestions to continuously step up our initiatives to address their concerns and interests. Our stakeholder consultation process draws from our shared respect for our employees, our communities, and our planet. Hence, we are constantly updating our policies and decision-making frameworks to respond to our stakeholder concerns.



Stakeholder	Type of engagement	Frequency and Mode	Key Topics/ Concerns
<b>Employees</b>	Meetings, training sessions, surveys, town-hall, open house sessions, complaint and suggestion box, grievance redressal mechanism, annual training needs assessment, annual performance appraisal	Continuous	Business performance, benefits and compensation, safety, career development, performance feedback, organizational culture
<b>Government</b>	Policy updates and ministry directives, Mandatory filings with regulators including RBI and SEBI, Compliance reports, CSR reports	Annual/ Continuous as required	Compliance with relevant regulations; Local development initiatives
<b>Communities</b>	Public hearing, informal on-site interactions needs assessment surveys	Continuous	Local employment, livelihoods and economy, human and social development initiatives
<b>Investors</b>	Annual and Quarterly Meetings, Performance Reports	Continuous as required	Financial and non-financial performance, corporate governance, risk management
<b>Customers</b>	Customer satisfaction surveys, meetings, corporate events	Continuous as required	Product quality, innovation and life-cycle environment performance, pricing
<b>Suppliers</b>	Supplier evaluation	Annual	On-time payments, Supplier ESG performance

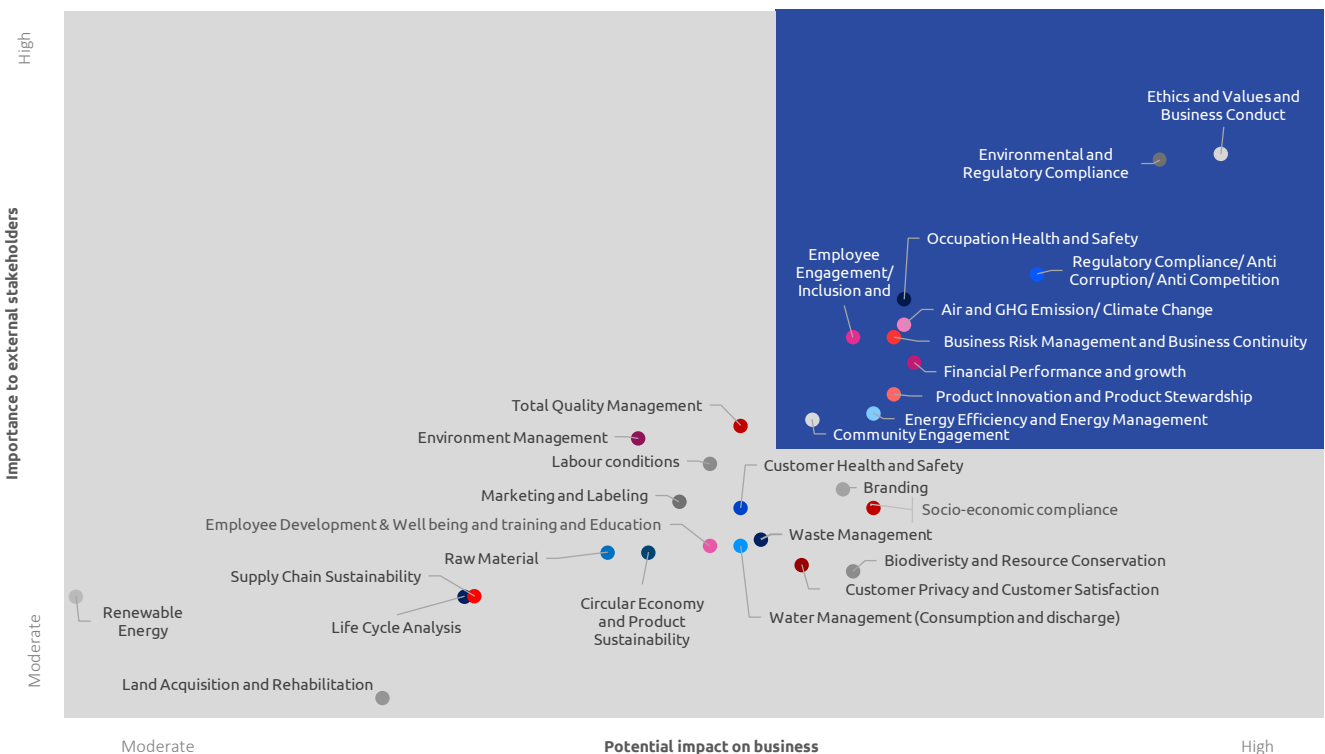
# MATERIALITY ASSESSMENT



This year, we have shaped up a structured process to gain a clear understanding of the topics most pertinent for our business and stakeholders and identify and prioritize our material topics, risks, or opportunities for assessing and reporting our sustainability efforts. The process is guided by the materiality assessment framework provided by GRI – which helps organizations to identify topics that are of prime concern for stakeholders as well as the organization’s business strategy. It is our endeavor to monitor, evaluate, report and transparently communicate to our stakeholders on our performance and systems pertaining to the identified material topics. While we are committed to strengthening our governance, monitoring & reporting systems for the identified material topics, we are also mindful of the evolving concerns and dynamic priorities of our stakeholders. Hence, we also intend to continuously strengthen the materiality assessment process in the coming years and refresh the material topics to capture the evolving concerns of our stakeholders.

Based on these discussions and validations, the key material topics on the basis of the priority to business and stakeholders are depicted below:

## Materiality Matrix



## Material Topics

Priority Rank	Sustainability topics	Description
1.	<b>Ethics, Values and Business Conduct</b>	<p><b>GRI aspects: Ethics and integrity; Governance</b></p> <p>Ethics, value-based conduct, and good governance practices are embedded in our culture, which reflects our policies, guidelines, and practices. Our Code of Conduct sets standards for responsible, and ethical behavior. Not only are our employees sensitized and trained in ethical business practices, but we are also in the process of working with our suppliers to integrate the highest ethical standards and practices with their bottom line.</p>
2.	<b>Environmental Compliance</b>	<p><b>GRI aspects: Environmental compliance</b></p> <p>Environmental and Regulatory Compliance is not merely a demonstration of our commitment to laws and regulations but is fundamental to our business. We also continuously monitor our environmental and regulatory compliance, and non-compliances, if any, are discussed with the top management for corrective actions. Our comprehensive Health, Environment, and Safety (HES) policy helps us manage our compliance performance.</p>
3.	<b>Regulatory Compliance/ Anti Corruption/ Anti Competition</b>	<p><b>GRI aspects: Regulatory compliance, Ethics and integrity; Governance</b></p> <p>Regulatory compliance is the core and minimum requirement for all our business operations and aspects and is as such integrated with all our policies, practices, manuals, guidelines, etc. All our employees have been trained annually on anti-bribery, anti-corruption, and anti-competitive practices. Our vigil mechanism and whistleblower policy provides the framework to report any suspected cases of unethical behavior or violation of code of conduct.</p>
4.	<b>Occupation Health and Safety</b>	<p><b>GRI aspects: Health and Safety</b></p> <p>Occupational health and safety performance is guided by our HES policy; and has the oversight of our highest governance body. The implementation of the HES policy rests with the senior management teams at our operating facilities – who are constantly working to embed occupational health and safety into corporate culture. Besides our own employees, we require our contractors and suppliers to adopt the highest standards of health and safety practices.</p>
5.	<b>Air and GHG Emission/ Climate Change</b>	<p><b>GRI aspects: Emissions</b></p> <p>We monitor and comply with the non-GHG air emission norms prescribed by the Pollution Control Board (PCB). The compliance reports for non-GHG air emissions are submitted to the PCB and are available on our website for all our stakeholders. We have been preparing a GHG inventory since FY 2019-20. Energy consumption at our facilities is the main source of our scope 1 and scope 2 emissions, and we are constantly working on energy efficiency initiatives to reduce our GHG Footprint. We are in the process of setting up systems to monitor our scope 3 emissions.</p>
6.	<b>Business Risk Management and Business Continuity</b>	<p><b>GRI aspects: Governance</b></p> <p>Our business continuity strategy recognizes value chain sustainability risks and issues like raw material availability, water scarcity, climate change regulations, disaster events as potential threats to business operations. We have developed Business Continuity Procedures (BCP) with clearly defined roles and responsibilities to mitigate such risks. Business continuity in pandemic times, employee safety and productivity and maintenance of operational stability form the pillars of our business continuity plan.</p>

Priority Rank	Sustainability topics	Description
7.	<b>Employee Engagement/ Inclusion and diversity</b>	<p><b>GRI aspects: Employment</b></p> <p>At Epsilon, we consider our employees as critical drivers for incubating a culture of success. We aspire to be an employer of choice, and to this end, we are constantly working to provide our employees a creative work environment, learning and development opportunities, wellness support, and engagement opportunities.</p>
8.	<b>Financial Performance and growth</b>	<p><b>GRI aspects: Economic performance</b></p> <p>Financial performance is critical to the sustainable growth of our business and our future success. It forms a critical base of generation and distribution of economic, social, and environmental value. We are constantly aligning our business models, strategy, and operations towards a sustained growth trajectory. Our financial performance is evaluated closely by our investors. Our annual financial statements are audited independent registered accounting firm.</p>
9.	<b>Product Innovation and Product Stewardship</b>	<p><b>GRI aspects: Environment</b></p> <p>Product innovation is an integral part of our long-term growth strategy. We undertake R&amp;D to enhance the product quality and reduce their lifecycle environmental impacts. To this end, we engage with our suppliers and customers to map their constraints and limitations so as to identify entry points for embedding sustainability into the entire value chain. We are compliant with REACH obligations for our products.</p>
10.	<b>Energy Efficiency and Energy Management</b>	<p><b>GRI aspects: Energy</b></p> <p>Our production processes are energy-intensive, and hence energy management and energy efficiency are directly linked to our cost-efficiency and reducing vulnerability against energy price fluctuations. We are constantly working to identify opportunities for enhancing the energy efficiency of our production processes. Our HES policy governs monitoring, reporting, and audit of our energy performance.</p>
11.	<b>Community Engagement</b>	<p><b>GRI aspects: Local Communities</b></p> <p>At Epsilon, value creation for our communities is embedded in our mission statement. We work with the government around our area of operations and strive to bring meaningful and sustainable social change to our communities. Our Corporate Social Responsibility (CSR) committee governs our community development efforts and monitors progress on a periodic basis. In FY 2020-21, we continued to refine our strategy to respond to the pandemic induced challenges and enhanced the total value of our CSR support delivered across our programs.</p>





We have also mapped these sustainability topics to our value chain in order to help us identify and address impacts where they occur.

Our Material topic	Upstream (Suppliers and investors)	Epsilon Carbon	Downstream (Customers, communities)
Ethics, Values and Business Conduct		●	
Environmental Compliance		●	●
Regulatory Compliance/ Anti Corruption/ Anti Competition	●	●	●
Occupation Health and Safety		●	
Air and GHG Emission/ Climate Change		●	●
Business Risk Management and Business Continuity		●	
Employee Engagement/ Inclusion and Diversity		●	
Financial Performance and Growth	●	●	●
Product Innovation and Product Stewardship	●	●	●
Energy Efficiency and Energy Management		●	
Community Engagement		●	●



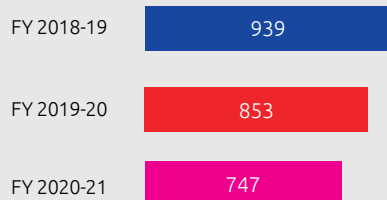
# GEARED UP FOR RESILIENT GROWTH



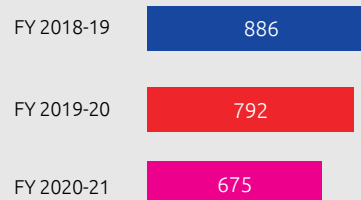
Our organizational resilience strategy is rooted in embedding risk management as a core discipline driving our organizational culture. Effective identification and planning for risks allows us to maintain operational continuity during crisis situations and business disruptions.

## Our Financial Performance

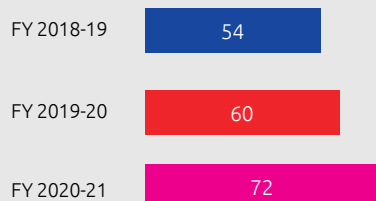
### Direct Economic Value Generated (INR Crores)



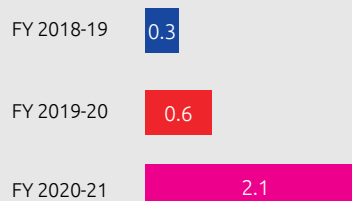
### Economic Value Distributed (INR Crores)



### Economic Value Added (INR Crores)



### CSR and CER Expenditure (INR Crores)



### Financial KPIs (FY 2020-21)

Head	Value (INR Crores)
Revenue (through core business segments)	744.75
Other income	2.39
Operating costs	591.06
Personnel expenses	27.64
Interest and Finance charges	16.19
Taxes and Royalties*	39.10
CSR investments	0.91
CER expenditure	1.16
Contributions to Provident and Other Funds	1.28
Staff Welfare Expenses	2.00
Financial assistance received from government	0

\* Refers to taxes and royalties (given to various govt. wherever business units are located) - Taxes expenses



Our financial performance is a manifestation of our commitment to our stakeholders to generate value for them. It forms a critical base of generation and distribution of value across economic, social and environmental spheres for our local communities, shareholders, investors, suppliers, contractors and employees by generating jobs, adopting clean technologies and local sourcing and procurement and community development works.

# BUSINESS RISK MANAGEMENT AND CONTINUITY

**Risk management is central to our strategic management and is addressed through a structured risk management framework. Our risk management focus is directly linked to our customer service, and along with product stewardship forms the foundation for consolidating long-term strategic partnerships with our customers.**



## Approach

Our Enterprise Risk Management framework is used to identify, record, assess, prioritize, communicate, and mitigate risks that can affect our ability to serve our clients with uninterrupted supply of innovative, quality products, and those that may diminish our reputation an ethical, sustainable and reliable business for our internal as well as external stakeholders. We are putting in place various systems and technical specifications for enhancing and demonstrating our resilience across various functions.



## Governance

Our Risk Management (RM) Policy guides our business actions, strategies and decisions to ensure sustainable business growth with stability; and to improvise our governance practices in line with our Corporate Governance Principles and Code of Conduct

by promoting a pro-active approach in reporting, evaluating and resolving risks associated with the business. The framework provided by the policy guides our decisions on risk-related issues by outlining a structured and disciplined approach to Risk Management. The risks identified are reviewed and treatment and control mechanisms are put in place.

Our Board of Directors oversee the effectiveness of our risk management framework through reviews held yearly or as and when considered necessary. Our Risk Management team is comprised of our Managing Director, Chief Executive Officer(CEO), and Chief Financial Officer(CFO) – and is responsible for overseeing formulation, and effective implementation of our risk management plan – including identification, management, and reporting of material business risks, as well as monitoring performance against the agreed risk appetite. The RM team also reviews and approves the list of risk identified, risk treatment and control mechanism. The internal controls put in place for risk management are scrutinized by internal and external audit.



## Implementation

Through our Enterprise Risk Management system, we have identified over 180 risks across seven categories. In light of the nature of our operations, the Company is prone to the following categories of risk: Operational Risks, Human Resource Risks, Liquidity risks, Regulatory and Compliance Risks, Business Environment Risks, and Environment and Climate Change Risks.



## Our Key Risk Categories

### Operational Risks

Includes risks relating to continuous plant operations, availability of vehicles for material movement, volatility in raw material prices, supply chain, timely delivery to customers, business support activities, information security, physical security, business activity disruptions, breakdowns in internal controls and corporate governance

### Human Resource Risk

IT may be considered as a constituent risk of 'Operational Risks' and includes risk related to high attrition, employee dissatisfaction, poor employee efficiency, non-availability of competent personnel, labor shortage (operators strike or exceptional absenteeism) etc.

### Liquidity Risks

Pertains to the risk of incurring losses due to its inability to meet payment obligations in a timely manner when they become due

### Regulatory and Compliance Risks

Includes risks of legal or regulatory sanctions, material financial loss, or loss to reputation due to failure to comply with laws, rules, and standards

### Business Environment Risks

Foreign exchange risk, interest rate risk, commodity prices and markets

### Environment and Climate Change Risks

Natural calamities, Health, Safety and Environment (HSE) risks, transitional risks of climate change, Physical risks of climate change

We maintain a risks and opportunities register which captures the identified risks and the related opportunities across various broad categories including – Quality, Process, Instrumentation, Electrical, Mechanical, Production, and General risks. Most of our Environmental, Social and Governance (ESG) related risks are captured under the ‘General’ category – which are further sub-classified into energy, resource & environmental risks; health & safety risks (including physical chemical, fire hazards); natural calamity and pandemic-related risks; legal risks; supplier-related risks; employee; man-power & work culture; social risks related risks; technological risks; infrastructure-related risks; logistics-related risks; market competition; and ethics & values related risks. We utilize these risks to feed into our Business Continuity Plans which guide our strategy for our business’ short-term continuity and long-term viability through mitigation, resilience, and recovery plans.

We have established systems to pursue risk management as a continuous process throughout our life cycle. We are continuously identifying and measuring the unknowns; developing mitigation options; selecting, planning, and implementing appropriate risk mitigations, and tracking the implementation to ensure successful risk reduction. For each of our broad risk categories, we have established a hierarchical chain of review of identified risks, and the mitigation strategy and its implementation, as briefed below:



### Operational risks & HR risks

For the purpose of managing operational risk, we use Internal controls as the primary tool to mitigate operational risk. We have divided our activities into a set of core business processes

and sub-processes with designated process owners. The process owners are entrusted with the responsibility of identifying, reporting, and responding to risks inherent in the respective processes. Regular risk and control self-assessment is conducted for each core process. The process owners and key personnel involved in the process, seek to detect potential risk exposures or threats to the efficient functioning of the process and assess the adequacy of risk mitigation techniques use. Potential risks are assessed according to the likelihood of occurrence and impact. The operational risk monitoring system focuses, *inter alia*, on operational performance measures such as volume, turnover, dispatch, delays and errors.



### Compliance risk

Our Board of Directors is responsible for overseeing the compliance risk management in the company based on regular reporting. Our senior management is responsible for the management of compliance risk and for ensuring that procedures and guidelines regarding the company’s integrity and ethical standards are adhered to within their area of responsibility. At the plant and HO level, the relevant departments oversee and coordinate matters relating to compliance and integrity risks, including reputational risks and advise the senior management and the Board of Directors.

We use a comprehensive compliance checklist as a tool to monitor and mitigate compliance risks. The checklist includes information on actual compliance *vis-à-vis* actual dates for compliance requirements under the different applicable legislations, which is periodically monitored, reviewed, and documented. Regular reviews of legal compliances are carried out through internal as well as external compliance audits.



We have identified and put in place risk control measures, monitoring framework and contingency measures for operational risks, HR risks, regulatory & compliance risks, and liquidity risks.



### Liquidity Risk

The liquidity position and adherence to exposure limits are managed and monitored by Treasury and Risk Management team on a daily basis. We use standard tools for measuring and managing net funding requirements. The Risk Management Team oversees the development of our funding and liquidity position and decides on liquidity risk-related matters accordingly. Our CFO measures our ongoing as well as projected liquidity positions under different scenarios. The reports on the liquidity position and the performance against approved limits and targets are regularly submitted to the Board – which has an oversight on the matter. We have prepared a funding strategy as well as a contingency plan to further mitigate liquidity-related risks.

We understand that risk management planning; early identification and analyses of risks; early implementation of corrective actions; continuous monitoring and reassessment; consideration of the residual risks after controls implemented. and communication, documentation, and coordination are essential elements of an effective risk management framework. For this purpose, we have established a system where data on incidents is collected in order to gain information on the type, cause, frequency and interdependence of various risk events, following which an incident review process is undertaken and categorized by RM team.

The residual risks after implementation of the control measures are addressed through our contingency plan. We have identified about 50 contingency factors for which detailed contingency plans have been drawn out specifying the responsibilities and authorizations of different personnel along with communication channels and documentation requirements. The plan is prepared by the Risk Management Team, reviewed by the Operations Head and approved by the Location Head. We regularly update the plan to include new major/minor disruptions or abnormalities that are not addressed in the contingency plan within three working days

of the date of disruption. We conduct mock drills to test the efficacy of the contingency plan following which, or at least annually the CFT team with all functional heads undertake a review of the contingency plan. This activity is led directly by the respective location heads.

We are continuously reinforcing our systems as per the international standards and certification requirements. We have initiated the certification process for our Vijayanagar facility with IATF 16949:2016 which is the global technical specification and quality management standard for the automotive industry. The process is expected to be completed within FY 2021-22. Our Vijayanagar facility has already received letter of conformity as per ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 which helps us improve our quality, environment, and health & safety performance through a risk-based approach. We are well placed to add ISO 50001:2018, ISO 27001:2013, ISO 28000:2007, ISO/IEC 17025:2017 and DSIR to the list by the end of this year. In the future, we shall also be establishing a Business Continuity Management System (BCMS) based on the ISO 22301 standard which shall prepare is for potential crises and minimize the impact of disruption through practical emergency plans, IT emergency concepts and recovery plans.

We are already in the process of integrating a BCMS in our operations due to which we were able to quickly adapt to evolving mobility restrictions throughout the multiple waves of the COVID-19 outbreak. To know more about our initiatives to keep our employees safe and secure during the COVID-19 pandemic, click [here](#). To know more about how we adapted our production and logistic operations in wake of the pandemic, see [here](#).

All our facilities have a Disaster Management Plan in place. The overall governance of our Disaster Management Plan rests with the CEO, while plant level officials have been assigned specific roles and responsible for effective implementation of the plan.

### The expected outputs from our Enterprise Reporting under implementation



## Our Business Continuity Story in times of the Pandemic

### Response. Resilience. Recovery.

For more than a year, the COVID-19 pandemic has disrupted and challenged organizations, across the globe. At Epsilon, our Board of Directors and Senior Management stood up to the challenge and navigated the business crisis that came bundled with public health and socio-economic catastrophe. With their pragmatism and determination, they transformed the challenge into an opportunity to accelerate operational changes, establish stronger collaboration, and introduce new and improved ways of working – many of which would outlast the pandemic. As a result of their focus on resilience, we now have a refreshed and strengthened approach to risk

management, which has made us better prepared to navigate the ever-unpredictable future.



While assessment liquidity requirements to quickly preserve value and maintain stability was one universal aspect of COVID-19 response across sectors and geographies, we amalgamated this with an empathetic understanding of the needs of our customers, suppliers, lenders, and employees into our decision-making process that reinforced our partnerships and rebuild confidence in our stakeholder landscape.

The restrictions on the movement of people and goods drove us to rethink and transform our upstream, and downstream supply chain. Our downstream aluminum smelting industry is a continuous operation industry, and we actively worked with the government, our customers, contractors, transporters and suppliers to ensure on-time deliveries to our customers to ensure uninterrupted operations at their end. Some of our efforts and accomplishments towards this end includes:



**COVID-19** produced distressed situations, and our response was guided by the spirit to rebuild the confidence of our stakeholders by responding to their needs for additional information or resources.

- Representations were made to District Magistrate to obtain approvals for continuing operations at our facility.
- Followed up on representation made by our multiple customers to District Magistrates and District Industrial Centres office towards allowing us to continue operations at our facility being a supplier to their continuous operations industry.
- Faced with a complete restriction on the movement of trucks from Vijayanagar to Sambalpur – from where we supply to one of our key aluminum smelting customer, we dispatched solid pitch to Hirakud Siding and obtained the necessary permissions from the Railway Ministry to allow coal tar pitch handling at Hirakud to Sambalpur siding within a short period of ten days. This allowed us to continue supply to the said customer from our Sambalpur melter.
- To ensure safe and continuous transport of raw materials and finished goods, we worked with our transporters and their drivers and workers to provide them with masks and sanitizers and trained them on precautions to be taken to keep themselves safe from the infection.
- Taking cognizance of the distress-induced reverse migration of the workers and laborers due to lockdown, we arranged for accommodation and food for the drivers and helpers in our plants and at our customers' facilities. More than helping us maintain the availability of the driver cadre to enable uninterrupted movement of raw materials and finished goods, this provisioning was driven by a sense of empathy and responsibility towards our business associates across cadres.

To know more about our employee centric response during COVID-19, please see [here](#)

# PRODUCT STEWARDSHIP

Sustainable product innovation is one of our key strategic growth pillars and is driven from the highest levels within the organizational structure to design products that deliver environmental benefits to consumers. We evaluate all improvement projects as well as new projects on their potential towards addressing sustainability concerns – particularly minimizing material and energy resource consumption, environmental damage, waste generation, greenhouse gas emissions etc., and improving recyclability of products.

Our value-chain based approach to product innovation and stewardship allows us to take up targeted efforts towards embedding sustainability in our operations by analyzing each link in the product value chain. In this direction, we have also initiated the process to carry out Life Cycle Assessments (LCA) of some of our key products and have firmed up a plan to carry out LCAs for all our products over the next couple of years.

Continuous improvement of product safety and stewardship are a key component of our value proposition to our customers,

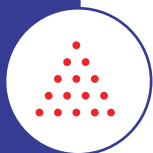
and we have put in policies, manual, procedures to achieve the same. We undertake energy programs to reduce the adverse environmental impact from inefficient use of natural resources. Similarly, we monitor our carbon footprint to identify and implement measures towards its reduction. Our Quality Control (QC) and Research & Development (R&D) Managers are entrusted with the responsibility of collecting information related to product stewardship through various sources which is then analyzed by the respective HoDs and the report thus generated is submitted to higher authorities for information and approval.

We understand and manage the health and environmental impacts of our products through risk characterization for new and existing products. Information on health, safety and environment risks – through Materials Safety Data Sheets are maintained, regularly updated, and distributed for proper dissemination of information to downstream users use, handling, recycling, distribution, and disposal of the product.



## Coal Tar Distillation

- Secured raw material sourcing for our existing facility in Vijayanagar with long term agreements with JSW Steel
- Developed a roadmap for tie-ups with steel companies for sourcing of coal tar for expansion in the East Zone
- Forward integration by entering in new value-added segments like Anthracene Powder, Carbazol, Phenol derivatives, Wash Oil derivatives



## Carbon Black

- Implementing time-bound action plan to attain qualification in the tire manufacturers supply chain (targeted within Q3 FY 2021-22)



## Advanced Carbon

- Only Anode material company globally to secure raw material sourcing till base material i.e., Coal Tar
- Our coke granules are well accepted as a precursor to Anode material, and our expansion phase for 15000 MT is already backed by a sales agreement for 12000 TPA
- Developed downstream capabilities by setting up a pilot plant for Synthetic Graphite for attaining qualification in cell manufacturing companies supply chain
- Dedicated R&D team to focus on upcoming products like Natural Graphite, Blended Graphite (Natural + Synthetic) as well as Si-Gr Composite Anode





# FOSTERING EMPLOYEE RELATIONSHIPS

The image shows two men in an industrial setting, likely a factory or power plant. They are wearing white hard hats and blue denim jackets. The man on the left has an 'epsilon' logo on his hard hat, and the man on the right has a 'KARAM' logo. They are looking down at some machinery or equipment. The background is dark and industrial.

Our employees are the catalyst for our growth journey. Hence, our talent management strategy aims to develop a compelling value proposition for our employees.

We are investing in offering rich employee experience today to build a pipeline of future leaders for a future-ready organization

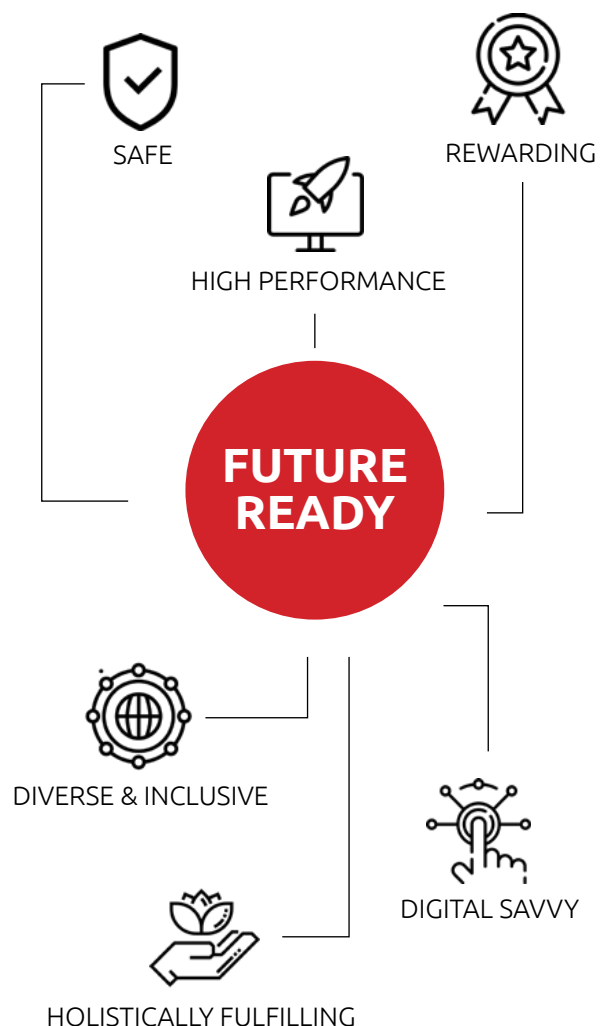
# OUR PEOPLE

**Our ability to deliver long-term value rests on our most valuable asset – our human capital. Our business strategy development and implementation; stakeholder management; product delivery; and sustainability performance – all rest on our employees.**

For this reason, our employee capabilities, motivation, knowledge, skills, and well-being are intricately linked to most of our business risks. Our approach towards our employees therefore, goes beyond the convention talent attraction and retention approach, to build a culture of providing our employees with infrastructure, environment, and incentives to keep them motivated to drive innovations. The key elements of our human resource strategies and practice are reflective of our employee culture ambition.

To achieve this ambition, our human resource strategies are addressed towards four dimensions. Each of these dimensions interact with one another to drive mutually reinforcement of the elements defining our ambition.

## Elements of our employee culture ambition



## Dimensions of our People Strategy



### Engagement and well-being

Employee engagement to build a socially connected, healthy, emotionally satisfied, committed, loyal and motivated team.



### Learning and Development

Functional and Behavioral training are regularly undertaken to drive a high-performance culture through differentiated development programs



### Occupational Health & Safety

We have implemented rigorous systems and processes required for our 'zero injury' ambition, and to minimize work-related ill-health



### Talent Acquisition and Retention

We aim to build a merit-based, diverse and inclusive team by becoming the employer of choice through offering the best-in class holistic employee experience, benefits, and incentives.

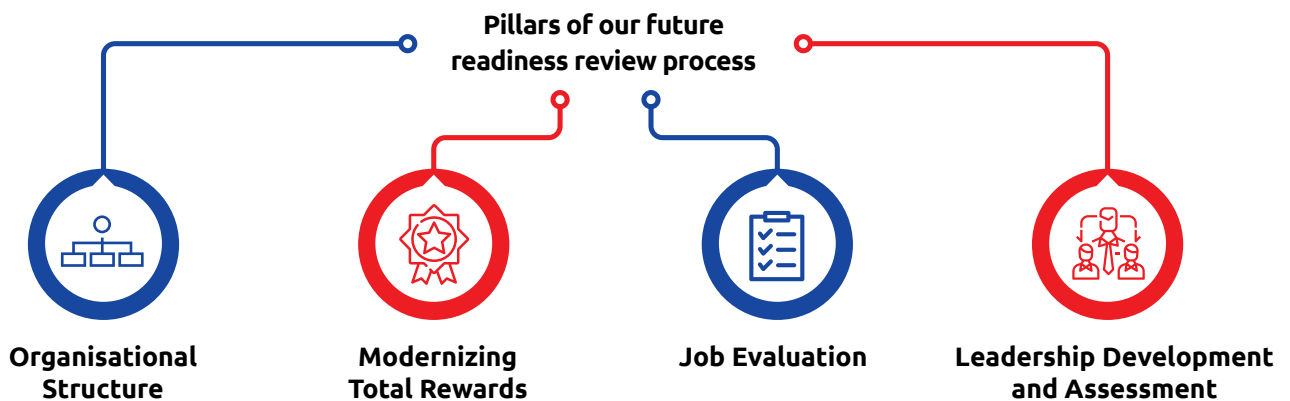
## We have initiated the process for reviewing our organizational structure with the view towards placing greater focus on long-term strategic planning.

Planned Human Capital transformation is a critical component of our 2024 growth strategy towards emerging as India's largest Coal Tar based products complex. As we move towards expanding our coal tar distillation, carbon black production and advanced carbon production capacities, we envisage a team of over 700 professionals as co-creators of our growth story.

To ensure a smooth journey towards our planned organizational transformation, we have initiated a process to review our organizational design and detailing to formulate a roadmap towards the end-state transition structures. The review process is structured on four pillars.

The roadmap will help us ensure that that we are equipped with the right structure and complexity for the right stage of growth and have the right capabilities to make the structure successful. In line with the same, we will be rolling out the new structure in 2022. We have engaged leading professional services to help us transform risks into a path of growth.

Complementing this human capital transformation, we are also in the process of strengthening our organizational structure to align with our strategic intent, industry benchmarks as well as best practices.



## Our Workforce Snapshot

Our workforce is spread predominantly across our Vijayanagar facility, while we also have presence in our headquarters in Mumbai. Almost all of our employees are engaged as permanent employees. In few instances, we continue our relationship with employees who have superannuated from certain critical roles on a fixed-term basis. As of March 2021, we have one employee engaged with us on a fixed-term

basis. All our employees, including those engaged with us on a fixed term are provided the same statutory & social welfare benefits. Apart from our own employees, our contractors' workers also work on our facilities. All of these are based out of our Vijayanagar location.

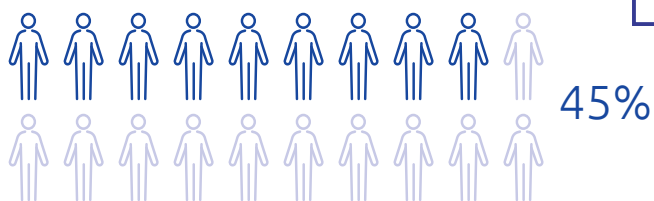


	FY 2020-21			FY 2019-20			FY 2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Total Own Employees*</b>	341	18	359	212	8	220	217	8	225
<b>By Employee Category</b>									
Associates	216	16	232	142	7	149	158	5	163
Junior Management	57	2	59	26	1	27	28	3	31
Middle Management	47	0	47	34	0	34	23	0	23
Senior Management	15	0	15	7	0	7	6	0	6
Top Management	6	0	6	3	0	3	2	0	2
<b>By Employee Type</b>									
Full Time Employees	341	18	359	212	8	220	217	8	225
Part Time Employees	0	0	0	0	0	0	0	0	0
<b>By Region</b>									
East	0	0	0	0	0	0	0	0	0
West	25	6	31	21	5	26	21	5	26
South	316	12	328	191	3	194	196	3	199
North	0	0	0	0	0	0	0	0	0
<b>By Age</b>									
<30	155	15	170	87	6	93	109	5	114
30-50	182	3	185	116	2	118	107	3	110
>50	4	0	4	9	0	9	1	0	1
<b>Contractors' Workers</b>	945	11	956	866	9	875	315	7	322

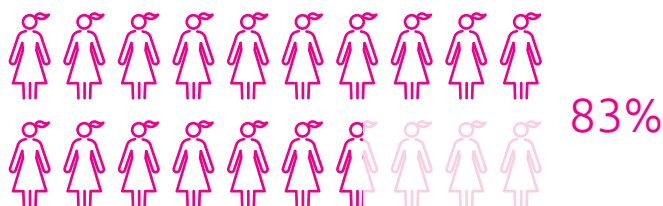
We are a young and dynamic workforce. A majority of our employees are between 30 to 50 years of age – who bring in profound knowledge and experience to our teams. A sizable proportion (over 47%) of our employees are under thirty-years

of age. Our young team brings on board agility, adaptability, and enthusiasm which is our key asset in today's fast-paced, changeable work environment in a world where process, technology, and priorities, are constantly changing.

### Employees below 30 years of age – Male\*



### Employees below 30 years of age – Female\*



### Employee Growth Rate (%) FY 2019-20 to FY 2020-21



“ At, Epsilon we ensure to motivate, foster and reward our employees, assist them to realize their full potential for the growth and success of not only the business but also as an individual. We are committed to provide a non-discriminatory and inclusive workplace that offers growth opportunities to employees as well as fair consideration regardless of gender, age, nationality, sexual orientation or disability. We strongly believe that a diverse workforce enhances our ability to connect better with our community and customers across the nation ”

Saiprasad Jadhav  
CEO

\*Refers to permanent employees. This report excludes our subsidiary employees Epsilon Advanced Materials Private Limited (EAMPL) and Nyri Coaltar Pitch Private Limited (NCPPL).

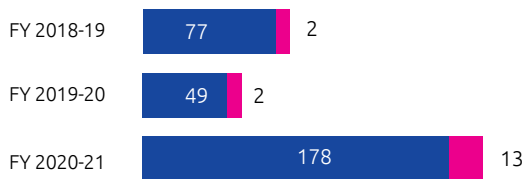
# TALENT ATTRACTION AND RETENTION

**We recognize that our employees are critical for long-term sustainability and business continuity. Therefore, we are continuously gearing up to attract and retain talented professionals in our industry.**

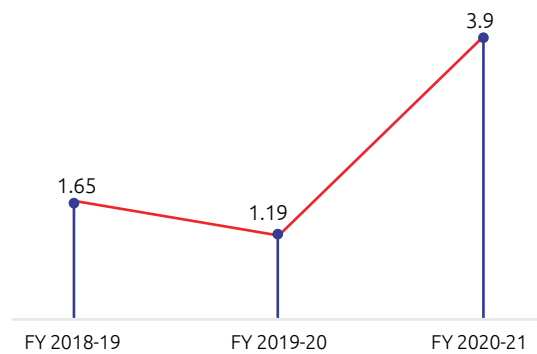
It is important for us to recruit and retain a motivated, committed, and highly skilled workforce. That is why we aim to create a safe and secure working environment; employ colleagues in the right jobs; and increase efficiency, satisfaction, and commitment. The various initiatives for talent management are linked to our manpower planning; selection recruitment and separation, and career progression policies.

The recruitment planning is done based on the business expansion and anticipated vacancies. The HR Director in consultation with departments heads prepares an annual manpower recruitment plan along with the corresponding budget. Vacancies are rolled out on our company websites, internal referral portals, online job search engines, advertising, and through placement consultants. Internal tools enable us to hire specialists and premium talent. Background and pre-employment medical checks are conducted to ensure a hassle-free pre-employment experience.

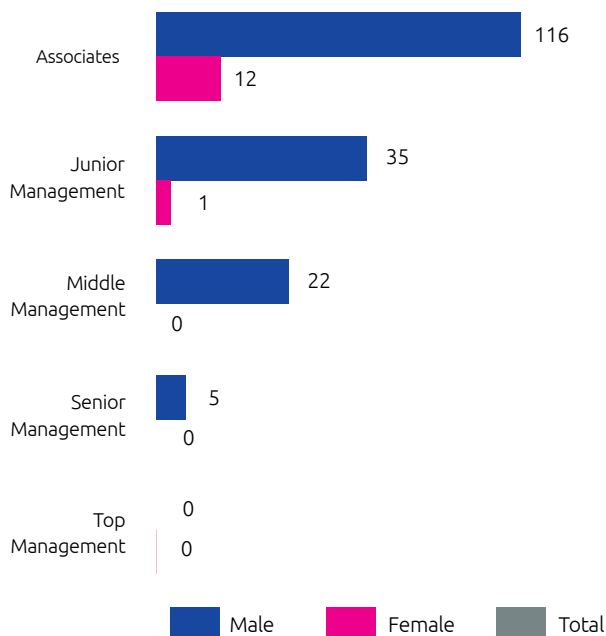
## Year-wise new employee hires



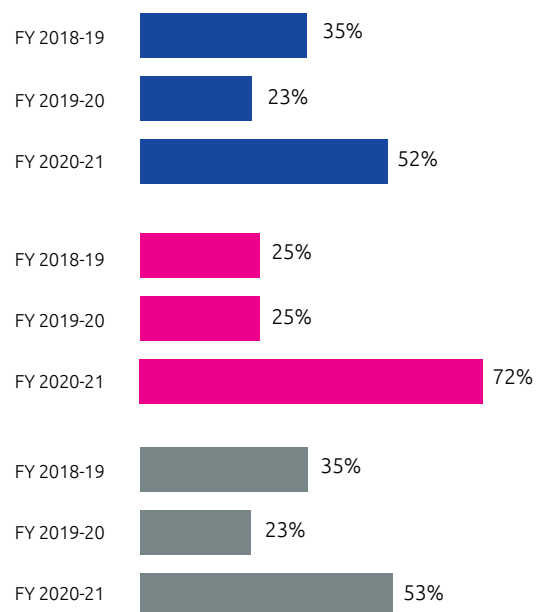
## Ratio of employee-hired and employees separated



## New employee hires in FY 2020-21



## Rate of hiring of employees\*



\*Refers to permanent employees

## Our Employee Hiring Snapshot

	FY 2020-21			FY 2019-20			FY 2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Total New Hires</b>	178 (52%)	13 (72%)	191 (53%)	49 (23%)	2 (25%)	51 (23%)	77 (35%)	2 (25%)	79 (35%)
<b>By Employee Category</b>									
Associates	116 (54%)	12 (75%)	128 (55%)	19 (13%)	2 (29%)	21 (14%)	43 (27%)	2 (40%)	45 (28%)
Junior Management	35 (61%)	1 (50%)	36 (61%)	11 (42%)	0 (0%)	11 (41%)	16 (57%)	0 (0%)	16 (52%)
Middle Management	22 (47%)	0 (0%)	22 (47%)	16 (47%)	0 (0%)	16 (47%)	16 (70%)	0 (0%)	16 (70%)
Senior Management	5 (33%)	0 (0%)	5 (33%)	1 (14%)	0 (0%)	1 (14%)	2 (33%)	0 (0%)	2 (33%)
Top Management	0 (0%)	0 (0%)	0 (0%)	2 (67%)	0 (0%)	2 (67%)	0 (0%)	0 (0%)	0 (0%)
<b>By Region</b>									
East	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
West	4 (16%)	1 (17%)	5 (16%)	4 (19%)	0 (0%)	4 (15%)	3 (14%)	1 (20%)	4 (15%)
South	174 (55%)	12 (100%)	186 (57%)	45 (24%)	2 (67%)	47 (24%)	74 (38%)	1 (33%)	75 (38%)
North	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
<b>By Age</b>									
<30	78 (50%)	12 (80%)	90 (53%)	19 (22%)	1 (17%)	20 (22%)	36 (33%)	1 (20%)	37 (32%)
30-50	99 (54%)	1 (33%)	100 (54%)	28 (24%)	1 (50%)	29 (25%)	41 (38%)	1 (33%)	42 (38%)
>50	1 (25%)	0 (0%)	1 (25%)	2 (22%)	0 (0%)	2 (22%)	0 (0%)	0 (0%)	0 (0%)

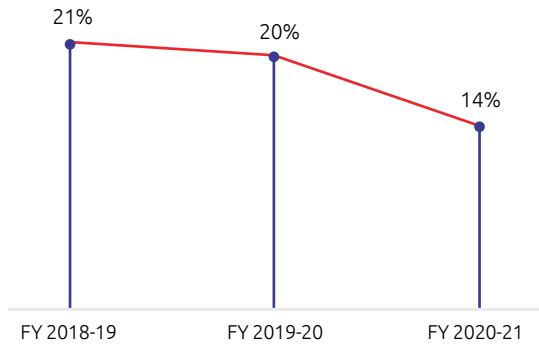
Note: Figures in parenthesis refer to the respective rates of new hires

In FY 2020-21, a total of 191 new employees, comprising 178 males and 13 females joined our organization. We are a growing organization. Our hiring rates have increased significantly in the reporting period - especially so amongst our female employees and are expected to follow an upward trend in the coming years.

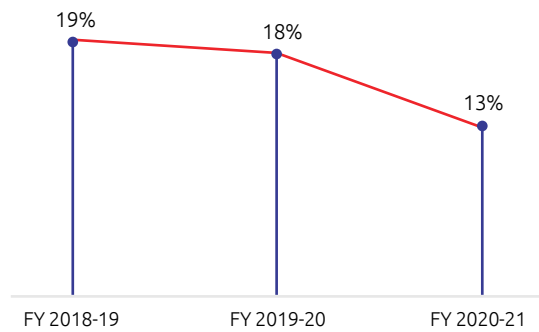
We are committed to building a long-term working relationship with our employees which is founded on an experience that is mutually satisfying and compatible with both our needs and aspirations. To enable this, we regularly solicit feedback from employees through multiple modes – including through table talk with our CEO, skip-level meetings, a 100-days feedback

system for new joiners, and exit interviews for each employee separation. We analyze the feedback received through all such modes and use them in the development of our programs for strengthening our branding as an employer. The inputs also help us in the process of refining and updating our HR policies annually, as well as in defining organizational and individual goals. As a result of this, our attrition rates have declined consistently and considerably in recent years. The percentage of new joiners leaving the organization has also dropped considerably, with a sharp decline in amongst our female workforce.

### Attrition rate



### Percentage of new hires separating within the same reporting year



### Our New Hires Turn-over Snapshot

	FY 2020-21			FY 2019-20			FY 2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>By Employee Category</b>									
Associates	13	1	14	3	1	4	7	1	8
Junior Management	5	1	6	4	0	4	2	1	3
Middle Management	4	0	4	1	0	1	4	0	4
Senior Management	0	0	0	0	0	0	0	0	0
Top Management	0	0	0	0	0	0	0	0	0
<b>By Region</b>									
East	0	0	0	0	0	0	0	0	0
West	4	1	5	2	1	3	3	1	4
South	18	1	19	6	0	6	10	1	11
North	0	0	0	0	0	0	0	0	0
<b>By Age</b>									
<30	9	1	10	4	1	5	4	2	6
30-50	13	1	14	4	0	4	8	0	8
>50	0	0	0	0	0	0	1	0	1





	FY 2020-21			FY 2019-20			FY 2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Total Attrition</b>	47 (14%)	2 (11%)	49 (14%)	40 (19%)	3 (38%)	43 (20%)	46 (21%)	2 (25%)	48 (21%)
<b>By Employee Category</b>									
Associates	30 (14%)	2 (13%)	32 (14%)	29 (20%)	2 (29%)	31 (21%)	31 (20%)	2 (40%)	33 (20%)
Junior Management	7 (12%)	0 (0%)	7 (12%)	5 (19%)	1 (100%)	6 (22%)	7 (25%)	0 (0%)	7 (23%)
Middle Management	7 (15%)	0 (0%)	7 (15%)	5 (15%)	0 (0%)	5 (15%)	5 (22%)	0 (0%)	5 (22%)
Senior Management	2 (13%)	0 (0%)	2 (13%)	1 (14%)	0 (0%)	1 (14%)	3 (50%)	0 (0%)	3 (50%)
Top Management	1 (17%)	0 (0%)	1 (17%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
<b>By Region</b>									
East	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
West	2 (8%)	1 (17%)	3 (10%)	2 (10%)	1 (20%)	3 (12%)	2 (10%)	1 (20%)	3 (12%)
South	45 (14%)	1 (8%)	46 (14%)	38 (20%)	2 (67%)	40 (21%)	44 (22%)	1 (33%)	45 (23%)
North	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
<b>By Age</b>									
<30	22 (14%)	2 (13%)	24 (14%)	19 (22%)	2 (33%)	21 (23%)	21 (19%)	2 (40%)	23 (20%)
30-50	24 (13%)	0 (0%)	24 (13%)	21 (18%)	1 (50%)	22 (19%)	25 (23%)	0 (0%)	25 (23%)
>50	1 (25%)	0 (0%)	1 (25%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)

Note: Figures in parenthesis refer to the respective rates of attrition



## Diversity and Inclusion



### Approach

A merit-driven diverse and inclusive workforce is one of the core elements of our employee culture ambition. We recognize that each employee brings their own unique capabilities, experience, and characteristics to their work. Our aim is to incorporate the responsibility for each other and the feeling of equality; belonging and security into our high-quality work culture with the involvement of all our employees to create a conducive and collaborative work environment.



### Governance

Equal opportunity and no discrimination are embedded in our code of conduct. Our top management has oversight on the implementation of the Code Of Conduct. To further inculcate diversity and inclusion values in our team, we take up targets to increase diversity in our employee workforce. The HR leadership is responsible for ensuring progress towards and achievement of business goals.

In addition, we understand that inclusion can be possible only through persistent and continuous efforts directed towards nurturing an environment where all members feel valued. Hence, our functional heads and committee members may be tasked, time-to-time, with targets towards specific initiatives to support our overall diversity target.

We also ensure diversity within our various committees that spearhead various employee centric program implementation. Additionally, our employees undergo diversity training as a part of their orientation program and annual refresher course on KYC (Know Your Company).



### Implementation

We are an equal opportunity employer and we do not discriminate on the basis of caste, creed, gender, language, sexual orientation, religion, socio-economic status, physical and mental ability, experience, education, or ethnicity. In order to protect human rights and equal opportunities, we created forums to raise related complaints such as through channels proposed in the vigil mechanism or through the helpdesk on our cloud-based Integrated HR platform - Darwinbox. Any complaints about diversity and equal opportunities are handled by the Ethical Compliance department. Complaints reported are investigated jointly with the HR Department. The investigations are carried out in compliance with the relevant applicable laws and with respect for the dignity of those concerned.



All our employees, including our senior management are Indian citizens. The workmen working at our facilities through our contractors are predominantly from the communities where our facilities are located.

## Improving our gender diversity

Being located in a remote, semi-urban location in India, navigating societal norms regarding gender roles is a key challenge for us. Women constitute 5% of our total permanent workforce. We aim to increase this to 40% by FY 2024-25\* and are taking concrete steps in that direction. We strive to maintain a remuneration ratio of 1:1 for male and female employees at all levels. The remuneration for any employee is strictly based on merit and is governed by the pay scale for that grade.

We offer several initiatives to enhance diversity in our workforce. We provide 26 weeks of maternity leave in accordance with the regulatory requirements. We also provide flexible working arrangements to new mothers. In FY 2020-21, none of our women employees applied/availed maternity leave.

As a part of our female talent retention efforts, we are driving actions towards increasing the safety, security, and comfort of our female employees. Our female employees are provided hostel accommodation near the plant. The hostel facilities are gated facilities with furnished rooms. The hostel facilities have 24x7 security arrangements, and all necessary living and recreational facilities on the site like canteen & food courts, shopping center within society, playgrounds/parks. We also provide a dedicated transport facility for our female employees. We strictly enforce our Prevention of Sexual Harassment (POSH) guidelines.

At present, none of our female employees require childcare assistance, but as we plan to engage a higher share of female professionals as employees, we would be rolling our childcare assistance programs as required based on stakeholder consultations. Some of the components of the childcare program include development of a crèche facility. We have launched specific programs to promote women in leadership roles. We are contemplating opening a creche facility for our female contract workers.

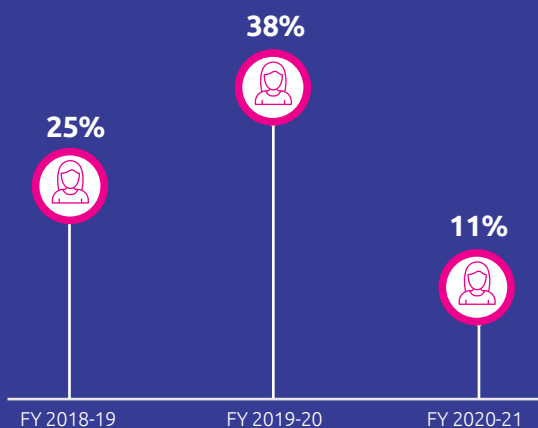


### Monitoring and Evaluation

We closely monitor recruitment statistics. Our female employee diversity is monitored on a six-monthly basis by our top management. Besides, we also monitor women's participation in training programs and their impact on our female employees. Additionally, we solicit feedback from our women employees to identify scope for improvements to build an environment that is safe, secure, accommodating, and flexible for women. We also monitor complaints related to sexual harassment at the highest levels and are committed to fair and timely action in accordance with the regulations.

Information on gender diversity of our various committees can be seen [here](#).

### Female Employee Turnover Rate



### Share of female employees in the workforce (%)



\*Within our support functions

Male Female

We have taken on a target to improve gender diversity of our employee force across all levels. Our concerted efforts towards improving the gender diversity in our employee force has led to a drop of over 50% in the turnover rate of our female employees.

## Employee Benefits



### Approach

We are committed to maintaining our position as a workplace of choice, to enable us to attract and retain a skilled workforce. We are determined to offer our employees with benefits and opportunities that contribute to their overall well-being. This includes offering competitive compensation, providing a safe and respectful work environment, career progression opportunities, and sustaining our strong culture.

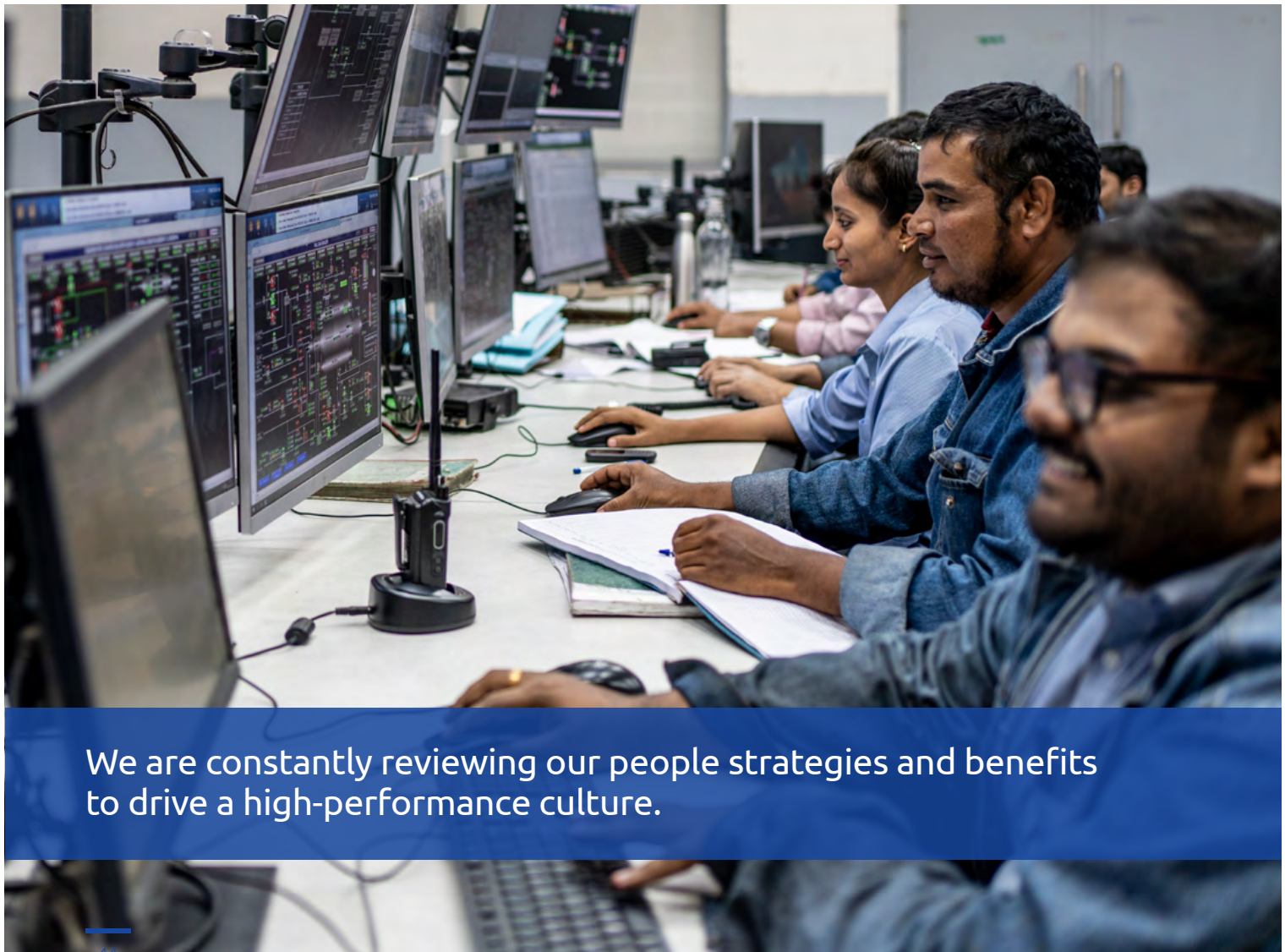
We are in the advanced stages of modernizing our total rewards practice. Total rewards is the combination of benefits, compensation, and rewards that employees receive from the organization. This includes pay, benefits, wellbeing, and career programs.



### Governance

We strictly comply with the statutory and regulatory norms in payment of wages and benefits as per State Government at all employee levels – including leaves, working hours, etc. Our HR head has the overall responsibility of compliance with all HR related compliance.

Our HR policies are constantly reviewed at the board level to provide our employees with the best benefits as per the industry standards. The HR head is responsible for implementation of the policies, as rolled out from time-to-time. The HR head is also responsible for carrying out the annual performance appraisal process and works with the location HR, plant head, Head of Departments (HoDs), and the location HR team and the corporate HR team to implement the same. For any complaints related to employee benefits, appraisal process, or any other nature, our employees are encouraged to use our grievance redressal channels which are described [here](#).



We are constantly reviewing our people strategies and benefits to drive a high-performance culture.



### Implementation

We provide our full-time employees with benefits such as maternity leaves; annual bonus; performance-based reward; medical assistance; insurance; leave travel allowance; telephone expense mobile handsets and driver salary reimbursements; vehicle interest subsidy; domestic transfer allowances; and retirement provision.

We include our retired employees in our Retainership Program which allows two years of extension in services for employees superannuating while in critical roles as per business requirements. In FY 2020-21, one of our top management level employees was engaged under the program. To maintain a work-life balance, we offer special vacation breaks, flexible working hours, and the ability to work part-time with benefits.

All our eligible employees undergo an annual appraisal process. Our performance reviews are not focused on employee evaluation but are meant to help employees improve their performance. We are constantly training and sensitizing our Managers and evaluators for being fair and decisive in the evaluation process. At the same time, we are also educating our employees to properly complete self-assessment forms. Qualifying employees are provided career progression opportunities within the organization. Other employees are provided annual compensation revision, and variable pay, as applicable.



### Monitoring and Evaluation

In partnership with a leading firm, we have launched an initiative to review our existing total rewards practices & performance pay along with benchmarking of compensation and pay range design. As a part of this initiative, we have defined a methodological framework which includes initial diagnostic study, market benchmarking study, compensation restructuring, and designing of variable pay program. On the basis of market benchmarking and comparison of pay range, pay mix, compensation elements, new wage codes, new compensation structure and incentive plans (short-term and long-term) shall be rolled-out.

We are committed to reviewing our compensation and incentive structure from time to time to offer our employees the best benefits as per industry practice.

We are working to provide a job evaluation framework that supports consistent career pathing.

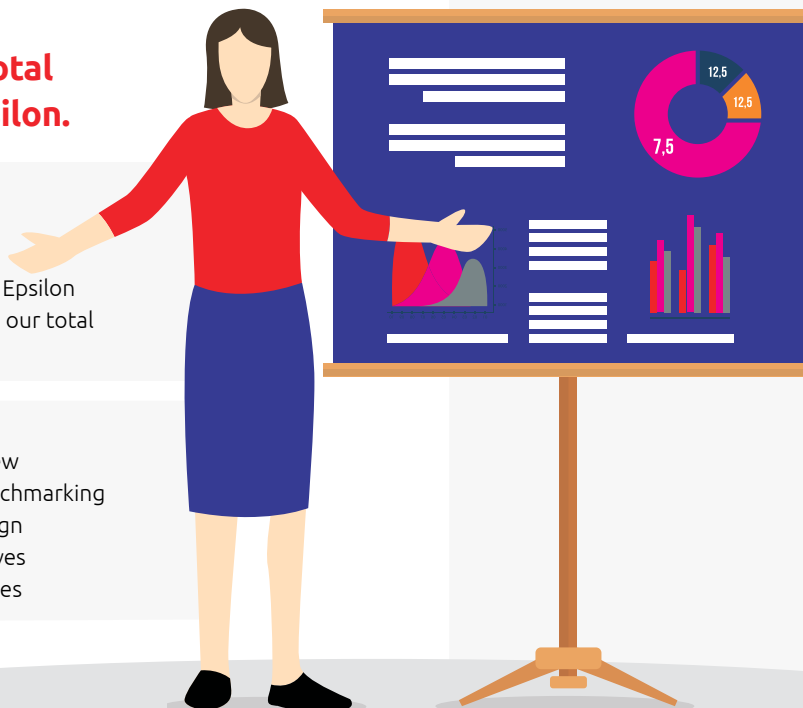
## Modernizing total rewards at Epsilon.

### Ambition

Strengthen and modernize total rewards practices at Epsilon Carbon by reviewing our total rewards practices

### Strategy

- Total rewards review
- Compensation benchmarking and pay range design
- Short-term incentives
- Long-term incentives



# OCCUPATIONAL HEALTH AND SAFETY

**At Epsilon, workplace health and safety is one of our core values. We are committed to zero injuries, occupational illness and incidents at our operational locations.**



## Approach

We are committed to effectively manage process safety, hazards and process and product risks and to this end, health and safety (H&S) aspects are being continuously integrated into our business strategies and processes. We have integrated health and safety aspects into our procedures; employee engagement framework; annual appraisal, compensation and incentive structures for our employees, procurement processes; and terms of engagement with our value chain partners. We consider training and sensitization as the critical pivot of our health and safety strategy.



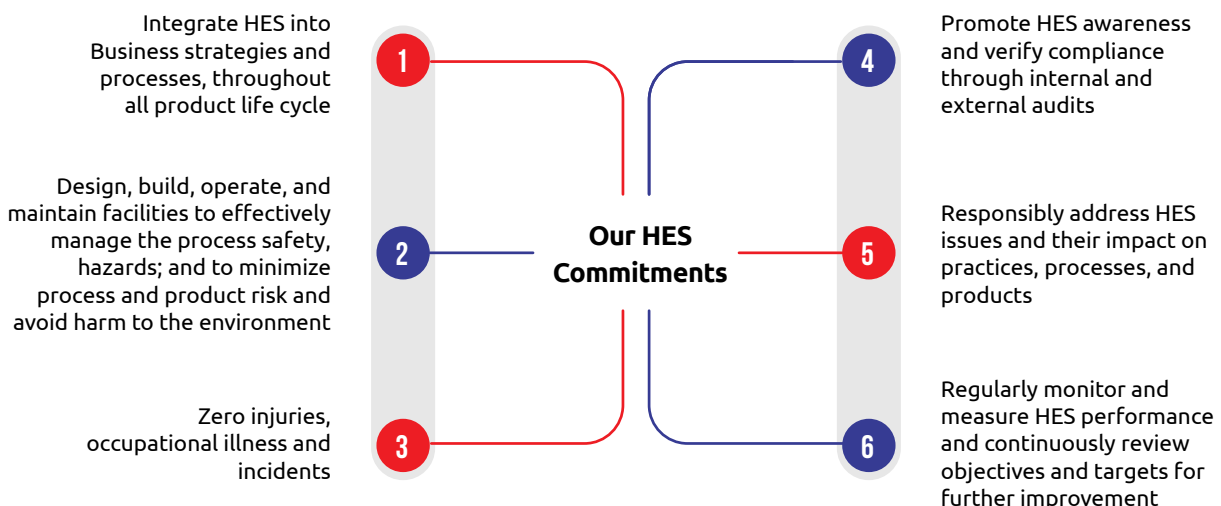
## Governance

Our health and safety performance is monitored at the highest level as a key parameter for evaluation of organizational performance. The Board through the Chief Executive Officer (CEO) oversees implementation of our Health, Environment and Safety (HES) policy. Our HES Policy, endorsed by our top management, guides our organizational direction and decision-making processes. We have implemented an Occupational Health & Safety Management System (OHSMS) at our Vijayanagar location to cover 100% of our own employees as well as contractors' workers. The OHSMS integrates applicable national, state and sector-specific regulations and standards (including Occupational Safety, Health, and Working Conditions Code 2020; Factories Act, 1948; Corporate Health,

Environment & Safety (HES) management standards; Risk & Emergency Management Standard; and Safe System of Work (SoW) standard into the organization's internal control systems.

At the plant level, our HSE-Head leads the implementation of the OHSMS through a team of HSE Managers who execute various components of the OHSMS and continuously track and monitor process and people safety. We have a dedicated Safety Committee with equal representation from management and non-management employees – including own employees as well as contractors' workers representing all work areas. The safety committee convenes at least once a month to discuss safety performance, key improvement areas, compliance with all relevant Health & Safety laws, and status checks for all HSE-related action items. This meeting also forms a forum for workers to raise and resolve the work-related hazards.

We have included HES performance and discipline a key result area (KRA) for all our employees. Additionally, we have also included health & safety related matrices to the annual variable pay component of our employees. Achievement of zero fatal accident and 30% reduction in accidents is linked to a weightage of 5% each in the evaluation of company performance – which in turn is an evaluation parameter with 60% weightage for determination of variable pay.



## Our safety strategy - Key highlights



**People centric**  
Job Exposure assessment to identify industrial hygiene hazards



**People led**  
Regular training to all employees and workers on H&S throughout the employee lifecycle



**Preventive**  
Preventive medical checks for all employees and workers



**People driven**  
Employee and worker engagement at all stages – risk identification & assessment, incident reporting & investigation, control measures



**People owned**  
H&S performance and discipline integrated with KRA and annual variable pay for each employee



### We are committed to the improvement of our employees' morale, safety and performance

We have adopted the ISO 45001 framework for better and more robust H&S risk management. ISO 45001 is the international standard for occupational health and safety - to protect employees and visitors from work-related accidents and diseases.

Our Vijayanagar facility received ISO 45001 certified in July 2021.



### We maintain open and transparent communication with our stakeholders

The Responsible Care certification allows us to demonstrate continuous improvement in our approach to addressing a wide range of our major sustainability issues - including occupational safety, process safety, product stewardship, etc.

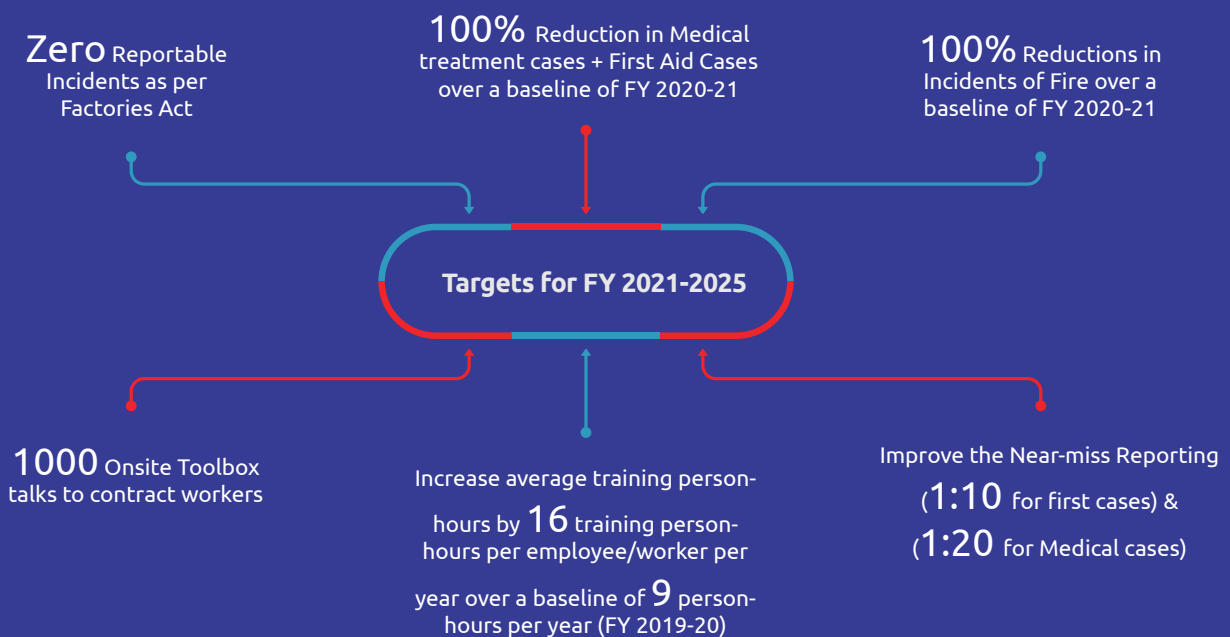
We are in the advanced stages of closing in the process of accreditation for RC logo for our Vijayanagar Plant and expect to close it by December 2021.



### We identify and manage the risks linked to our products

We are compliant with the EU legislation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). The legislation provides an overarching framework to adopt, demonstrate and communicate our efforts directed at improving the protection of human health and the environment from the potential risks related to using of our products.

We received REACH compliant certification in June 2021.





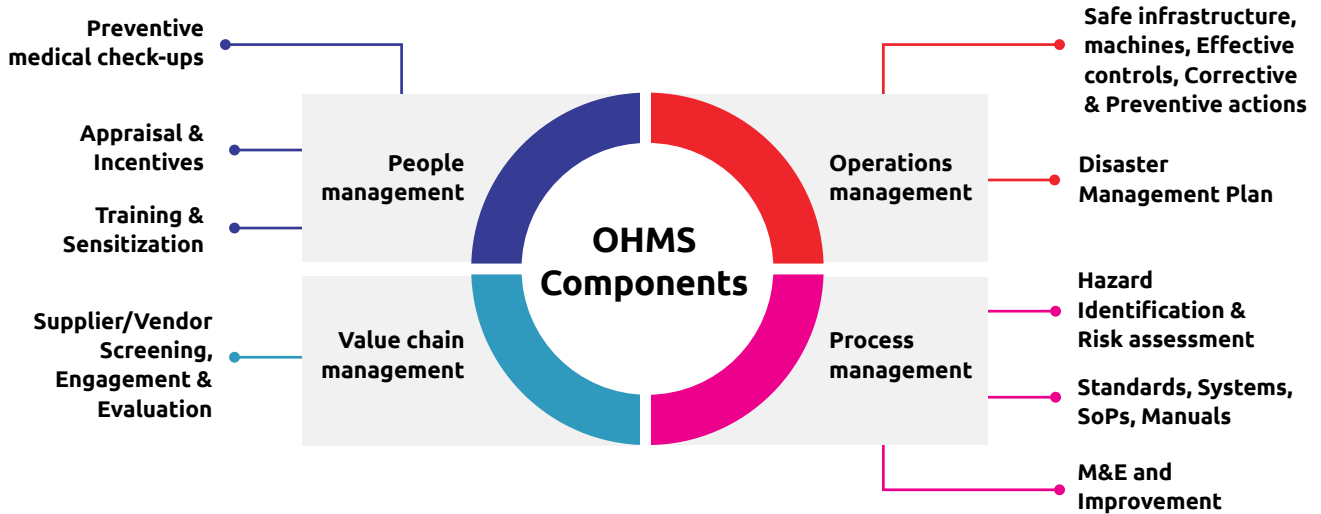
### Implementation

We employ the Hazard Identification and Risk Assessment (HIRA) framework to identify, define and characterize hazards by their probability, frequency, severity, and potency to cause potential losses and injuries. The framework forms the basis of our risk reduction strategy formulation. Our risk assessors are entrusted with the responsibility of carrying out hazard identification along with job exposure assessments. For this purpose, the risk assessors are trained annually on the hazard identification and risk assessment framework. Based on the risks identified, a risk mitigation plan is developed to mitigate the workplace hazards to prevent injuries. Our comprehensive industrial hygiene program covers risk identification, risk review, assessment, risk communication, and provision of necessary controls, and preventive and corrective actions to safeguard employees/workers from risks related to injury, illness, impairment, or wellness. The industrial hygiene program covers physical, chemical, ergonomic, and biological risks. We engage our employees/workers as well for hazard risk identification & risk assessment, impact analysis, and identification of necessary control measures.

We have determined fall from height; and exposure to toxic gases/fumes and chemicals are key work-related hazards given our industry type.

Process safety is also an important pillar of our health and safety framework. We are continuously designing, building, operating, and maintaining our facilities to effectively manage process safety, hazards and risks. We provide and maintain safe premises, infrastructure, machinery, systems, and processes for our employees. We have implemented 'lock out, tag out' (LOTO) procedure to prevent accidental start-up of machines. We have also developed a Disaster Management Plan for industrial accidents.

Our goal is to have an injury-free workplace. To achieve zero injuries, we constantly emphasize on embedding safe practices into every aspect of our daily lives. We actively employ training and capacity building tools to foster a positive health & safety culture, where all employees and workers are motivated to work towards a common goal of providing a safe workplace and are competent to understand and implement their roles and responsibilities for the same in the organizational framework.



The H&S training journey for our employees starts at the time of onboarding itself. Completion of safety training by our HSE department is a mandatory requirement for obtaining the Plant Entrance Authorization. This training covers process safety, environment, health, do's & don'ts, PPE metrics. At this stage itself, personal protection equipment are issued to the employees. Employees are further required to undergo another safety orientation by JSW OPJ Centre at the time of biometric registration. This training covers fundamentals of H&S like hazard recognition, accident prevention, SSoW, etc. Submission of safety training attendance is a mandatory prerequisite for the issuance of movement card and biometric registration. Thereafter, we regularly sensitize our employees on H&S by conducting cross-functional team audits; third-party audits; safety reviews and monthly meetings, communication

through awareness programs, refresher training, mailer communication, etc. The HES policy and procedural documents such emergency response manuals, standard operating procedures are deployed on our intranet "DARWIN BOX" for easy access to all employees. Employees are encouraged to familiarize themselves with the instructions and procedures, besides the regular training and communication from the H&S team. Additionally, we regularly conduct emergency preparedness drills as a part of OHSMS to ensure adherence to safe operating protocols. All our employees and contractors' workers are empowered to stop work when unsafe conditions / workplaces without adequate safeguards are observed. More information about our health and safety related training can be seen [here](#).



In addition to the safety of our own employees, special attention is paid to contractors and suppliers and their workers who work in our premises. All contractors, suppliers, and contract workers are mandated to undergo safety training and medical check-up by JSW prior to accessing the work site. Upon completion of the same, they are provided additional safety training and safety gear by Epsilon. No worker is allowed to enter the facility without the mandatory H&S training. Additionally, we conduct weekly and monthly H&S training for contractors' workers throughout their period of engagement with Epsilon. The training needs are identified during the risk assessment process itself based on the nature of work and hazards involved.

Periodical medical examination of workers is conducted to identify and eliminate the hazards and to reduce the risk of occupational illnesses. We conduct a half-yearly comprehensive medical health check for all the employees to identify occupational illness so that suitable measures and support can be provided to mitigate the same. All our employees, as well as contractors' workers, are provided walk-in access to Occupational Health Center (OHC), first-aid and hospitalization. Access to the OHC is available even for workers deputed at our township.

We are committed to integrating HES principles in processes throughout our product lifecycle. Thus, we work with our suppliers and contractors, logistics service providers on HES throughout the period of engagement with them. HES criteria are embedded into our supplier/contractor screening framework for supplier evaluation at the procurement stage

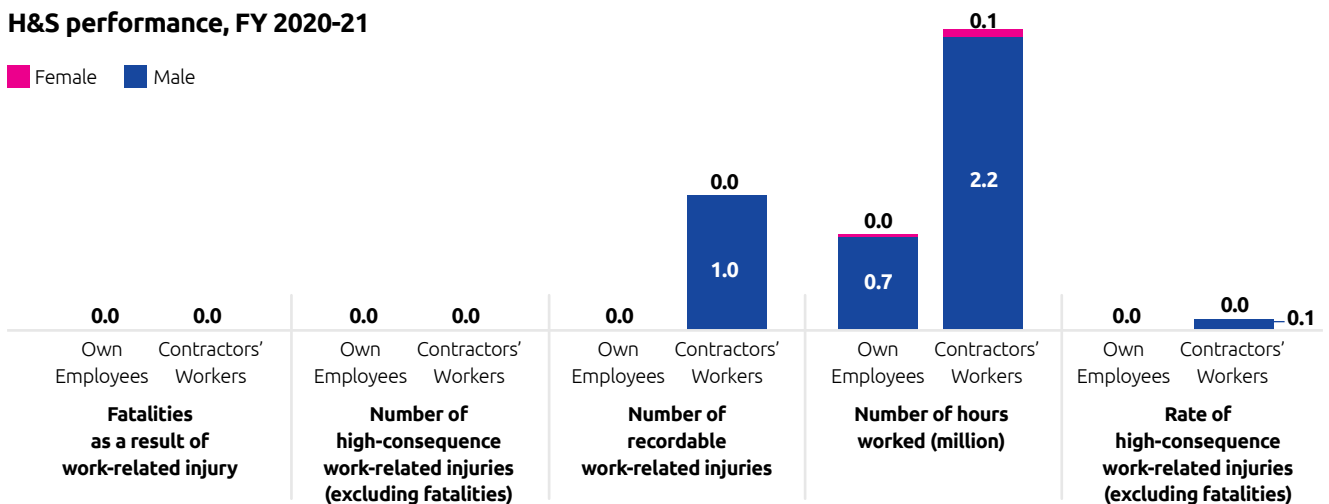
itself. Once onboarded, they are introduced to our OHSMS to ensure they adhere to HES policy and related procedures and updated on the same through periodic training throughout the contract period. Our contractors are required to report all injuries that occur at our facilities and provide all relevant incident investigation data. Incidents reported by the contractors, or their workers are subject to the same process as applicable to those reported by our own employees. We have worked with our value chain partners to implement a protection system for loading & unloading activities. Further, we have also embedded safe delivery of the material as criteria for our logistics service providers' rating framework. More information on our engagement with our value chain partners on H&S and sustainability and our fleet management system can be found [here](#).

We also prepare Material Safety Data Sheets. During procurement of product and services, requirements pertaining to HES; first-aid measures, Do's and Don'ts are communicated to supplier/service providers, contractors, agents and distributors. The assessment considers potential significant environmental impacts during, transportation, delivery, end-use, and final disposal. The MSDS helps is in educating employees and workers on hazard information on controlled products, including instruction in the content and significance of information.

During FY 2020-21, one work-related injury with a lost-time rate of 0.09 was reported by one of our contractors' workers. We took necessary measures and provided support as per OHSMS and statutory norms to the employee.

### H&S performance, FY 2020-21

Female Male





### Monitoring and Evaluation

We have put in place a rigorous incident reporting, investigation, and analysis procedure for workers to report work-related incidents, accidents, near-miss, and unsafe conditions in an incident register maintained specifically for the purpose. Employees and workers are encouraged to observe all health and safety policies and promptly report any potential health hazards to designated safety officers. Our investigation team, along with worker participation documents, investigates and analyses the incidents to determine the risks of the reported incident, understand the root cause of the issue and to implement corrective and preventive actions to prevent the re-occurrence.

We regularly review the implementation and effectiveness of our health and safety policies and procedures. We carry out internal and external audits to assess the same. The corrective actions or scope for improvement identified during the audit are included in the agenda of the safety committee and a

timeline for resolution of the same is established. Closure of the actions is monitored closely by our H&S team. Our Plant safety and people safety performance is monitored, measured, and analyzed using internal dashboards. Internal dashboards are used for reporting safety observations and submission of safety checklists. A monthly HES MIS that includes incidents/accident statistics, reports on occupational illness, safety audit gaps and improvement areas, good practices, implementation status of policies, and audit outcomes are reported and reviewed by HSE-Head.

We also conduct a pre- and post-HES training assessment to check the training effectiveness and competency of employees. All training materials and trainers' competencies are evaluated by the HOD. We also solicit feedback from training participants on the quality, content, and delivery of the training program. The feedback so received is considered during revision of the training materials.

0

Fatalities as a result of injuries

1

Recordable injury (contractors' worker)

0

Recordable injury (own employees)

0.09

Rate of high-consequence work-related injuries (excluding fatalities\*)

7

High potential near miss incidents reported

11

Near miss incidents reported

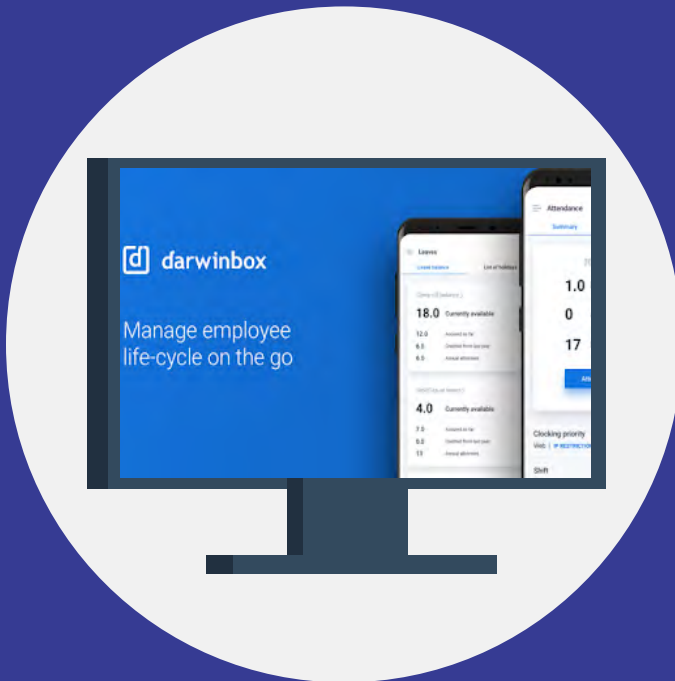
\*Rates have been calculated based on 200,000 hours worked



We have been reporting zero fatalities for two years in a row.



## Our employee-centric digitization initiatives



We have implemented a cloud-based **Integrated HR platform- Darwinbox** that automates HR processes from recruitment, Core transactions (Leaves, Attendance, Directory), Payroll, Employee Movement, Employee Engagement, Talent Management and People Analytics.

The platform empowers employees while automating and simplifying all HR processes.

We have also launched a **Canteen Management Software** which enables all the activities of the canteen and helps maintain a detailed account of food served at the canteen.

It allows secure and speedy transactions and helps in seamless user-experience at the dining facility.



To know more about our digitization initiatives in other functional areas, click [here](#).

# LEARNING AND DEVELOPMENT

**We strive to provide our employees with a structure that enables and ensures individual success.**



## Approach

For a successful operation, well-trained employees and management team is an essential basic condition. Hence, our company considers learning and development of our employees to be very important. Our highly skilled and productive workforce is one of our biggest assets. And we, at Epsilon make a significant investment in the training of our employees to equip them with the requisite skills and capacity. Our aspiration is to become an employer of choice and offer our employees opportunities to acquire skills that are necessary for their career progression. Our training programs are a mix of internal and external training. Employees participate in training programs that are required to develop their skills and aid their career growth. We also conduct mandatory training for all employees on industry-specific developments; business ethics and conduct; internal policies and procedures; operational risk management, and Environment, Health & Safety (EHS). We also offer support

to employees for counting education from elite institutes in their choice of subjects.



## Governance

Our Learning & Development (L&D) training policy has been formulated to replenish employee's knowledge and acquire new skills to enhance their capability and productivity. The HR Head oversees the training identification; performance evaluation processes; and functioning of Learning & Development (L&D) department. The L&D department ensures that the policy objectives are met; every employee understands the job role & responsibilities; and is provided with a platform to achieve their personal & professional development goals.

## Key dimensions of our L&D Policy



The regulation of our L&D system is extraordinarily wide, ranging from training planning, organization, preparation of training materials, and rewards/recognition for our internal trainers. An annual training calendar is developed based on skill matrix; departmental and organizational training needs, which is quarterly circulated to all the departmental HODs.



## Implementation

We undertake a training and skills gap assessment program for each employee which forms the basis of our training need assessment at the organizational and individual levels. Additionally, our training need assessment takes into account employee interest, appraisal discussions, employee survey as well as organizational requirements.

Our training programs range from classroom sessions, online training, and mandatory refresher training on internal policies and procedures which is available on our intranet portal "Darwin Box". We also tie up with institutes for seminars and workshops. For our contract workers, we provide classroom sessions before the commencement of work, on our policies/procedures; specific job-related and workplace safety training.

### Our L&D Framework



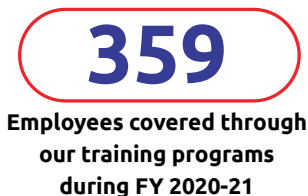
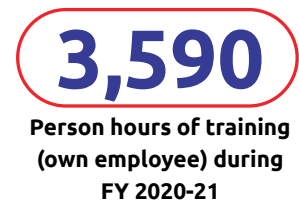
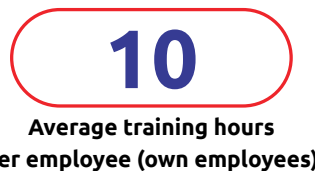
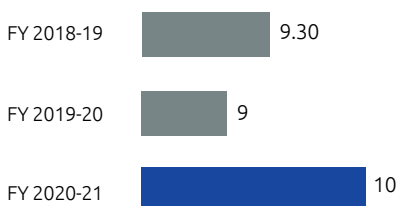
We constantly strive to cover all our employees under training programs to provide all possible support to enhance their talents and skills and enhance employee interaction and cohesion. Training is provided to employees at all the levels in our organization, from top management to associates.

Our training cycle for all employees starts at the time of onboarding itself with mandatory training. Besides, annual training is conducted on various functional and behavioral competencies. Few of our mandatory training cover aspects related to Health & Safety; Ethics, Anti-Bribery, Anti-Corruption & Vigil Mechanism Human rights, Prevention of Sexual Harassment at workplace, and Information Technology.

Taking into account the needs of the organization, we run a scholarship program wherein financial assistance is provided to eligible employees for pursuing part-time or full time for up to three years' program of their choice in the related field.

Our annual performance appraisal system offers an opportunity where every employee undergoes a multi-level performance evaluation and sets goals that are aligned to the organization's strategy at the beginning of the financial year. Within a comprehensive performance management system, performance managers are responsible for defining the performance goals of the subordinates, assessing their performance, conducting feedback discussions, and defining development directions. Career development reviews and assessment is done by an independent agency for shortlisted employees in the top and middle management categories based on their performance over a period of time. Among our entire employee population, all eligible employees undergo a formal performance review process. This year 100% eligible employees received annual appraisal.

#### Average training hours total (own employees)





## Monitoring and Evaluation

Our monitoring mechanisms do not only track the L&D activity completion, but also try to assess the success of the expected transformative progression. The employees undergo training along with pre-post training assessments, feedback from

trainees is collected to understand improvement areas in conducting effective training programs. Based on the results, we continuously expand and improve our internal and external training offerings.

## Our learning snapshot

	FY 2020-21			FY 2019-20			FY 2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Training hours</b> (Own Employees – person hours)	<b>3410</b>	<b>180</b>	<b>3590</b>	<b>1967</b>	<b>74</b>	<b>2041</b>	<b>2010</b>	<b>75</b>	<b>2085</b>
Associates	2,160	160	2320	1,278	63	1,341	1422	45	1467
Junior Management	570	20	590	286	11	297	280	30	310
Middle Management	470	0	470	306	0	306	230	0	230
Senior Management	150	0	150	70	0	70	60	0	60
Top Management	60	0	60	27	0	27	18	0	18

	FY 2020-21			FY 2019-20			FY 2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Employees trained</b> (Own Employees)	<b>341</b>	<b>18</b>	<b>359</b>	<b>212</b>	<b>8</b>	<b>220</b>	<b>217</b>	<b>8</b>	<b>225</b>
Associates	216	16	232	142	7	149	158	5	163
Junior Management	57	2	59	26	1	27	28	3	31
Middle Management	47	0	47	34	0	34	23	0	23
Senior Management	15	0	15	7	0	7	6	0	6
Top Management	6	0	6	3	0	3	2	0	2

	FY 2020-21			FY 2019-20			FY 2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Average employee training hours</b> (Own employees)	<b>10</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9.3</b>	<b>9.4</b>	<b>9.3</b>
Associates	10	10	10	9	9	9	9	9	9
Junior Management	10	10	10	11	11	12	10	10	10
Middle Management	10	-	10	9	-	5	10	-	10
Senior Management	10	-	10	10	-	10	10	-	10
Top Management	10	-	10	9	-	-	9	-	9

## Training on Health & Safety

	Total No. of Employees per Category			No. of Hours of Training per Category			Average hours of training per year per employee		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Associates	216	16	232	324	24	348	1.5	1.5	1.5
Junior Management	57	2	59	85.5	3	88.5	1.5	1.5	1.5
Middle Management	47	0	47	70.5	0	70.5	1.5	-	1.5
Senior Management	15	0	15	22.5	0	22.5	1.5	-	1.5
Top Management	6	0	6	9	0	9	0	-	1.5

**539**

Total training hours on health and safety (own employees) in FY 2020-21

**1.50**

Average training hours per employee on H&S (own employees) in FY 2020-21

**100%**

Employees trained on H&S

**100%**

Contract workers trained on H&S

## Training on Human Rights

We abide by all human rights observed, benchmarked, and internationally recognized in the Universal Declaration on Human Rights. Our Business Code of Conduct sets our expectations from employees, contractors, business partners, suppliers, and relevant stakeholders to respect human rights. We continue to work collaboratively with stakeholders to understand the rights most at risk by our operations and to build awareness across our functions about respecting human rights. In FY 2020-21, we conducted 539 hours of awareness session on Human Rights as a part of new joiner orientation program.

We provide refresher training on human rights on a bi-annual basis under our KYC (Know Your Company) umbrella. This covers

training on topics related to fundamental rights, directive principles, diversity & inclusion, prohibition of child labor, prevention of workplace sexual harassment amongst others.

We provide annual training to our security personnel, and contractors (temporary employees) in adherence to the international principles on Human Rights, which are overseen on a regular basis by our administration and HR team. The training also occurs when security personnel and contractors are replaced or re-structured at our facilities. In FY 2020-21, 100% i.e., 40 security personal and 956 contractors' workers received training on human rights.

**539**

Hours spent on human rights training during new joinee orientation in FY 2020-21

**100%**

Employees trained on human rights

**100%**

Contract workers trained on human rights

**100%**

Security personnel trained in human rights

**1.5**

Average training hours on human rights (own employees) during FY 2020-21

## Training on Ethics & Governance

	No. of Hours of Training per Category		
	Male	Female	Total
Associates	432	32	464
Junior Management	114	4	118
Middle Management	94	0	94
Senior Management	30	0	30
Top Management	12	0	12

**2.00**

Average training hours per employee on Code of Conduct/Anti-corruption/Anti-Bribery etc. during FY 2020-21

**100%**

Employees trained on Code of Conduct/ Anti-corruption/ Anti-Bribery etc. during FY 2020-21

**718**

Hours spent on training on Code of Conduct/ Anti-corruption/Anti-Bribery etc. during FY 2020-21

For more information on our management approach for ethics and governance, please see [here](#).

# EMPLOYEE ENGAGEMENT AND WELL-BEING

**Our organizational culture is founded on the shared values of our staff and professionals. We design and build employee engagement programs to nurture strong organizational bonds.**

Our approach to employee engagement has been developed to ensure that we understand their perspectives, interests and needs, and take these into account in our decision-making process. For this purpose, we have in place a strategic multichannel approach for engaging with our employees. Our leadership seeks a comprehensive review of the employee engagement activities regularly to identify issues of interest to our employees, as well as those engaged through contractors, and review out people policies to address the same.

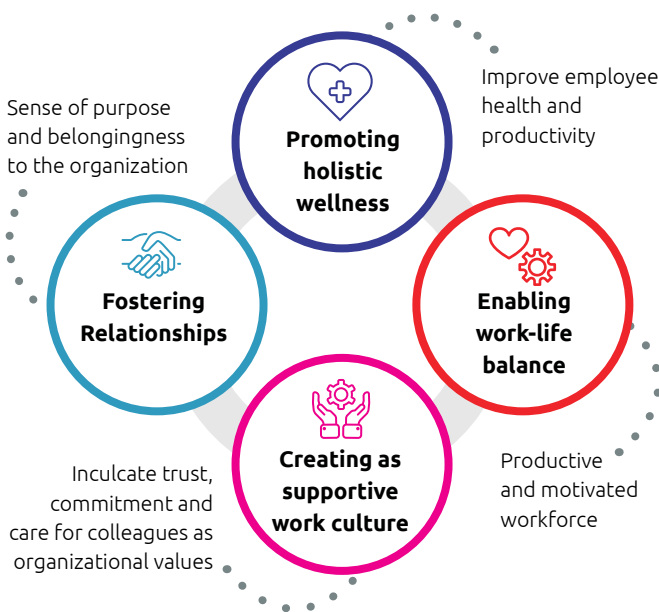
At Epsilon, we are continuously striving to maintain transparency with our employees, encouraging and promoting a feedback-focused culture to enhance performance. We have regular ongoing communication with our employees through townhall meetings, 'Darwinbox' – our employee communication digital platform, Shop-floor Meetings, Exit Interviews, Meetings, 3R Magic Program, Monthly review meetings, Internal/External training, Shift-changeover meetings, circular, posters and notice boards, appraisal process and corporate communications like newsletters and mailers. Before implementation of significant operational changes that could substantially affect our employees, we provide a minimum notice period of 30 days. For major

restructuring and changes, information is communicated well in advance & discussed among functional leads/teams where individuals are actively involved, and their feedback/comments are considered for finalizing the plans. We do not prohibit right of our employees or workers to exercise freedom of association and collective bargaining, although at present, there is no association or collective bargaining agreement.



## Fostering relationships

We design and implement employee engagement activities to provide an opportunity for our employees across different teams to interact with each other beyond regular work and nurture an emotional connection with the organization and colleagues. We have organized all our colleagues in seven cross-departmental teams that are required to participate in various competitions within the organization. We have also formed three cross-departmental committees dedicated to driving employee engagement through distinct approaches - Employee Engagement Committee, Ideation Committee and Knowledge Sharing Committee.



Aligning the organization towards a shared purpose to build team commitment & a sense of belonging is a critical organizational success factor, and we, at Epsilon strive to achieve the same through our comprehensive employee engagement program.



# 1 | Employee Engagement Committee

**Purpose**

- To engage and connect the talented resources
- To map out engagement events, activities and communications to ensure maximum participation from employees & their family members

**Scope**

- Celebrations: Birthday, Festivals, Marriage, Environment & safety day, yoga day, Women day, Independence & republic day celebration etc.
- Events: Sports, Family get-togethers, Kids competitions & games, Employee quiz, Cultural programs, etc.

# 2 | Ideation Committee

**Purpose**

- To generate, develop and communicate ideas, drive solutions through interactive sessions i.e., prototyping, brainstorming, etc.
- Design & develop thinking process & increase participation level of employees

**Scope**

- Identify 12 themes for ideation on process improvements i.e., manufacturing, EHS, Engineering, Quality, Productivity, Delivery, Cost etc.
- Generate and scrutinize ideas for implementation
- Implement rewards program for selected and implemented ideas

# 3 | Knowledge Sharing Committee

**Purpose**

- To build organizational knowledge on protect Environment, Health & Safety of all stakeholders, and to deliver quality products and services

**Scope**

- Digital library platform for employees
- Books & magazines for families
- In Plant- Speeches from two internal & one external experts followed by questions & answers
- In Township- Quarterly one internal & one external speech of two hours on selected subjects
- Processes briefing to employees by process experts

During FY 2020-21, we organized a number of recreational employee engagement activities aimed at enhancing employee morale and satisfaction. These activities included skit presentations, employee birthday celebrations, employee sports activities. In FY 2020-21, we organized work from home regime engagement activities. In view of the pandemic situation, we delivered virtual learning and development programs such as online weekly alignment sessions, virtual sessions for new-skill training, digital classroom training modules, and a number of creative learning sessions.

We also undertake recreational activities for our employees and their families at our townships with the intent of fostering emotional bonds within our extended Epsilon family. During the pandemic situation in FY 2020-21, we conducted online family engagement practices, short online game sessions, communication exercises. During Diwali, we organized various recreational events at Sunrise Colony like Pictionary, Connection of Straws, Treasure hunt, Cup & Balloon, Tug of War, etc.



### Promoting holistic wellness

At Epsilon, holistic employee wellness is an integral component of our employee value proposition framework. Our employee wellness initiatives are targeted not only at improving physical health parameters but also includes mental health aspects. Our holistic wellness initiatives start from an initial medical checkup for all new entrants before joining. Upon joining, we strive to provide a workplace that is secure, safe, and nurtures good health and well-being. Our medical health centers inside plant premises and in our township are open to our employees and contractor workers. All our premises are designated non-smoking areas.

We also provide employees with healthy food options at subsidized rates at the plant's canteen to promote a healthy dietary regime. Recently, we partnered with "Nutrify my diet" to enrich the health quotient of our employees. As a part of this initiative, two batches of employees participated in a compressive program targeted towards enriching their health quotient. The program included a nutritional and body assessment, followed by individual consultation sessions and seminars to develop personalized nutrition plans. The program also included a follow-up component to discuss the progress of the participants and to advise them on any issues they may be facing.

We also provide counseling to help our people deal with issues of mental health through a dedicated helpline. We encourage and support our employees, trainees and consultants who wish to raise the level in particular sports to attain national and international level recognition, by offering discretionary leaves and financial support in line with our Sports Policy.

For employees above the age of 40 years, we have provisioned for an annual health check-up. Employees above the level of officers are eligible for a biennial health check-up. Our wellness initiatives cover all existing, as well as retired employees along with their dependents\* under a Medclaim policy. Half-yearly and annual health check of employees. We have also provisioned a special disability leave for employees in case of unfortunate accidents leading to hospitalization. Our Group Personal Accident Policy is aimed at assisting the dependent family members of our employees in case of unfortunate death or disability due to accident.

In FY 2020-21, we immediately aligned efforts to adapt our people-operations and benefits offerings towards the prevention and treatment of COVID-19. Our Covid-19 related employee initiatives are mentioned [here](#).

## Combatting Covid-19

Our COVID-19 response was guided by a spirit of responsibility towards our employees to contain the spread of the virus and to financially, physically, and psychologically support the affected members of our extended Epsilon family. Following the outbreak of the COVID-19 pandemic, we adopted a multipronged strategy to prioritize the safety of our employees and our customer requirements. We have been cognizant of the evolving pandemic scenario since and have accordingly implemented continuity strategies with the interests of our employees and customers in mind.

Our COVID-19 response strategy for our workforce was founded on three pillars – Employee Safety, Employee Productivity and Employee Support. We offered all possible support to our employees and their families during this stressful, and uncertain time. We aligned our ongoing programs to equip our people with the information, knowledge and resources required to navigate through COVID-19.

At Epsilon, screening processes, systems and mechanisms through the lens of care and support is our organizational culture. When the pandemic struck, we found our already existing financial, medical, and mental health benefits were well-designed to help employees through the crisis.

### 1 | Employee Productivity



- Switched to remote working to the extent possible
- Implemented new employee portal - Darwin Box to bring all major HR processes online
- Improved digital HR processes
- Invested in digital technologies other than connecting through Zoom and Microsoft teams
- Accelerated and initiated technology investment which was earlier planned for 2021

### 2 | Employee Safety



- Provided personal protection equipment to essential employees working on site
- Provision of appropriate cleansers in common areas
- Well-being modules and challenges geared to staying physically and mentally healthy at home
- Initiated a nutrition program during the Pandemic
- Increased signage for hand-washing
- Heightened restrictions for movement
- Allowed flexible working schedule

### 3 | Employee Support



- Covered 100% expenses for diagnostics and treatment of COVID-19
- Special paid leave for COVID-19 affected employees
- Separate hospital and isolation facility for COVID-19 patients near plant (COVID-Care Center)
- Home isolation facility to employees with free food and dedicated vehicle for emergency management
- Absolute job security assured to all employees
- Consideration of COVID-19 impact on operations while determining monthly or quarterly incentives for eligible employees
- Free of cost access to mental health professionals
- Free of cost vaccination of all employees in 2021



**We take pride in announcing that at Epsilon, there were no job cuts or salary cut for any of the employees who were a part of Epsilon that time. In addition, regular salary increments were also given to all eligible employees. ”**

**Saiprasad Jadhav**  
CEO

To know more about our efforts aligned towards serving our customers with minimal disruption, please click [here](#).



### Creating Supportive workplace

We have a zero-tolerance policy on discrimination, bullying or harassment against any person on the grounds of race, color, religion, disability, age, ancestry, gender identity, sexual or affectional orientation, appearance, political affiliation, veteran status or marital status. This policy covers our own employees, contractual employees, clients, and vendors; and is dealt with strict penalties, leading even to suspension or termination from services. We are also committed to maintain a work environment free of retaliation. In FY 2020-21, we received no complaints regarding discrimination, bullying or harassment.

We have also put in place a robust grievance handling policy for all our employees and encourage employees to raise their grievances related to processes, people, or resources through appropriate channels. To facilitate the process, we have established a multi-channel procedure for employees to lodge a grievance. The grievance policy defines the roles, responsibilities, and escalation matrix for different categories of grievances. Our dedicated grievance committee ensures a time-bound closure of grievances.

We are committed to safeguarding the dignity of our employees at work and have a 'Zero Tolerance' policy on sexual harassment. We have formulated a policy for Prevention of Sexual Harassment in line with the statutory requirements and have put in place mechanisms for its implementation. Our complaints committee includes representation from NGO and shall work in compliance with statutory requirement to address complaints related to sexual harassment.

We offer a dignified workplace to our employees and contractor's workers, free of any human rights abuses. All our security personnel are trained on our human rights policies or specific procedures and their application to security. We strictly implement our policy for the prohibition of child labor at our own facilities and for our value chain partners. We have put in place efficient management systems to ensure no child labor at our locations through internal and external audits. Additionally, we do not engage with businesses that do not have efficient systems to ensure no child labor at their production locations. We also strictly prohibit forced or compulsory or trafficked labor in all forms at our operations. In FY 2020-21, we received no complaints of infringement of human rights, cases of child labor, forced labor, and involuntary labor. In the same period, no incidents of violations involving the rights of indigenous peoples were identified.



### Enabling Work-life Balance

Information on our policies for the work-life balance including leave policy, flexi-work policy, child-care assistance can be seen [here](#). Our company-sponsored family events and activities are also intended towards fostering work-life balance. Additionally, we also offer employee network and support groups to help bring our people together and create supportive environments by sharing experiences, learnings and personal development stories – including those relating to maintain work-life balance strategies. Our mentorship programs also offer employees opportunities to engage with their mentors to discuss any challenges relating to work-life balance and seek advice on the same.



We are working to create an enabling environment for continuous innovations.

# ENVIRONMENTAL STEWARDSHIP



At Epsilon, circularity is the fundamental design principle of our business model.

Our material management and energy management strategies are founded on processes, innovations, and technologies that utilize strategic solutions to enable decoupling of resource use from value creation.



Lower CO<sub>2</sub>



Eco Friendly



Sustainable

# LIVING THE CIRCULARITY PARADIGM

**At Epsilon, we are at the forefront of the paradigm shift from traditional linear resource management models towards circular models that utilize innovation in technology, design, and chemistry to manufacture value-added carbon products.**



## Approach

We are cognizant of the potential impact of the nature of operations on resource use and the environment; and the need to focus on sustainable consumption and production for long-term business sustainability. It is with this deep realization that we have identified topics related to climate change, air emissions, energy management and environmental compliances as our top material topics. We are continuously enhancing the circularity of our operations to advance our organizational commitment today both Agenda 2030 as well as the Paris Agreement.

Through our operational processes, we are minimizing the need for virgin resources by keeping existing materials in the production cycle; enhancing process efficiencies to use resources more efficiently and reducing losses; and eliminating the negative externalities related to the generation of waste materials and gases.

We constantly monitor our environmental footprint and are continuously implementing strategies that help further

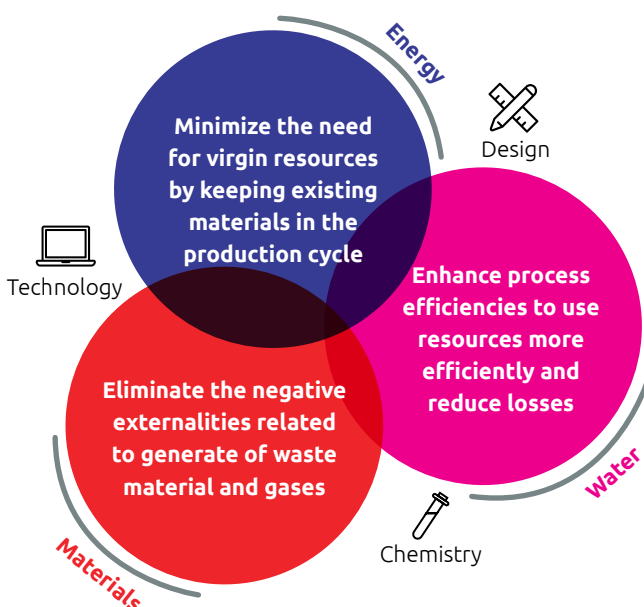
minimize the negative impact of our operations on the global and our local ecosystems and promote the conservation and sustainable use of natural resources through a committed focus on:

- efficient use of material, energy, and water resources through reuse and recycling
- transition to low-carbon energy sources and cleaner feedstock
- sound management practices and techniques for residual wastes
- biodiversity and ecosystem conservation

Our concerted efforts across these dimensions have helped us improve our performance and enhance efficiency on various fronts. We are committed to carrying out periodic reviews of business strategy and policies to identify areas of further improvement in our environmental performance and implement them as effectively and efficiently as possible.

We believe sustainable growth of our company and communities go hand-in-hand. We, therefore, work with our upstream and downstream industries to develop products which are critical for accelerating the energy transition underway. In addition, to reduce the embedded environmental impacts of our products, we also strive to go beyond the boundary of our own business operations and monitor the activities and environmental compliance of our business partners and suppliers with a view to minimize the indirect environmental impacts of our business.

## Epsilon's Circularity Approach



Our circular approach in our operations has positioned us well to not only demonstrate our organizational commitment towards Agenda 2030 and the Paris Agreement but has also significantly enhanced our competitiveness and resilience.



### Governance

Environment stewardship is one of the pillars of our operations and is driven by our Health, Environment & Safety (HES) policy under the umbrella of our Corporate IMS Policy. Our HES policy and system is designed to ensure that all our manufacturing plants achieve and maintain a consistent and a high level of environmental performance. Our Vijayanagar site is ISO 14001 certified and will be ISO 50001 certified by December 2021 which emphasizes our efforts towards addressing any potential negative impact from our operations; conserving resources; and improving the bottom line through efficient energy management.

Our organization-level HES committee is headed by our

CEO, who is updated on the organization’s environmental performance every month by the HoD-HES in each of our manufacturing locations. The HoD-HES is responsible for reviewing and monitoring the effectiveness of HES management systems. We also have a dedicated HES department at each manufacturing location to identify, assess, monitor, and mitigate all environmental issues arising out of our operations. The HES department is also responsible for implementing measures to achieve the targets and monitor progress on the same. The Board regularly reviews the implementation strategies, annual action plans, and progress against targets. The HES team under the guidance of the plant head conducts monthly audits and the same is reviewed by the CEO on a quarterly basis.

### Environmental Grievance Mechanism

Our environmental grievance mechanism is guided by a spirit of maintaining transparent communication our local communities on our environmental performance and building trust with our stakeholders by responding to their expectations and grievances.

We have conducted a detailed public hearing for our Vijayanagar plant in FY 2018-19 as a part of the environmental impact assessment process. The purpose of the hearing was to provide a platform to the local community and other stakeholders to share their environmental grievance in relation to our operations. No negative comment was received during the public hearing process. We maintain an open-door policy for stakeholders to highlight and bring to our notice any environmental improvements required in our operations. We also regularly engage with the district and local administration to regularly understand their expectations and grievances from us, and to address them in an effective, efficient, and timely manner.

Going forward, we intend to strengthen our environmental grievance mechanism by maintaining verifiable records of grievances received, and the actions taken for their redressal.



### Environmental Compliance

Our manufacturing locations comply with all applicable environmental regulations that are stipulated by Ministry of Environment and Forest & Climate Change (MoEF&CC) and Central/ State Pollution Control Board (CPCB/SPCB). As a part of the statutory requirement, we submit half-yearly compliance reports to MoEF&CC. We ensure 100% compliance by our rigorous internal inspections and audit programs. In FY 2020-21, none of our facilities have been fined or issued a notice of violation by any of the environmental regulatory bodies. For additional information on governance related to environmental compliance, please refer to section on Corporate Governance of this report.

#### Our Policy Framework for Environment Stewardship

- Corporate IMS policy
- HES Policy
- Corporate Materials Policy
- Corporate Energy Policy

#### Our Environmental Commitments



Ensure design and technological improvements to mitigate negative impact on the environment



Responsibly address environmental issues and their impact on practices, processes, and products



Regular compliance check through internal and external audits

## Sustainability Goals

We have set clear and measurable targets to further enhance our environmental performance, and to focus our organizational vision on our material sustainability aspects. The goals shall help us in driving programmatic efforts

by aligning individual goals with organizational direction. A common understanding of the goals shall inspire our teams to design and implement concerted efforts to build a culture of sustainability.

Focus Areas	Unit	Baseline Value (FY 2019-20)	Progress as of FY 2020- 21	Medium Term Goals
Energy	Coal Tar Distillation	Electrical: 60.50 kWh/MT Gas : 0.44 Gcal/MT	Electrical: 59.15 kWh/MT, or 2.2% reduction over FY 2019-20 Gas: 0.33 Gcal/MT, or 25.5% reduction over 2019-20	10% reduction in overall energy consumption per tonne of raw material processed by FY 2024-25
	Carbon Black		Baseline under development	
	Advanced Carbon		Baseline under development	
GHG Emissions (Scope 1 & 2)	Coal Tar Distillation		Baseline under development	20% reduction in GHG Emission per tonne of raw material processed by FY 2024-25
	Carbon Black			
	Advanced Carbon			
GHG Emissions (Scope 3)	Complete Carbon Complex			Inventorize Scope 3 emissions by FY 2022-23
Water	Coal Tar Distillation	1.04 kl/MT	37.5% reduction over FY 2019-20	50% reduction in GHG Emissions per tonne of raw material processed by FY 2024-25
	Carbon Black		Baseline under development	
	Advanced Carbon		Baseline under development	
Renewable energy procurement	Complete Carbon Complex			Over 15% of the energy requirements to be met through renewable sources by FY 2024-25
External Assurance				Annual assurance of ESG Reports FY 2023-24 onwards
Food waste	Vijayanagar Facility			Track food waste generation by FY 2024-25
Recyclable component in packaging material	Complete Carbon Complex			Track recyclable component in packaging material by FY 2024-25



## Resource circularity

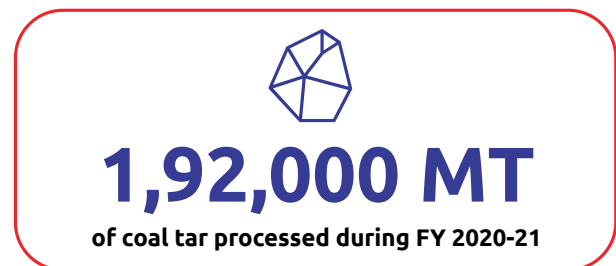
Rethinking traditional linear resource management in order to transition to innovative models of continual reuse.

Our product development processes are founded on design thinking that helps us to deliver finished goods with much greater resource efficiency than our peers. The process integrates sourcing strategies, production methods, logistics, and waste management strategies with a view to deliver quality products through innovative operating models.

### Raw Materials and Wastes

**Our 100% backward integrated process for Coal Tar Distillation operations and use of captive feedstock for our Carbon Black and Advanced Materials operations stands as a testimony of circularity being at the core of our design and thinking. We offer our clients a unique value proposition of products with the best-in-class material efficiency.**

Our Corporate Materials Policy guides our organizational strategy to fulfill our commitments towards sustainable procurement and minimization of natural resources in the supply chain with the overarching vision to deliver sustainable innovation to our internal and external stakeholders. Raw coal tar is our primary and critical raw material along with jumbo bags, naphthalene bags for product packaging. All raw material consumption is consistently tracked at both unit and corporate level.



Our Carbon Black (CB) unit and Advanced Materials (AM) unit were commissioned in FY 2020-21 and were in the process of stabilization until the end of the reporting period. In FY 2021-22, baseline data on the environmental performance of the two units would be generated – based on which we shall take up targets for enhancing the performance. The baseline data, as well as the targets for the two units, shall be reported in subsequent years.

### Raw materials for our operations



#### Coal Tar Distillation (CTD)

We procure all the raw coal tar feedstock used at our Vijayanagar facility from JSW Steel Ltd. Coal Tar is a waste by-product of the Iron and Steel production process. Our long-term raw material supply contract enables us to offer our customers the unique proportion of consistent, captive, single source raw material fortified with strategic, long-term contracts for our production process.



#### Carbon Black Unit

Anthracene Oil produced as a by-product of our coal tar distillation process is re-directed as feed into our carbon black production process. Our carbon black feedstock is cleaner – with sulphur content of 0.3% as against the conventional feedstock used in India with typically 3% sulfur content use - leading to lower process emissions.



#### Advanced Materials Unit

Our Advanced Materials unit has 100% backward integration for supply of raw materials. The raw materials for our Advanced Materials unit are sourced from within the complex.



Apart from taking measures to reduce the use of packaging material, we are also taking measures to reduce the environmental impact of our packaging materials. We are constantly working to optimize our Standard Operating Procedures (SOPs) to minimize damage to packing bags. Besides, we are reclaiming the damaged bags and reusing the same to package other material for internal use, thereby reducing the number of bags sent for disposal. For internal processing of coal tar pitch at Sambalpur we use second-hand Polypropylene (PP) bags.

Apart from packaging bags, we are also taking initiatives to reduce the environmental impacts of pallet use. We reuse wooden pallets multiple times for storage of our packages in our carbon black warehouse. The incoming wooden pallets are repaired & used for storage of our packages. We are also exploring presswood pallets for domestic and export supplies of carbon black. Like wooden pallets, we also reuse plastic pallets multiple times in our CTD and CB units for storage.

### Packaging material

We are taking steps to reduce the material used for packaging our finished goods. We use jumbo bags and naphthalene bags for packing our finished goods. At present, our packaging bags are made up of 100% virgin material, however, we are exploring means of increasing the recyclable component in our packaging material in the near future.

### Raw Coal Tar Consumption ('000 MT)



### Packaging material ('000 no of bags)



We are in the advanced states of implementing Radio Frequency Identification (RFID) tags for inventory management for both carbon black and coal tar warehouses. Apart from helping us track movement of finished goods, we also plan to utilize the system for tracking movement of our packing bags – which would allow us to coordinate with customers in an endeavor to set up an arrangement for return and reuse of the packaging bags. When implemented, this arrangement would help us to reduce the downstream and upstream environmental impacts of our operations by avoiding unnecessary disposal of bags and reducing the demand for virgin material used in manufacturing of the waste bags.





## Waste recycling and management

**Our continuous closed-loop system ensures that much of our by-products are re-directed towards new product development thereby maximizing additional economic, environmental, and social value from the same resource, and minimizing waste generation. Hence, minimization of waste is not just our business strategy but is rather the fundamental design feature of our business model and operations.**

Our corporate IMS policy defines our commitment towards the minimization of waste through continual improvement in the manufacturing process. We recover and reprocess all our off-specification products to ensure zero waste generation on that account. The small quantity of waste that is generated is disposed off in line with all applicable health, safety, and environmental requirements.

The non-hazardous wastes mostly consist of municipal waste, food waste – which is sent for landfilling; and e-waste, drums/containers – which are sold to authorized scrap dealers for recycling.

We collect all our hazardous waste – which is stored, segregated, transported, and disposed off as per the Hazardous Waste Management Rules, 2016. We regularly monitor solid waste generation against consent limit and are consistently well within the prescribed limits for hazardous wastes generation. Notwithstanding the relatively small quantities of hazardous waste generation from our operations, we are committed to reducing the same by using the best available technologies.

Over 87% of the hazardous waste from our operations is on account of sludge from our on-site wastewater treatment facility. Therefore, we are taking targeted measures to reduce sludge generation from our wastewater treatment plant. One example of this is the use of anthracene oil crystal separation to reduce sludge in Anthracene oil. We are committed to reducing Effluent Treatment Plant (ETP) sludge generated by our CTD operations by 5% on a year-on-year basis.

The small quantity of biomedical waste generated from the medical center inside our plant premises is managed as per the applicable laws and regulations. For this purpose, we have entered into an agreement with a Common Bio-Medical Waste Treatment Facility for classification, collection, storage, treatment, and disposal of Bio-medical wastes in line with the relevant acts and rules. The records of waste generation, and their final disposal are maintained in accordance with the requirements prescribed by the Karnataka State Pollution Control Board (KSPCB).



## Waste disposed by type and disposal method from our Vijayanagar facility, FY 2020-21

Waste category	Disposal method	Quantity disposed (MT)
<b>Hazardous Wastes</b>		12.6
Sludge containing oil	Sold to authorized resellers	0.5
Used or Spent oil	Sold to authorized resellers	0.1
Wastes or residues containing oil	Sold to authorized resellers	1
Chemical sludge from wastewater treatment	Disposed through CHWTSDF*	11
<b>Non-Hazardous Wastes</b>		258.29
Scrap	Scrap Dealers	258.29

*\*Common Hazardous Waste Treatment, Storage & Disposal Facility*

### Spillage

We have put in all measures, processes and systems to minimize the spillage of Coal Tar Pitch and Carbon Black. At our facility, we have assigned responsibility to minimize the risk of spillage at various departmental levels. Our field operators are trained to carry out regular visual inspections and are provided with a checklist to timely identify any risks that may lead to spillage of carbon black. We have identified warehouse operations as the highest-risk operations for spillage and have put in place measures, responsibilities, procedures etc. to eliminate spillage in the warehouse. In any rare case of any spillage, we recover and reprocess spillage to avoid wastage.

Transportation of finished goods from our unit to the customer is another high-risk area for spillage, and we have developed standard operating procedures which are based on the global best industry practices to reduce such risks. Our transport service providers are regularly trained in handling and transportation to reduce wastage of finished goods due to incidents of spillage. We have already reduced number of spillage of material on the floor from 18 bags in three days in June 2019 to 1 bag in three days by the end of December 2019.



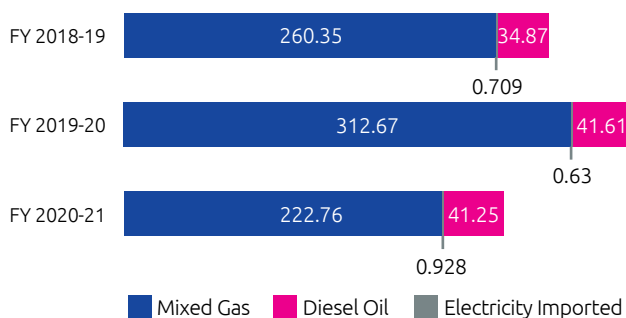
## Energy Circularity

Our Corporate Energy Management System Policy defines our organizational commitment towards energy performance improvement, and minimization of the environmental impact of energy the use through use of renewable energy, and energy efficiency in operations through interventions in processes, design and implementation of state-of-the-art technologies. In line with our ISO 50001 system, we have designed an energy performance improvement plan which includes an improved Energy Monitoring and Measurement plan which monitors Energy Performance indicators for all the energy usage which are then analyzed for improved energy use and performance.

Since inception, we have identified energy system circularity as a key enabler of our long-term sustainability. Energy circularity is embedded in our operating models at various levels.

We do not use coal for thermal or electrical energy generation within our plants. About 84% of the energy need of our CTD unit is met through recovered waste gases. We source Blast Furnace Gas (BFG) and Coke Oven Gas (COG) from iron and steel industry in our vicinity which produces these gases as byproduct gases. In iron and steel industries, these gases are widely flared and vented to the atmosphere without utilization. We have also put in place a system to utilize tail gas from our CB production unit for generating steam. In the future, we are planning to implement a project to use this gas for power generation to meet the requirements of our Advanced Carbon Unit ,CB unit and CTD unit. Once commissioned, the project will replace about 50,000 MWh of grid/coal-based electricity annually in our production process, leading to a reduction of about 39,000 tCO<sub>2</sub> emissions. Only 16% of the energy demand of our CTD unit is met through fossil fuels (diesel oil) and grid electricity.

Energy Consumption in our CTD unit (TJ)



Our CB unit uses state-of-the-art processing equipment for better yield and better energy recovery and lower environmental impact. The unit is currently running on oil recovered from Coal Tar Distillation, and we have already initiated the process of switching our CB unit to Coke Oven Gas – which is a cleaner fuel. The dual In-line boiler in R1 reactor enables recovery of waste heat as steam which is fed into our Coal Tar Distillation and AM operations, thereby enhancing the energy efficiency of our operations as an integrated system. Our advanced materials unit uses 100% electrical energy and does not use fuel oil/furnace oil for energy needs. In FY 2021-22, the baseline energy consumption data for our recently commissioned Carbon Black and Advanced Materials units will be generated – based on which we shall take up and report on performance against targets.

100%

Electrified Advanced Materials unit

223.68 TJ

Total direct energy (BFG, COG and diesel oil) consumed in FY 2020-21

25%

Reduction in energy consumption in FY 2020-21 over FY 2019-20

84%

Of energy needs met through recovered gases

41.25 TJ

Total indirect energy (grid electricity) consumed in FY 2020-21

### Our Corporate Energy Commitments



Utilize state-of-the-art energy efficient technologies



Promote renewable energy and green initiative



Monitor, review and improve energy performance



Inculcate principles of energy conservation among stakeholders

We actively monitor energy use in our production processes and identify opportunities for enhancing energy efficiency of our operations. We have introduced various technological improvements in our CTD operations and have conserved 89 GJ (or 28%) of direct energy and over 100 MWh of indirect energy in the reporting period with respect to the preceding year. This led to decrease in energy intensity from 1.86 GJ/MT in FY 2019-20 to 1.38 GJ/ MT in FY 2020-21.

We are continuously increasing the share of renewables in our operations. We have entered into long-term contract for procurement of renewable energy.

### Energy Intensity of our CTD Unit (GJ/ MT of Coal Tar Processed)



**89 GJ**

Reduction in direct energy consumption in FY 2020-21 as compared to FY 2019-20

**25%**

Reduction in energy intensity in FY 2020-21 over FY 2019-20



Availability of resources, predominantly energy is becoming more constrained. We are making every effort towards managing our energy needs sustainably and improve our energy efficiency. ”

**Mahesh Todkar**  
Plant Head



### Energy efficiency and circularity measures for our CTD unit

- Increased condensate recovery (~90°C) leading to reduction in fuel gas consumption
- Insulation repair to reduce heat loss (on-going)
- Minimizing steam venting (on-going)
- Optimization of All Boilers/ Heaters using Dampers to reduce fuel oil consumption (started)
- Damper adjustment of all furnaces to retain heat loss
- Minimizing boiler blowdown by maintaining of all parameters to reduce fuel oil consumption (on-going)
- Optimizing Cooling Tower with minimizing Blowdown (on-going)



### Energy efficiency and circularity measures for our Carbon Black Unit

- Dual In-line boiler in R1 reactor with Waste Heat Recovery (heat exchange of hot smoke and water for process consumption)
- In-line boiler in R2 & R3 reactors and Carcass Reactor with Waste Heat Recovery (heat exchange of hot smoke and water for process consumption)
- Waste Gas Recovery: Tail gas boiler of 13 TPH capacity for utilization of leftover tail gas for generation of 2.4 MP of High-Pressure steam
- Waste Gas Recovery Project to generate steam and electricity for internal use and export to the grid (DPR under preparation)
- Tread high temperature air preheater, and Carcass high temperature air preheater: To reduce consumption of liquid fuel into the combustion chamber
- Oil Preheater in R1, R2, R3 & R4 to increase primary oil temperature by exchanging heat with hot smoke gas
- Dryer Air Preheater (Tread) to increase the temperature of atmospheric air for enhancing the combustion efficiency of dryer-combustor
- Dryer Air Preheater (Carcass) to recover heat from the exhaust flue gas escaping through the dryer stack
- Stainless steel piping with better life cycle, and good corrosion and erosion resistance to ensure zero leakage of product, water & steam and thus savings of energy within process

## Energy circularity in our operations

### ENERGY SYNERGY: CARBON BLACK – ADVANCED MATERIALS

■ Implemented ■ Planned

Excess steam produced by our carbon black boiler is supplied to our advanced material unit as a heating medium in thermic fluid systems which in turn is used to maintain temperatures for tanks and pipelines. This results in a reduction in electricity consumption in the thermic fluid heating systems. We are saving about 14,640 kWh of grid electricity, resulting in avoided GHG reduction of 11.56 tCO<sub>2</sub>e through this initiative.

We have initiated the development of a project to utilize waste tail gas from our CB unit to generate electricity which shall replace electrical energy procured from JSW Steel Ltd., currently being used to run our Advanced Materials unit. The project is expected to commission in FY 2022-23. When commissioned the project will replace 3,000 MWh of grid/coal-based electricity annually in our production process, leading to a reduction of about 2,300 tCO<sub>2</sub> emissions.

Since FY 2019-20, we have started using nitrogen gas which is transported from the JSW complex on the same pipe rack. This has enabled us to stop generating nitrogen on-site in nitrogen generator using electricity. This usage of nitrogen from JSW complex has led to the dismantling of our nitrogen generation systems leading to a reduction of 2500 kWh/day of electricity.

We have firmed up a plan to increase the capacity of our Advanced Material reactor to 2X. The doubling of the capacity will enhance the process efficiency in terms of electrical consumption and reduce electricity consumption by 25% in terms of per tonne production.

Once commissioned, the project will avoid generation of 987 tCO<sub>2</sub>e per annum. The project is expected to commission in Q2 of FY 2022-23.

### ENERGY SYNERGY: CARBON BLACK – COAL TAR DISTILLATION

Excess steam produced by our carbon black boiler is supplied to our Coal Tar Distillation operations, thereby avoiding mixed gas consumption to operate our Coal Tar Distillation boiler.

We are also planning to replace the use of oil in our CB unit with Coke Oven Gas – a waste gas from the Iron and Steel Industry. The project will lead to an overall reduction of 15% in terms of input secondary feed requirement. When commissioned the project will utilize about 57 million cu.m of waste gas per year leading to a reduction of over 80,500 tCO<sub>2</sub> per year. The project is expected to commission at end of Q3 of FY 2022-23.

We have installed a high-efficiency dual In-line boiler in R1 reactor in our CB plant. The waste heat recovery intervention produces high pressure steam of 2.4 MPa for process consumption.

We have initiated the development of a project to utilize waste tail gas from our Carbon Black unit. We shall be using the captured tail gas to generate power which in turn will be supplied to our Coal Tar Distillation unit replacing electricity procured from JSW Steel Ltd. The project is expected to commissioned in FY 2022-23. When commissioned the project will replace about approximate 13 MWh of grid/coal-based electricity annually in our production process, leading to a reduction of about 10,000 tCO<sub>2</sub> emissions.

We have a continuous focus on energy efficiency. As a result, we have been able to reduce our total energy consumption by 25% in FY 2020-21 over the preceding year, despite a slight increase in coal tar processed.

We are in talks for a long-term agreement for the procurement of power generated from solar and wind to meet 50% of the energy requirement of our graphitization unit. The procurement shall start in FY 2023-24. Once operationalized, this initiative will lead to about 50 MWh of energy procurement from renewable sources.



## Water Circularity

**As a responsible corporate citizen, we are continuously enhancing our circularity of water management practices both in terms of 'closing the loop' and 'optimizing the loop'.**

We have developed internal tools to assist our operations to identify, assess and prioritizing water use and conservation. Our three-dimensional water circularity strategy rests on the principles of (i) Keeping water resources in use; (ii) Designing out wastewater discharge; (iii) Regenerating natural water systems.



### Keeping water resources in the use

We source all our water requirements from third-party water tankers. Over the years, we have been enhancing the operational efficiency of raw water consumption by keeping water within the loop. One such example is our plant-wide system to recover condensate from all steam traps for recycling to a common tank for further use in the boiler.

As a result of our interventions in water and wastewater management, we have been able to significantly enhance the water use efficiency of our CTD unit. We reuse the water treated from our Effluent Treatment Plant (ETP) and Sewage Treatment

Plant (STP) for operational and horticultural purposes. Between FY 2018-19 and FY 2020-21, as a result of our concerted efforts towards responsible consumption of water, we were able to reduce the water-use intensity of our CTD unit by over 23%.

In our CB unit, we have used a dual in-line boiler in R1 reactor with waste heat recovery – which has reduced quench water consumption due to reduction in smoke temperature in the dual boiler. Our AM unit, on the other hand, has entirely eliminated water consumption in the process\*. For these two of our recently commissioned units, the baseline data collected over FY 2020-21 shall guide our efforts towards setting and achieving water-related targets.



### Designing out waste and pollution

All of the effluent discharge from the various processes in our plant is collected and treated in a state-of-the-art ETP where all water is recovered, and contaminants are reduced to solid

\* Water is used only as cooling media and for domestic usage





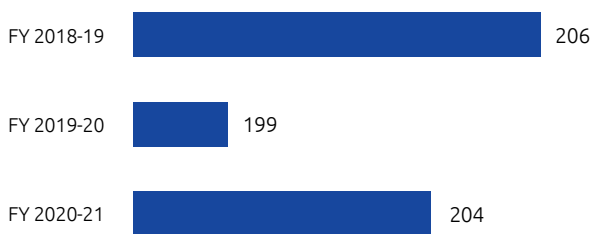
waste (sludge). The solid waste is collected and disposed off as per the applicable regulations. The treated wastewater is also collected and recycled in process/gardening thereby reducing our freshwater demand. No wastewater (treated/ untreated) is discharged from our Vijayanagar plant. We have identified spillages from the pipelines, toilets, and other sources as a significant wastewater and effluent related risk and have already developed an action plan to reduce the risk.

All of the industrial wastewater generated is collected and sent to our ETP. We follow KSPCB for treated water quality and conduct standard test regularly to determine the characteristics of wastewater at the inlet as well as at the outlet of the ETP.

The concentrated sludge from ETP is fed into the Multiple-Effect Evaporator (MEE) for further treatment, product concentration and recovery of water from wastewater for reuse into industrial operations such as in cooling towers and for horticulture purposes.

Additionally, we have also had a 70 KLD on-site STP for treating wastewater from domestic usage. The treated wastewater from STP is used for gardening and road washing. Our STP is equipped with Electro-Mechanical Equipment (magnetic filters) to avoid iron particles in refined naphthalene flakes and reduced black particles in refined naphthalene, thereby enhancing the quality of refined naphthalene flakes.

### Water Withdrawn for our CTD Operations('000 kL)



### Our Vijayanagar plant is a Zero Liquid Discharge facility.

**2,04,013 kL**

Freshwater procured in FY 2020-21 for CTD operations

**100%**

Of wastewater generated at our Vijayanagar plant sent to ETP

**100%**

Of the treated wastewater reused on-site

**Zero**

Incidents of non-compliance with discharge limits



## Maximizing value from water

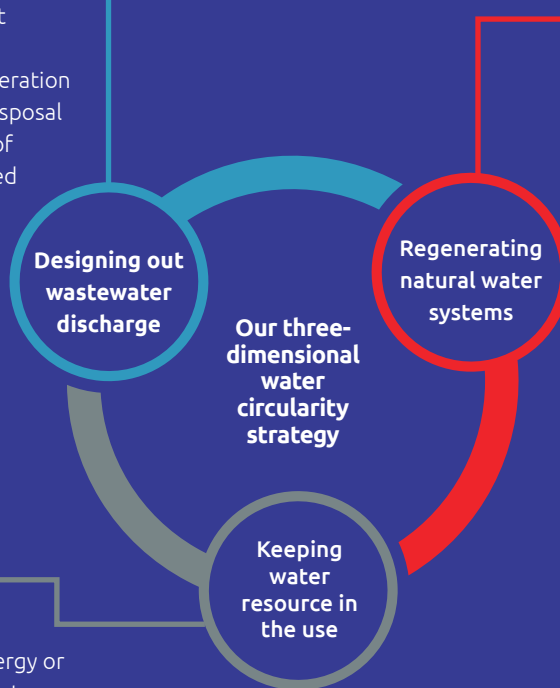
### Approach

Use measures or solutions which deliver the same outcome without using water  
**Application areas:** Elimination of process water in our Advanced Materials unit

Use technology to minimize the generation of residual waste/ wastewater for disposal  
**Application areas:** 100% treatment of effluent and sewage, reuse of treated wastewater for process and horticulture use, MEE for further treatment, product concentration and recovery of water, reduce spillages from the pipelines, toilets, and other sources

### Approach

Optimize water use and reuse  
**Application areas:** Optimize energy or resource extraction from the water system and maximize their reuse.



### Our Approach

Preserve and enhance the natural capital  
**Application areas:** Zero discharge of effluents, scientific treatment of water before re-use application, scientific disposal of sludge

Minimize disruption of natural capital  
**Application areas:** Our Advanced Materials unit has eliminated the use of process water

### Steam Condensate Recovery

In FY 2019-20, we installed a steam condensate recovery system in our Coal Tar Distillation unit. The system recovers and recycles condensate from all steam traps to common tank for further use in boiler. The steam condensate recovery system has helped us increase the condensate recovery to 45% (82-88 m<sup>3</sup>/day) from the 37% (68-72 m<sup>3</sup>) in the pre-project case. The increased condensate recovery has reduced our dependence on freshwater as boiler feed.

### Steam Condensate Recovery Reduction in Reject Water from our Reverse Osmosis (RO) plant

In FY 2019-20, we refurbished an idle system to enable us to supply good quality water. Provision of better-quality input water has led to a reduction in the reject water generation from the RO process – which was being sent for treatment. This project is expected to help us reduce reject water generation 10% daily, thereby reducing our freshwater demand.

### Recovering Energy from Steam

In FY 2019-20, we commissioned a project to extract heat energy from the excess steam produced by our CB boiler for heating thermal liquid in our AM unit, and to our Coal Tar Distillation for heating coal tar, replacing mixed gas used in the Coal Tar Distillation unit.

The project can potentially save 14,640 kWh of electricity.

**Water Use and Wastewater Related Interventions**

**Coal Tar Distillation unit and Carbon Black unit**

Condensate recovery: Steam trap and steam leak maintenance (on-going)

Dual In-line boiler in R1 reactor with heat exchange of hot smoke and water leading to the reduction in smoke temperature and consequently, reduction in quench water consumption

Condensate leak repair and avoid open spillage with diversion/ arrangement to the header and then condensate to header (saving water and conserving heat by hot condensate recovery)

In- line boiler in R2 & R3 reactors and Carcass Reactor with heat exchange of hot smoke and water leading to a reduction in smoke temperature and consequently, reduction in quench water consumption

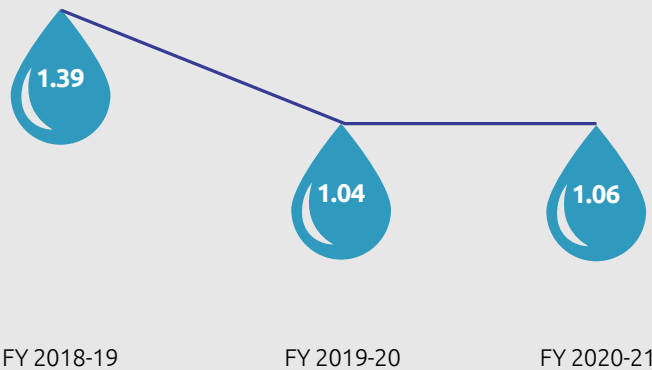
Optimizing cooling tower with minimizing blowdown to reduce feed water consumption in boiler and simultaneously reduce the consumption of RO water consumption (on-going)

Oil preheater in R1, R2, R3 & R4 to exchange heat with hot smoke gas, thereby reducing water consumption in quench tower

RO inlet water improvement to reduce reject water from RO

Installation of electro-mechanical equipment for 70 KLD STP

**Specific Water Consumption in our CTD unit (kL/MT Raw Coal Tar Processed)**



**23%**

**Reduction in specific water consumed by our CTD operations in FY 2020-21 over FY 2018-19**

**10%**

**Reduction in target specific water consumption of our CTD operations in FY 2024-25**



**Regenerating natural water systems**

Availability of freshwater is becoming a global challenge, water is a shared resource, with high economic, environmental and social value, and access to water is a basic human right. At Epsilon, we appreciate the need to conserve and replenish our water resources, and for this reason, replenishing ground water is an important dimension of our water circularity strategy. Our Vijayanagar plant has a rainwater harvesting system that recharges groundwater.



# CLEAN AIR FOR OUR PLANET AND OUR PEOPLE

**Applying circular design principles to progressively diminish the negative externalities.**

Our circular design thinking has helped us reduce the generation of waste gases and materials through a reduction in consumption of input resources, selection of cleaner input materials, application of improved production processes, and using state-of-the-art environmental pollution control technologies.

## Greenhouse Gas (GHG) Emissions

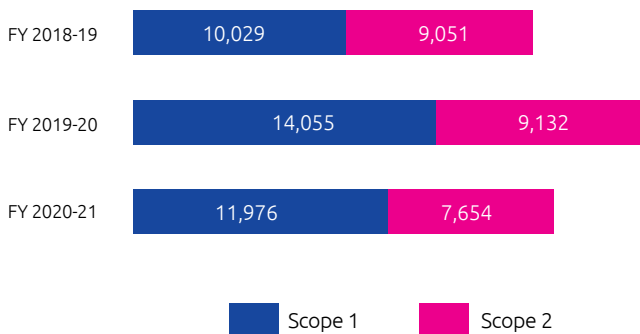
**As the global community continues to witness the adverse impact of climate change, we are working to solidify our commitment to climate action and continue to align our efforts with the goals defined in the Paris Agreement. We are ramping up efforts to create solutions through our operations, as well as our product offerings that will help reduce the global GHG emissions without undermining the growth of global economy.**

As a demonstration of our climate commitment, we are focusing on measuring, reducing, and reporting the GHG emissions associated with our operations. We track and monitor our Scope 1 and Scope 2 emissions from our Vijayanagar Plant. We are committed to progressively increasing the scope

of our GHG measurement, reduction and reporting efforts by progressively including our other operating locations (production facilities and corporate office) as well as the material Scope 3 emissions in our GHG inventory from FY 2023-24 onwards.

In FY 2020-21, Scope 1 GHG emissions from our CTD process were 10,029 tCO<sub>2</sub>e and Scope 2 GHG emissions were about 9,051 tCO<sub>2</sub>e. As compared to FY 2019-20, our overall emissions (Scope 1+ Scope 2) have decreased by 18%. Our Scope 1 emissions have reduced considerably in the reporting year – reducing by over 28% in absolute terms over the previous year. Our Scope 2 emissions registered a reduction of 0.9% in absolute terms.

### GHG emissions from our CTD unit (tCO<sub>2</sub>e)



**19,081 tCO<sub>2</sub>e**

**Scope 1 and Scope 2 emissions from our CTD during FY 2020-21**

**4,016 tCO<sub>2</sub>e**

**Reduced as a result of our CTD unit initiatives in FY 2020-21 over FY 2019-20**

**18%**

**Reduction in Scope 1 and Scope 2 emissions of our CTD operations during FY 2020-21 over FY 2019-20**

**Note:** The inventory is based on the principles of accuracy, relevance, completeness and consistency. We have quantified our emission according to Greenhouse Gas (GHG) Protocol and ISO 14064 standard. Emissions were calculated using IPCC Second Assessment Report 100-year global warming potentials, and included emissions of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. We record and track monthly usage volumes of feedstock materials, electricity and fossil fuels, as well as production volume. Feedstock is measured on a daily basis using digital logbooks. Diesel oil is recorded on use basis in consumption records maintained by the utility team. Electricity consumption is recorded through on-site meters and verified through bills. All data is recorded in SAP and cross verified from log books. The factors considered to derive the emissions from Diesel Oil are sourced from WRI GHG Emission Factor Database, 2014; Emissions from use of electricity is derived from Central Electricity Authority (CEA) - CO<sub>2</sub> Baseline Database for the Indian Power Sector, Version 16. Emission factor for mixed gas is obtained from supplier.

We're proud of our environmentally-friendly facility where carbon and the residual materials produced during most of the production processes are highly recyclable resulting in lower CO<sub>2</sub> footprint.

In line with our efforts to reduce the GHG intensity of our operations and products, we are planning to run our future graphitization project for Advanced Carbon Unit on 50% renewable energy. As a result, our product shall have a 40% lower CO<sub>2</sub> footprint as compared to the Synthetic Graphite product from the manufacturers in China.

We have already implemented one Waste Gas Recovery Project to generate steam for internal use – replacing steam from our existing boiler, and thereby reducing the associated emissions. We are planning to implement another Waste Gas Recovery Project to generate steam from recovered waste Tail Gas for internal use as well as for electricity generation. More information on the same can be found [here](#).

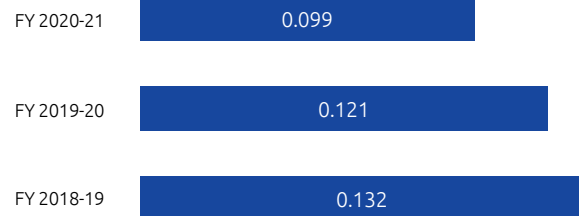
**0.099 tCO<sub>2</sub>e /MT raw coal tar processed**

**Scope 1 and Scope 2 emissions intensity of our CTD unit during FY 2020-21**

**18%**

**Reduction in Scope 1 and Scope 2 emissions intensity during FY 2020-21 over FY 2019-20 in our CTD unit**

**GHG Emissions from our CTD unit (tCO<sub>2</sub>e/MT Coal Tar Processed)**



The overall emission intensity of our CTD unit during FY 2020-21 is 0.099 tCO<sub>2</sub>e/MT raw coal tar processed – a reduction of 18% over FY 2019-20. At the end of FY 2020-21, we reduced 4,106 tCO<sub>2</sub>e by incorporating technological and operational improvements in our CTD unit.

We recognize Scope 1 emissions in our CTD unit as an area for improvement, and we aim to further improve our emissions performance from it in the coming years. In the coming years, we also intend to increase the use of renewable energy and deploy energy efficient technologies at all our operating locations. Using FY 2019-20 as our base year, our goal is to reduce Scope 1+ Scope 2 GHG emissions from CTD unit by 20% by 2025.

We are also cognizant of the transport-related Scope 3 emissions from our CTD operations, and are continuously seeking ways to reduce the same.

Within our CB unit, and our AM units, various measures related to energy efficiency, fuel switch, waste energy recovery, etc as listed [here](#), have been undertaken, or are under implementation/planning – which enhance our Scope 1 and Scope 2 GHG emission performance. With respect to Scope 3 emissions, backward integration of raw materials for our unit through pipeline enables us to avoid emissions and energy use associated with long-distance transportation (by road or rail) of raw materials, thereby lowering the embedded emissions attributable to our carbon products. We are in the process of collecting the baseline data for our recently commissioned CB and AM units' GHG performance, which would enable us to set targets for the future.

## We do not use any fossil fuel on site for our Bulk Mesocoke operations.

### Reducing Scope 3 emissions

At present, over 60% of the raw coal tar fed into our Coal Tar Distillation unit is sourced in from Dolvi, Maharashtra by road with about 4,000 vehicle trips annually – collectively covering a distance of about 2.92 million Kms. A railway siding at Dolvi and Vijayanagar is expected to commission in Q1 of FY 2022-23 – which would enable us to switch to railroad for transport of the incoming coal tar. The switch-over would also us to reduce the Scope 3 emissions associated with the incoming coal tar from Dolvi by over 1,300 tCO<sub>2</sub> for the same amount of coal tar transported.

## Non-GHG Emissions

**We continue to reduce our non-GHG emissions through interventions across our operations – right from selection of feedstock to investments for technological upgradations in the process as well as in emission control.**

Some air emissions (mainly SO<sub>x</sub>, NO<sub>x</sub> and particulate matter) are intrinsic to our processes, however, due to our multi-pronged actions, we have been able to effectively minimize the impact of our operations on air quality. While on one-hand, our cleaner feedstock helps us in reducing process emissions in the first place, we have also deployed the best available technologies at our units to minimize the pollutant load from our process stack columns. In addition, our efforts towards energy efficiency and cleaner fuel use detailed [here](#) also help in reducing emissions on account of fuel consumption for energy generation.

We have put in place a robust monitoring system for monitoring air quality parameters against compliance requirements. We engage authorized third-party agencies for carrying out ambient air quality monitoring on a monthly basis at 7 locations – one of which is located within the plant premises, while the other six are located in our nearby villages.

### Developing products for a low-GHG World

We realize our vital role in shaping the future of our global community. Our business activities and products cater to the emerging needs for innovative, high-performance, and quality carbon products that support the ensuing energy transition to mitigate CO<sub>2</sub> emissions. Our products are made for the future generations – products that would help us leave a better behind a better planet for our future generations.

Some of these products include:

- Anode components of Lithium-Ion Batteries (LIB) used in Electric Vehicles
- Efficient manufacture of Carbon Black leading to an overall reduced footprint in tyres and automotive industry

Throughout FY 2020-21, we have remained well within the compliance limit prescribed by the KPCB and/or CPCB, as applicable. We recycle all wash oil solvents and use separate scrubbing systems to reduce the release of Volatile Organic Compounds (VOCs) into the air.

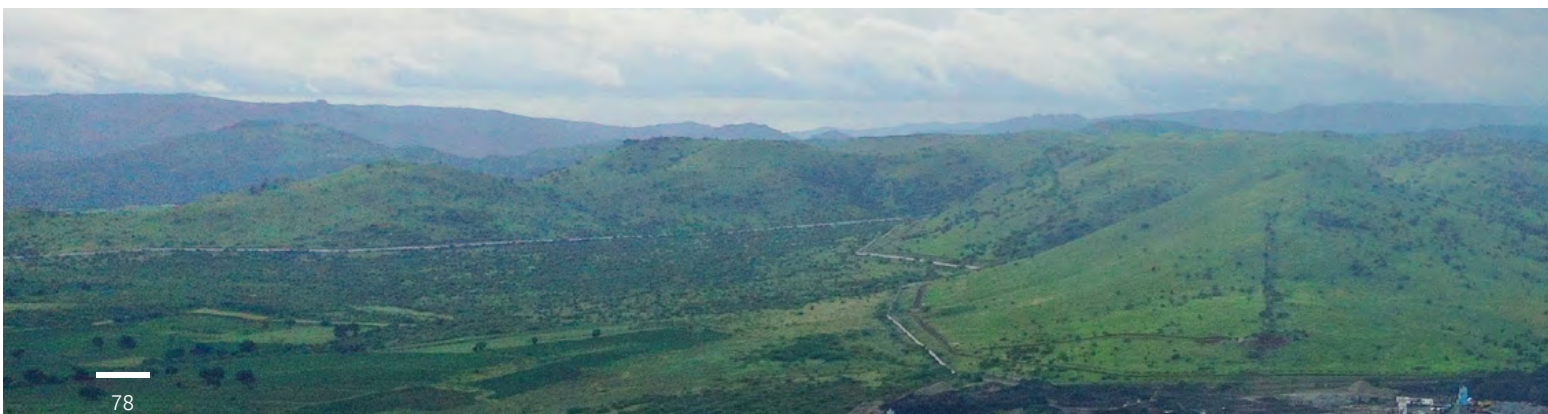
To further strengthen our emissions monitoring system, we have now installed a Continuous Emission Monitoring System (CEMS) at our Vijayanagar plant to track all emissions of SO<sub>2</sub>, NO<sub>x</sub>, CO and suspended particulate matter on a continuous basis across all sources. At present, we are not monitoring the stack flow rate, but with the operationalization of the CEMS, we would be able to monitor flow rate and estimate the total pollutant load from our stacks on an annual basis.

**Zero MT**

**Ozone depleting substances used during FY2020-21**

**0.3%**

**Sulphur content in feedstock sent to our Carbon Black unit sent to as compared to conventional 3%**



# BIODIVERSITY

## Our ecosystem approach to environment

**We believe natural ecosystems and biodiversity are humankind's most valuable heritage and are committed to 'zero harm' to our natural biodiversity through our operations. Additionally, we are undertaking activities to add to our shared natural living capital.**

Ensuring that our operations have no net negative impact on local biodiversity and ecosystems is one of our key priorities. We have already undertaken a detailed Environmental Impact Assessment of our Vijayanagar facility included a detailed assessment of the potential impacts of our operations on the biodiversity of the surrounding areas. The report confirmed that there will be no significant impact on the ecology and biodiversity of the nearby areas due to our operations.

There is no national park/wildlife sanctuary present within the 10km radius of our plant. The nearest wildlife sanctuary is Daroji Sloth Bear Sanctuary which is located at a distance of more than 10 km from our plant. There are four reserved forest areas present in the vicinity of our plant – all of which consist of an open layer of scrub and thorny bushes. Although

our normal operations are not expected to have a net negative impact on biodiversity, we have taken up afforestation and wildlife conservation as a core component of our corporate environmental responsibility plan for a period of five years starting FY 2020-21. Under this component, we shall be taking up comprehensive ecosystem restoration and biodiversity conservation works including plantation/ afforestation work, soil moisture conservation, awareness generation, etc. During the reporting year, we have already made progress on this component as reported [here](#).

The 50-acre green-belt developed so far under this component shall serve to restore ecological balance, minimize pollution, and act as a carbon sink to mitigate climate change.

Recognizing the critical role forest ecosystems and trees play in the global ecological balance, as well as for our local communities, we have earmarked a budget of INR 1.5 crores for continuation of this activity annually from FY 2020-21 up to FY 2024-25.

**Zero**

**IUCN Red List species and national conservation list species with habitats in areas affected by operations**

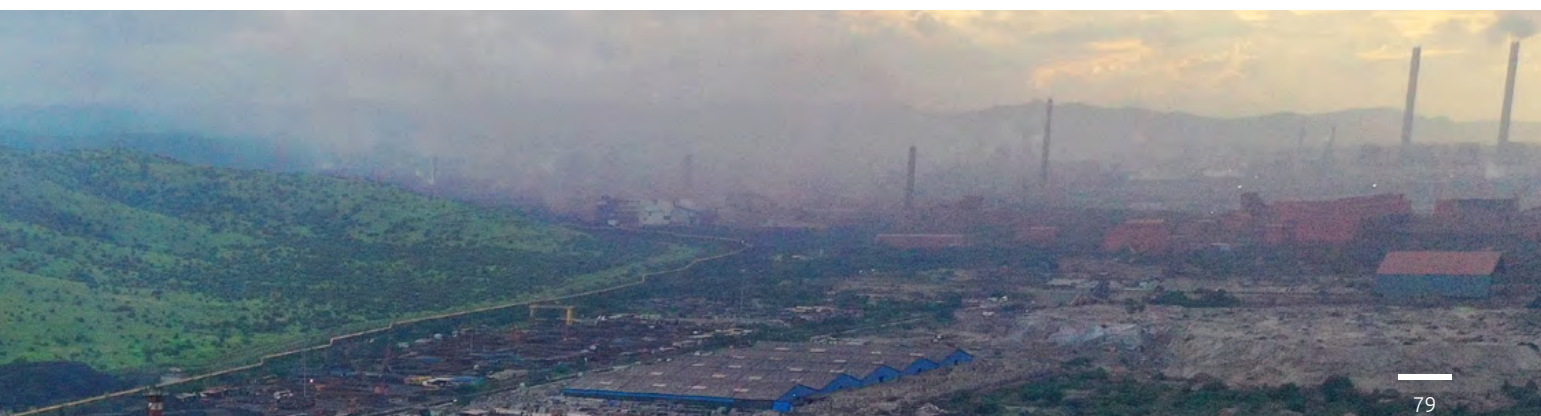
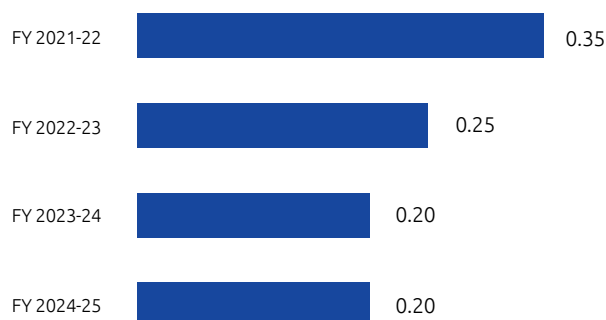
**4,270**

**Saplings planted so far**

**16.43 km**

**Avenue plantation completed during FY 2020-21**

### Budgeted expenditure for afforestation and wildlife conservation (INR Crores)



# GROWING WITH COMMUNITIES

A photograph of two young girls swinging happily on a yellow swing set in a park. The girl in the foreground is wearing a black t-shirt with a cartoon character and denim shorts. The girl behind her is wearing a yellow patterned top and sandals. They are both smiling and looking towards the right. The background shows a lush green park with trees and other people in the distance.

The SDG framework guides our **CORPORATE RESPONSIBILITY PHILOSOPHY** in our core operations as well as in our engagement with our communities.



# OUR SHARED FUTURE

## SUSTAINABLE DEVELOPMENT GOALS

We strive to align our community investments with the SDG framework to enhance the value generated by our community investments, and to strengthen our stakeholder relations. Through our CSR and CER interventions, we work to enhance the quality of life of our communities through interventions in natural resource management, civic infrastructure development, public services, gender upliftment, healthcare, etc.



The SDG framework guides our corporate responsibility philosophy in our core operations as well as in our engagement with our communities.

**Our commitment to our communities is embedded in our mission statement. We, at Epsilon, firmly believe that public relations and corporate social responsibility twine together and go hand-in-hand to create sustainable impacts and goodwill for our stakeholders and business.**



### Our Approach

We have always been a socially conscious company. We believe that the communities around us are an essential and indispensable part of our ecosystem and thus, we take an active role in shouldering the responsibility to empower local communities to achieve their ambitions. We ensure that our initiatives help in forming sustained partnerships and are targeted at creating long-term value with a deep impact on the quality of lives of our stakeholders.



### Governance

We have developed a Corporate Social Responsibility (CSR) policy with an objective to positively impact and influence our employees and partners in fostering a sense of social commitment towards the community we operate in. Our CSR policy guides our CSR activities and strategy; and specifies prioritizing our Direct Impact Zone (DIZ) villages for interventions. Our CSR committee headed by our Chairman governs and reviews the Annual CSR Plan and periodically monitors progress on the same.

Apart from CSR, our community interventions are also governed by the guidelines on Corporate Environment Responsibility (CER) issued by the Ministry of Environment and Forest & Climate Change (MoEF&CC). We have budgeted INR 9.72 crores for CER activities from FY 2020-21 to FY 2024-25.



### Implementation

We design and shortlist needs-driven, community-centric, development-oriented programs through a participative, bottom-up, and consultative process with the stakeholders. We collaborate with local NGOs and government agencies for implementing the initiatives in the region. We conduct a thorough due diligence before selecting our implementing partners.

The concerns and aspirations expressed by our communities during the public hearing process as well as the gaps highlighted by the district administration guide our CER/ CSR activities. In CY 2020, we conducted a detailed need assessment of our DIZ villages based on which we categorize and implement activities which are most essential for community well-being and development. The need assessment study helped us in identifying the needs and aspirations of our communities; ascertaining the existing socio-economic status and issues; and mapping the available resources. This equipped us with evidence-based inputs to design and deliver interventions that would be most responsive to community needs. As another tier of our due diligence process, we had our CER plan based on the information thus collected, approved by the district administration.

## Our CSR policy objective



To improve the quality of life of the communities we serve globally through long-term value creation for all stakeholders ”



We strive to nurture in our employees and partners a sense of social commitment for our communities and stakeholders.

**INR 2.1 Crores**

Spent in FY 2020-21 through our CSR and CER activities

**2 Lakhs**

Lives impacted since inception

**15,000**

Beneficiaries from our CSR activities in FY 2020-21 alone

**7 villages**

Across 3 states benefitted from our interventions

## Monitoring

In FY 2020-21, we spent over INR 0.97 Crores on various CSR initiatives – increasing our CSR budget by about 45% over last year. Additionally, we spent about INR 1.35 Crores towards the CER initiatives during the reporting period. Through both these channels, we aligned our activities to be relevant to the unforeseen challenges that came along with the COVID-19 pandemic.

Mid-term monitoring and evaluation of the CSR activities is carried out by our internal CSR team to understand the progress and evaluate if the CSR activity is meeting its intended results or not. Based on the findings of the evaluation, the team takes adequate action to enhance its outreach to the targeted community members. The CSR team shares a progress report to the CSR committee on a monthly and weekly basis. The CSR Committee presents the CSR achievements to its Board Members.

Our CER activities are guided and implemented under the supervision of District Administration. Nodal Officers from the local administration have been assigned to provide required support and technical inputs for implementation of CER activities. Our management undertakes a review of physical

and financial progress of CER activities on a monthly basis and submits half-yearly compliance report to District Collector and Regional Office, MoEF&CC as adherence and compliance to EC Act.

Going forward, we shall be strengthening our CSE/CER monitoring capabilities through interventions in the systems as well as through enhancing the capacity of our internal team. In FY 2020-21, there were no fines or non-monetary sanctions due to non-compliance with laws and regulations in the social area.





**Our COVID-19 response was founded in a sense of responsibility towards our communities, governments, and civil societies. The healthcare dimension of our response strategy was meticulously encapsulated in a humanitarian dimension to cater to the socio-economic crises that faced our communities in wake of the pandemic.**

## INR 1 Crores

Spent towards health and COVID response in FY 2020-21

While on one hand, we strengthened the capacities of our healthcare and frontline institutions to respond to the crisis, on the other hand, our employees & voluntaries concentrated their efforts towards containing the spread of the virus through structured awareness and sensitization activities in our DIZ villages.

### Support to healthcare institutions

- We provided Ophthalmic and Dental medical equipment medical equipment worth INR 40 Lakhs+ to at least 6 Government General Hospitals in Bellary, Karnataka
- We also supported the central laboratory at VIMS Bellary through supply of reagents for conducting multiple investigations including non-COVID ones
- Over 1.5 lakhs RTPCR/Antigen tests for COVID-19 detection were conducted by VIMS free of cost.

**1.5 lakhs**

Beneficiaries through medical equipment and laboratory reagent supply activities

### Distribution of Food kits to vulnerable people

We aligned our efforts towards supplying dry grocery essentials to the members of our community most affected by the COVID-19-induced lockdown. These included families of workers from the unorganized sector, daily wage earners, differently-abled persons, devadasis, tribal persons, widows, destitute, street vendors from Kundathini village around our Bellary plant. The beneficiaries were identified with support from village accountant and the distribution was carried out through Anganwadi and ASHA workers.

**2,000**

Food-kits distributed

### Partnership with Magic Bus India Foundation for distribution of food kit

We provided financial support to Magic Bus India Foundation for one of their COVID-19 Crisis recovery program which involved distribution of food kits to vulnerable families and daily-wage laborers in Bengaluru, Karnataka. Through our partnership with the foundation, we were able to provide timely support to 150 needy families in the slum areas of Bengaluru.

**150**

Food-kits distributed

### Distribution of Face Mask & Hand Sanitizer to communities and frontline workers

- We partnered with District Health & Family Welfare Society, Ballary and local governments to provide essential commodities like face masks and hand sanitizers to all households in three of our DIZ villages Sultanpur, Chikkantapur, Kodalu villages, with support from the village leaders and volunteers.
- Recognizing the critical and high-risk role of frontline workers, we also distributed face masks and hand sanitizers to frontline workers of Government hospitals of Sandur,

Vitalpur, Mitricki, and Kudathini as well as Police stations of Toranagallu and Kudathini.

- Celebrating the relentless, unsung, and critical efforts of ASHA workers and *Anganwadi* workers in promoting rural health and social development, we also extended support to these workers from our nearby communities – enabling them to work more safely in the field.
- As a part of our ongoing partnership with Sambhav Foundation, we distributed PPE kits, face masks, hand gloves to trainee women entrepreneurs.

**5,900+**

3-ply masks distributed

**5,500**

Beneficiaries

**740**

Liters of hand sanitizers distributed

**480**

Front-line workers benefitted



At Epsilon, we believe in the power of education to drive a positive change, reduce poverty, diminish social inequality, improve health & productivity, and drive gender parity.

It is with this conviction that we drive our multi-pronged interventions in the education domain. Our interventions include but are not limited to need-based infrastructure development in educational institutes; provision of trained human resources for teaching; and interventions to enhance learning quality as well as learning outcomes.

We have selected 13 government schools and 9 *Anganwadis* & *Nali Kali* Centres from four of our DIZ villages for upgradation initiatives. A comprehensive need assessment of the said schools and *Anganwadis* has already been completed to identify priority need areas in all operational aspects. The identified interventions span smart class introduction, infrastructure development - including repair, maintenance, and upgradation of the schools and school toilets; electrification works; and provisioning of appliances/ equipment and other assets like sports equipment, ceiling fans, desks, furniture etc.

We are currently in the process of verification of proposals and formulation of Memorandum of Understanding (MoU) for implementation. We also extended support to government high school in Dodda-Anthapur village by providing student desks. In addition, we are also modernizing libraries in Dodda-Anthapur and Vitalapur.

During FY 2020-21, we continued to support nearby schools by providing guest teachers for four village schools in Sultanpur, Chikantapur, Kodalu, Toranagallu for ten months. During the year, we also sponsored education for four meritorious and underprivileged students residing in *Shri Shradha Nand Bal Vanita Ashram* in Dehradun, Uttarakhand.

In an endeavor to enhance learning outcomes for students, we have joined hands with The JSW Foundation for their flagship initiative "Museum of Solution" (MuSo). It is founded on a vision to inspire, enable and empower the children to make meaningful changes in the world together. It has developed activities that encourage children to learn, enquire, seek challenges and engages them in finding the solution with their own efforts. The Museum of Solutions empowers children to build a better world together through hands-on experiences based on the real world and inspires them to become change-makers.

Going forward, we have already provisioned INR 1.77 crores up to FY 2024-25 for education-related interventions under our CER umbrella, in addition to our CSR budget for the same.

**5,500**  
Beneficiaries

**740**  
Liters of hand sanitizers distributed

**480**  
Front-line workers benefitted



5 GENDER EQUALITY



**At Epsilon, we aim to promote gender equality and empower women by enhancing leadership and entrepreneurship skills.**



**INR 5,000 – 8,000**

**Average monthly income of the women trained**

**20**

**Rural women trained during FY 2020-21**

In FY 2020-21, in view of the COVID-19 pandemic situation, we collaborated with Sambhav Foundation for our women empowerment program. The program's objective is to offer livelihood opportunity to rural women from Bellary District by training them in provisioning of sanitization services at public and private sector offices during the pandemic.

The women candidates were selected based on a set of qualification and age criteria while according preference to women who had lost employment due to the Pandemic. The selected candidates were given training and demonstration on operating machines on various vehicles, and in households & establishments over two days. Post the completion of training, Sambhav Foundation created work orders for these

trained workers to provide disinfection services at various establishments on demand. All of the 20 women trained under the initiative were able to earn livelihood for about 10 months through this.

The training enabled them to provide similar services at panchayat offices, health centers, police stations, post offices, banks, cooperative society offices, common service centers.

Over the next few years, we intend to financially empower rural women and to create livelihood through structured skill development programs.

## 6 CLEAN WATER AND SANITATION



At Epsilon, we actively work towards ensuring availability and accessibility of safe drinking water and sanitation around our communities.



**3,500**

People benefitted

**INR 9 lakhs**

Spent during FY 2020-21

**8.4 lakhs liters**

of drinking water supplied  
to three villages during  
FY 2020-21

Through our Safe Drinking Water program, we have been ensuring availability of safe drinking water in our DIZ villages of Chikantapur, Kodalu, and Antapur for the past two years through the supply of tankers during water-stressed months. In FY 2020-21 as well, we supplied 20,000 liters of water twice a week to each of these villages.

We have also been supporting communities through a number of infrastructure development, social mobilization, and

capacity building activities in the domain of drinking water and sanitation. We have also constructed community-level underground water storage tank with a storage capacity of 3000 liters in Sri Mallikarjuna Temple in Dodda Anthapur for safe and sufficient use of water for domestic purposes. The tank is connected with Gram Panchayat's water supply pipelines. It can also be used by about 3,500 people during their visit to the temple.

## 7 AFFORDABLE AND CLEAN ENERGY



We work with communities in our Direct Impact Zone to ensure 'no one left behind' in having access to clean and affordable energy solutions.

We are developing a centralized solar street lighting system at three of our DIZ villages - Sulthanpur, Chikkanthapur & Kodalu.

As the initial step in implementation, we have completed a baseline survey of the selected villages.

Under the program, 150 solar powered streetlights shall be installed, benefitting 8000 people from three DIZ villages. When fully commissioned, the activity shall lead to savings of 13,140 units of energy per year.

**INR 42 Lakhs**

Provisioned for the activity  
up to FY 2024-25





**Just as in our operations, we are committed to driving a shift towards circularity in our communities as well.**

We have initiated the implementation of a comprehensive Solid Waste Management (SWM) program in Panchayats of Dodda-Anthapur, Toranagallu, and Kudathini around our Bellary plant in association with the local administration, and our NGO partner 'Sahas'.

The project intervention includes setting-up solid waste collection, processing, and disposal infrastructure in the four selected villages. In addition, initiatives towards inculcating a behavioral change in the community towards the management of solid waste are also a key highlight of the project. Capacity-building workshops for both citizens as well as service providers would be regularly undertaken as a part of the program to ensure proper reporting and recording of project outcomes. Apart from improved aesthetics, and reduced pollution, the project shall lead to the generation of local employment. In addition, the enhanced resource recovery from waste shall lead to revenue generation for the community. Thus, the project is designed to be self-sustainable. In the long term, the ownership

of the solid waste infrastructure shall be transferred to the local governments for sustained benefits to the community.

We have also established a group of women Sanitation & Hygiene Entrepreneurs (SHEs). More information on the same can be found [here](#).

**INR 2.5 Crores**

**Provisioned for the project under our CER plan**

**1,020**

**Target beneficiaries**



## Model Village Sultanpur

We are developing one of our DIZ villages - Sultanpur as a model village. This project includes development of multiple infrastructure projects like a solid waste processing unit, cement concrete road, and improved drainage system.

The site survey and design outline of the project has been completed, and the project is already under implementation.

15 LIFE ON LAND



We are committed to conserving our natural heritage. We add value for our communities by enhancing the natural resource base that helps maintain ecological balance and protects their livelihood.



**4,000+**

**Saplings planted during  
FY 2020-21**

**INR 34.6 lakhs**

**Spent during  
FY 2020-21**

**10,000**

**Beneficiaries**

We have partnered with the Forest Department to undertake avenue plantation and wildlife conservation works in a stretch of 25 km in Sandur Taluk around our Bellary plant.

By the end of FY 2020-21, we have already covered a stretch of 16.43 kilometers spanning four villages through our sapling plantation drive. The Forest Department, Bellary District, has been supporting us with monitoring and maintenance of the planted area to enhance the survival rate of the saplings.

Driven by our vision to promote ecological balance, conserve forests and wildlife, and augment biodiversity, we are committed to carrying forward our efforts in this direction and have provisioned a sum of over INR 1.15 crores in the next four years.



## Other CSR activities

### Building champions of tomorrow

At Epsilon, we are committed to all aspects of nation-building. To this end, we are taking concrete measures to support Indian athletes in their quest to help achieve the Olympic dream.

Our encouragement towards sports grows right from the grassroots level in the communities in which we operate and moves up to supporting our national champions participating in international championships.

In FY 2020-21, we joined hands with the Indian Institute of Sports (IIS). Situated in Vijayanagar, Karnataka, IIS is India's first privately-funded high-performance training institute that trains young athletes across five Olympic disciplines of athletics, boxing, judo, swimming, and wrestling. IIS currently provides residential scholarships to over 150 junior athletes, providing access to structured, 360-degree holistic programs leading to their overall development, sustainability, and empowerment. Since its inception in April 2017, IIS athletes have already made an impact, winning 385 medals at various national and international sports competitions – of which 54 were won in FY 2020-21.

We are actively taking concrete steps towards the promotion of rural sports by spotting and training talented individuals in sports. We have launched Sandur Steelers' team at the district-level Pro-Kabaddi tournament, Ballari. Through this initiative, we are identifying and encouraging rural sportspersons and making them contest at District, State,

and National levels. Our belief that sports and recreation help develop strong social bonds is at the center of this initiative. By encouraging sportspersons to participate as professionals in championships, we also intend to generate a supplemental source of income in the local households.



**INR 25.8 lakhs**

Spent in sports related activities during FY 2020-21

**50**

Sportspersons benefitted

### Creating smiles for our seniors

In FY 2020-21, we added another dimension to our community support activities. We provided financial support to 'Mann Ka Tilak' - an old age home in Delhi, to contribute towards the holistic care to the elderly in terms of housing, health & hygiene, food & nutrition, recreation, medical care, and safety & security.

**INR 8 lakhs**

Contributed towards Mann ka Tilak



# CREATING SUSTAINABLE VALUE FOR OUR CORPORATE PARTNERS



**Our supply chain sustainability strategy is bi-directional.**

On one hand, Responsible Sourcing of raw materials, services and man-power allows us to address ESG integration in our upstream.

On the other hand, sustainable operations at our facilities allow us to cater to our customers' concerns by providing them products that have one of the lowest embodied negative ESG impact across markets.

# OUR PARTNERS IN GROWTH: OUR SUPPLIERS AND CONTRACTORS

**Our resolve to conduct our business ethically is not just driven by our business strategy or compliance requirements. Rather, it is a manifestation of our moral responsibility to generate shared value for our business partners, and our communities through our operations and beyond.**



## Approach

Our suppliers and contractors are the critical partners for embedding sustainability throughout our value chain. Our sustainability journey does not stop with our procurement decision-making process. We continue to engage with our suppliers to help us monitor our sustainability impacts and establish a framework for minimization of any negative impact.

Full backward integration is a critical and differentiating pillar of our supply chain sustainability journey. Further, we are also advancing towards adopting a strategy to adopt a more diligent approach towards taking ownership of our suppliers' sustainability performance. The strategy shall be developed based on sustainability risk assessments – to identify high-risk supplier categories; and in due consultation with our suppliers.

We are also constantly looking for ways and means of enhancing value for our communities at large in a way that goes beyond mere compliance through the use of technology, and digital innovations.



## Governance

Our governance framework addresses the various dimensions of supply chain sustainability. Our Corporate Materials Policy embodies our commitment to maintaining our company's standards for H&S, Ethics, Sustainability, Diversity & Inclusion

and Environment protection throughout our supply chain. We are also committed to undertake continual assessments for the protection of the environment and resources in our entire supply chain.

Our Health, Environment & Safety (HES) Policy governs our commitment to integrate HES throughout our product lifecycle. Our Integrated Management System (IMS) policy establishes the principles for our IMS systems and practices through which we communicate with our external providers – which includes our raw material suppliers, chemical suppliers, packaging materials suppliers, transport & logistics service providers, calibration/testing agencies, and other service providers.

Our risk management policy defines the risk and risk mitigation strategies relating to liquidity risks arising from payment to be made to suppliers/vendors against the materials/services to be received from them.

Our HOD-Commercial and Manager-Materials are accountable for supplier conformance to HES system. Manager-Materials is also responsible for considering HES issues while purchasing new equipment, production consumables etc., as well as supplier audits and selection including outsourced process controls. Our Manager-Logistics is responsible for logistic safety. Our legal officer is responsible for all matters relating to the Contract Labor (Regulation & Abolition) Act, 1970; Contract Labor (Regulation & Abolition) Central Rules, 1971; Amendment 2017; Workmen's Compensation Act, 1923; Workmen's Compensation (Amendment) Act, 2000; Act No. 46 of 2000; and other compliance requirements pertaining to our contractual workers. Our Officer-HES is tasked with the responsibility of ensuring adherence to IMS Procedural Standards, while our Senior Manager-HES is responsible for ensuring that induction training is given to contractors and their workers at our locations. Our on-site doctor is responsible for the half-yearly medical examination of our workmen.

We work with our contractors to help them comply with the HES requirement as per the contract agreement, including for provisioning of Personal Protection Equipment (PPE).



### Implementation

Our procurement policies are implemented and managed both at the plant level as well as the corporate level. While the corporate team provides the overarching governance framework for engaging with suppliers - including selection criteria, contract, legal and other support, etc; the plant level team is responsible for performance evaluation - mainly on quality, delivery and dependability (timely response & supplies). Further, for critical contracts like purchase of major equipment; modification/technology changes; and, spares from Original Equipment Manufacturers (OEMs), the corporate team is also involved before taking the final decision. Our supplier selection process – based on which an approved list of suppliers is prepared, is increasingly integrating Environment, Social and Governance (ESG) performance of suppliers.



### Raw material

Our raw materials are the backbone of our green operations. Our carbon feedstock has 90% lower sulphur content as compared to the conventional one, resulting in lower SO<sub>x</sub> emissions from our operations. Our reactors are powered by cleaner fuels (Coke Oven Gas, and Blast Furnace Gas) leading to lower GHG emissions as compared to those powered with conventional fossil fuels.

We categorize our raw materials as critical and non-critical. We maintain a stock of at least 12 days for feedstock for all our unit operations. We have a risk reduction strategy in place for risks relating to the supply of our raw materials. We have also developed a contingency plan for different scenarios of disruption to our raw material supplies. In addition, we are also continuously working towards reducing our energy requirement. For more information on the same, see [here](#).

Throughout our operations, we are looking for means of reducing our ecological footprint through recovering materials and reusing them to reduce our dependency on virgin materials.

Our production process uses coal tar – which is a waste by-product of the coke oven. The production of Carbon Black (CB) is done in a closed loop system where the product is recovered by filtration and loose black is sent for densification through palletization and drying process. The well-integrated system process allows us to reuse the primary raw material as efficiently as possible. The products of our Coal Tar Distillation (CTD) process – anthracene oil and coal tar pitch – are reprocessed as critical feedstock for carbon black production and production of anode material.

## Green design in supply chain management

We leverage our sourcing, manufacturing, distribution, transportation, and remanufacturing/recycling processes with the goal of reducing the negative environmental impact of our operations. We are constantly working towards leveraging environmentally friendly processes and technologies throughout our value chain. At the same time, through embedding residual material recovery and recycling in our production process, and the creation of new product lines, we are also creating a new green reverse value chain. At our environmentally friendly facility, carbon and the residual materials produced during most of the production processes are highly recyclable.

We utilize these residual materials – which leaves a lower CO<sub>2</sub> footprint from our operations and products.



We are the world's first and only 100% backward-integrated facility producing synthetic graphite, and India's only backward-integrated company with a dedicated source of raw materials for Coal Tar Derivative products. By having this value proposition, we are able to avoid variations in our customers' products due to inconsistencies in raw materials.

## We target all four dimensions of our supply chain for integrating green design aspects.

As a result of our efforts towards greening of raw materials; integration of green technologies; circularity of resources and materials; and, reducing emissions from our logistics operations, our products have lower embodied Greenhouse Gas (GHG) as compared to conventional products.

### Green Raw Materials

- Cleaner Coke Oven Gas, and Blast Furnace Gas as secondary fuel in reactors.
- Tail gas from carbon black production supplied to steel units as heating fuel.
- 90% lower sulphur content in our carbon feedstock as compared to the conventional one.

### Green Production

- Reduction in energy consumption and waste heat recovery. To know more, click [here](#).
- Minimization of process emissions (GHGs and non-GHGs). To know more, click [here](#).

### Green Product Recovery

- Waste by-product of the Iron and Steel industry is used as feedstock for our CTD unit
- By-product of our CTD process is re-directed as feed into our CB unit
- Reuse of packaging bags and wooden pellets.

### Green Logistics - Transport

- Captive feedstock for our CB and Advanced Materials unit helps us avoid long-distance transportation.
- For supplies to our customers, we have an end-to-end logistics network streamlining that helps us optimize delivery schedule and routes, thereby lowering logistics environmental impact

We hold ourselves to our goal of reaching a neutral carbon footprint. To that end, we encourage our stakeholders to follow environmentally sustainable practices.

In addition to consistent quality and higher performance, we place a huge emphasis on the sustainability of the end products. In order to achieve that goal, we operate efficiently as an integrated carbon complex, leading to the lowest comparable CO<sub>2</sub> footprint.





### Logistics and Transport

We have a dedicated fleet of tanker transportation with annual contract with the fleet owners and a separate contract for carbon black division with truck transporters. Since carbon black requires smaller size of trucks due to higher volume, (and lower density of product) we are using mainly 10/12-wheeler trucks for transportation in the domestic market. The flow of trucks has been established from May 2021 onwards and fine-tuning is being done to reduce logistic costs.

For liquid transportation in Coal Tar operations, a dedicated tanker fleet is utilized; while for solid transportation in Coal

Tar and Carbon Black operations, logistics are arranged on a need basis. During the reporting period, we started indenting of vehicles for domestic supplies through the Freight Tiger platform for Coal Tar. At the beginning of FY 2021-22, we have started the process for Carbon Black as well. Indents are updated in Freight Tiger portal and information is shared with the transporter for giving the required vehicles as per schedule while maintaining the required instructions for time/size and quality of the vehicle.

Our logistics service providers are mandated to ensure that all vehicles being utilized for transportation of goods comply with all regulatory requirements as applicable, including the applicable environmental regulations for transport of various goods.

### Enhancing sustainability in our logistics value chain



We use **Freight Tiger** to track all our trips up to the customer end. Trip data so collected is analyzed for different parameters including detention at customer's end. Live monitoring of trucks in transit is also carried out through dedicated dashboards. Daily reports are generated through the Freight Tiger platform are discussed for improvements.

- We have introduced digital tracking of all our finished goods

**Outcome and Impact:** Ease of traceability, & identification | Error proofing | Any-time inventory checking | Right material dispatch to customers and enhanced customer satisfaction

- We are progressively implementing Carbon Black paper bag loading in trucks with stretch wrapped bags on pallets

**Outcome and Impact:** Damage & Spillage control during handling and storage due to stretch wrapping - Environment protection | Reduction in manual handling – reducing manpower and time requirement | Ease of handling at customer end | Reduced need for vehicle cleaning due to no damages/leakages during transportation

- We recycle the incoming export wooden pallets for CB paper bag dispatches

**Outcome and Impact:** Recycling of wooden pallets leading to reduced consumption of natural resources | Cost saving due to use of recycled pallets after minor repair

- We recycle HDPE / PP\* bags for packing of coal tar pitch for inter-unit transfer

**Outcome and Impact:** Reduced disposal of plastic bags leading to reduced impact on the environment

- We are also transitioning to railway rakes for shipment of our liquid coal tar and other products to customers in select locations

**Outcome and Impact:** Faster movement of quantity with savings on cost as well as consumption of diesel

- We are also transitioning to railway rakes for shipment of our liquid coal tar and other products to customers in select locations

**Outcome and Impact:** Faster movement of quantity with savings on cost as well as consumption of diesel

- We plan to use railway rakes for incoming coal tar from one of our key supplier in Maharashtra to our Vijayanagar facility (planned by March 2022)

**Outcome and Impact:** Reduced time and handling at loading/unloading points | Reduced manual intervention for quantity supplies | Reduced fuel consumption on road transportation | Fuel saving has a positive impact on the environment

- We are already working on recycling of presswood pallets for CB exports (in progress)

**Outcome and Impact:** Recycling of wood - saving on natural resources | Cost saving due to use of presswood pallets without compromising on quality and strength

\* Refers to High-Density Polyethylene/Polypropylene

## Our Supplier Selection Process

We have established a well-defined procedure for the selection of suppliers. While an assessment of the supplier's capability and facilities to supply products (raw materials and critical engineering) as per our specifications is one of the prime criteria on which supplier selection is based, we are increasingly integrating ESG performance of suppliers into our supplier selection process. While we have already taken some steps in this direction, we are committed to achieve a greater integration of ESG parameters in our supplier selection and evaluation process in due consultation with our suppliers and contractors.

An approved list of suppliers is prepared and updated from time to time. Their performance is monitored on a continuous basis. As and when our customer(s) requirement for preferred source of supply is available, we develop such suppliers to meet our supplier approval criteria. In all such cases, we ensure procurement from these preferred sources only. Where there is no such requirement from our customers, we purchase the required materials from our approved suppliers only.

Our procurement process defines and applies Integrated Management System criteria for the selection of contractors. We ensure that our externally provided processes, contractors and their workers remain within the control of our IMS and consider the potential impact of our externally provided processes, products, and services in terms of consistently meeting customer and applicable statutory and regulatory requirements. The received product or service is verified based on testing or verification of test certificates or physical verification to ensure that product or service is as per the requirements.



Monitoring of the performance of the suppliers is exercised depending on the type of product, and the impact of the purchased product on the quality and quantity of delivery of the final product. Identified suppliers are monitored for delivered product conformity to requirements, and delivery performance. Raw material suppliers are monitored for timely delivery and product quality performance. Key suppliers are monitored for the performance of their processes through supplier audits and findings are reviewed.

## Supplier QMS Development

We mainly target our raw material suppliers for this activity. The selected suppliers are encouraged to submit data in line with Quality Management System (QMS) requirements. The key suppliers of raw materials are required to develop, implement, and improve their QMS. A QMS certified to ISO 9001 is the initial minimum acceptable level of development, and the objective is to move suppliers through a defined QMS development progression.

### Criteria for our supplier selection process

Supplier's risk to product conformity and uninterrupted supply of our product to customers | Relevant quality and delivery performance | Evaluation of the supplier's QMS | Multidisciplinary decision making | Volume of business | Financial stability | Purchased product, material, or service complexity | Required technology (product or process) | Adequacy of available resources (e.g., people, infrastructure) | Design and development capabilities | Manufacturing capability | Change management process | Business continuity planning (e.g., disaster preparedness, contingency planning) | Logistics process | Customer service



Our logistic service providers are sensitized towards the environmental impacts of spillage of the goods being transported and are obligated to ensure the removal of spilled material & cleaning of the area in case of an untoward accident. We are in the process of implementing the Transporter Emergency Card. The entire process is expected to be completed by December 2021. Safety instructions are given at the gate by security personnel, and we are in the process of implementing digital training for all the drivers and other visitors in the coming months. We carry out inspections of the relevant documents pertaining to the vehicle, and labor compliance as required from time to time.

All the trips by our transport logistics service providers are analyzed on a monthly basis for various parameters and evaluated to enhance the performance of transporters for on-time placement & delivery. Criteria relating to vehicle and transit safety, damages, critical incidents are built into our transport service provider's rating systems. We are exploring broadening the evaluation parameters to cover other ESG related parameters.



#### **Our on-site and transport service contract workmen**

To the extent possible, we provide for the same level of benefits and support extended to our contractors, suppliers and logistics service providers' (transporters) workmen as our own employees. Business ethics & compliance, health and safety and well-being of the workmen associated with our business activities are non-negotiables for us.

At the time of contract award, all contractors, suppliers and logistics service providers (transporters) are mandated to sign our Code of Conduct as an acknowledgement of our expectations from them on ethical and environmentally and socially responsible practices as contained in the Code in relation to services provided to us. The Code of Conduct strictly prohibits child/adolescent labor in connection with the business activities of the company. We conduct additional checks on the age of all workers entering our premises.

All our contractors, suppliers, and logistics service providers (transporters) are mandated to comply with all workmen regulations, including those relating to the payment of wages, as well as other benefits. We carry out checks on documentary proofs related to payment of provident fund by the contractor at the time of processing each billing cycle. No payment is released to our man-power service provider without submission of satisfactory proof of payment of wages and provident fund to the respective workmen engaged at our facilities during the billing period. We also mandate that all persons engaged by our contractors, suppliers, and logistics service providers (transporters) in relation to our business activity are insured under a suitable insurance policy to cover medical expenses and compensation liability (if any) arising in the event of any untoward incident.

Health, safety, and well-being of all employees, and workmen at our facilities is of prime importance to us, irrespective of the nature of engagement (direct or indirect, part-time or full-time, short-term or long-term) with Epsilon.

Our contractors' workmen are entitled to the same grievance procedure and processes as our own employees. We encourage them to raise their grievances on their health, safety, welfare, payment of wages, work-conditions etc. through multiple channels. The grievances received are resolved within the timelines stipulated in the grievance policy for our own employees. We are in the process of strengthening the grievance redressal system for our contractor's employees. Towards this end, we are contemplating establishing a grievance hotline where our contractor's workers shall be able to register their grievances anonymously for our consideration.

Additionally, we mandate all the workers entering our facilities undergo a medical check-up, are provided PPEs, and complete health & safety training(s) (including on proper use of PPEs) before entering the facility. No worker, under any circumstance, is allowed to enter our premises without completing the requisite training(s) on health & safety, and other clearances, such as age verification and fitness assessment. In FY 2020-21, continuing until today, we mandated that all new workmen entering our facilities are tested negative for COVID-19 RT PCR test in view of the collective well-being and safety of our workmen cadre.

Our contracts mandate the transport service provider to provide PPE like safety helmets, safety shoes, safety jackets, face masks, safety harness, and gloves to those engaged under the contract and train them about their proper usage. We have severe penalties for non-compliance with the stipulated safe work practices by drivers, helpers, or other persons engaged by the transporter – including blacklisting of the violator in some cases.

Every three to six months, we conduct periodic training sessions for our transporter representatives on such safe work practices to ensure that transporter representative are aware and conversant with them. The trained person is then required to train all drivers, helpers and other persons engaged by the transporter, entering the factory premises on the safe work practices related to safe driving & material handling during loading, unloading, and transportation of goods. Additionally, we also provide training in-house and through freight tigger to drivers involved in the transportation of materials and people.

Our SOPs mandate that high-risk activities like loading of jumbo bags of coal tar pitch and covering of solid pitch vehicles with tarpaulin are done under the supervision of the HES team. We are also continuously taking up initiatives to make the workplace safer for the workmen engaged at our facilities. In FY 2020-21, we initiated the construction of a platform with a safety harness by the side of the parking area



to cover the trucks to reduce risks of accident or injury to the workmen. We have also developed a parking area for the safe placement of all incoming and outgoing vehicles to reduce the risk of accidents.

In addition, we are continuously taking initiatives for improving the overall work-conditions. We provide driver room and rest room facility for our transport service provider's workmen. We also provide free of charge wholesome, nutritious meals to the workmen engaged for transport through our canteen facility as per scheduled timings.

We are cognizant of the risk to our business in case of manpower shortage especially in view of the on-going COVID-19 pandemic. To mitigate this risk, we carry out shift-wise manpower planning and share the worker requirements given to contractor in advance for man-power scheduling in view of absenteeism. We also have extra trained operators for critical operations (like Boiler) to meet the absenteeism rate in addition to multi-skilling of the operator to handle several operations, when required. Further, we prioritize on-time payment processing for our suppliers and invoice rejection or any other issues (if any) so as to maintain uninterrupted supplies at our facilities.

**Business ethics & compliance; health & safety; and well-being of the workmen associated with our business activity are non-negotiables for us. Payments to manpower service provider is conditional upon the service provider submitted relevant documentation on wage payments and benefits to the workmen as per the stipulated regulations.**



### Monitoring

Pre-qualification due diligence on environment, health and safety, social responsibility, anti-corruption, and compliance with laws and regulations parameters is carried out. As mentioned earlier, during the contract execution and renewal phase as well, we monitor the performance of our suppliers and contractors, and the evaluation results are used to update the approved list of suppliers. Transport service providers are evaluated on a monthly basis. Raw material suppliers are evaluated on a six-monthly basis, and man-power service providers are evaluated on a quarterly basis.

We use different methodologies and tools for supplier evaluation based on our SOPs. While document reviews are

considered critical for some parameters, we are increasingly integrating digital tools like the Freight Tiger platform to capture live data, and integrate the results into our evaluation and decision-making process. Supplier audits and inspections are also carried out as per the departmental SOPs and cover aspects like facilities, infrastructure, and capabilities. Repeated violations/ non-compliance with respect to QMS and HES issues may lead to financial penalties or termination of contracts with immediate effect unless rectified within the specified time. We are in the process of updating our supplier audit checklist to broaden the audit scope to capture a deeper assessment of ESG integration, compliance, and performance at the suppliers' end through a consultative approach.



# BUILDING THE COMPETITIVE EDGE: CUSTOMER CENTRICITY AND ENGAGEMENT

**With a customer base spread across the globe in a short span of 10 years, we have been uniquely able to position ourselves as a trusted, reliable, responsive and differentiated supplier for our customers.**



## **Approach**

We are working towards building long-term relationships with customers by offering them a unique value proposition rooted in our ability to serve our clients with innovative, consistently high-quality products, delivered seamlessly, produced sustainably and sourced locally.



## **Governance**

We constantly engage with our customers to offer sustainable solutions across our value chain through visits and regular interaction with their technical and commercial teams. We also invite our customers to visit our facilities for carrying out audits and process reviews. We also engage with our customers for designing new and improved products based on their ever-evolving requirements. We also participate actively in joint development of products for catering to the specific needs of our valued customers.

## **Deploying technology to reduce waste**

We are in the process of implementing a radio-frequency identification (RFID) tag that could help track the movement of HDPE/PP bags used to package carbon black. This would allow us to work with us customers for recollection and reuse of the bags, thereby reducing the environmental impacts of our product packaging. The system shall be operational by March 2022.





### Implementation

With the high standards, we focus on higher Cpk value to maintain consistency in the manufacturing processes that customers look for. Being located closer to our customers gives us an intrinsic advantage in terms of delivery times and cost competitiveness. Our 100% backward integration, with long-term contracts with our suppliers offers our customers security of supply, and consistency of input raw materials.

As customers are increasingly becoming eco-conscious, we, at Epsilon are already at the forefront of serving our clients with products with one of the lowest environmental footprints in the market. We have set a new benchmark in low SO<sub>x</sub>/NO<sub>x</sub> and CO<sub>2</sub> emissions from carbon black production, making it highly eco-smart. This differentiates us as the supplier of choice for our eco-conscious suppliers.

Additionally, we position ourselves as a complete solution provider for the anode material requirement of LiB batteries. With the technical expertise & know-how, we are well-positioned to provide Synthetic Graphite and Natural Graphite both by using thermal purification which is zero discharge technology thereby making us produce material with a strong focus on ESG parameters.

All our products are REACH compliant. Our initiatives towards environmental sustainability can be found [here](#). To know more about the green design of our supply chain, click [here](#). To know more about our product innovation and stewardship initiatives, click [here](#).

We are constantly working with our logistics service providers to maintain product safety and traceability throughout the supply chain and make safe, smooth, and on-time deliveries to our customers. We have put in place a state-of-the-art vehicle tracking system to enable the same. Our warehouse digitalization initiative is another step towards creating happy customers

We are also geared up to service the global markets and have already formed alliance with over 30 partners to assist us with local service, warehousing, and logistics support to provide on-time delivery to its customers.

We ensure that the product design and development planning includes all affected stakeholders within our organization and its supply chain. We evaluate all design changes after initial product approval, including those proposed by us or our suppliers, for potential impact on fit, form, function, performance, and/or durability. We validate these changes against customer requirements and approve them internally prior to implementing production. If required by the customer, we obtain documented approval, or documented waiver, from the customer prior to production implementation.



## Digitalization - Warehouse Management

Enabling increased visibility throughout our supply chain through real-time access to quality data



We have transitioned to a digital warehouse management system that comprehensively consolidates all our critical warehouse data into one easily accessible platform. Our select supply chain partners are given access to a full view of our workings enables lightning-fast reporting, real-time statistics, and accurate planning capabilities.

### The transition enhances our efficiencies through enabling:

- Accurate demand forecasting
- Reduced labor costs due to efficient labor allocation
- Streamlined warehouse processes
- Optimized warehouse layout
- Improved inventory accuracy
- Improved pick accuracy
- Decreased time between picks
- Improved warehouse flexibility and responsiveness
- Improved warehouse safety and security
- The ability to implement an ongoing optimization strategy



We use standard Material Safety Data Sheets in compliance with applicable norms and regulations and EU REACH compliance. During the reporting period, we did not receive any major complaints on health and safety issues from our customers. During the reporting period, there were no penalties or sanctions imposed on us for violation of customer health and safety norms, no substantiated complaints concerning breaches of customer privacy and losses of customer data, and no non-compliance with laws and regulations in the social and economic area.



### Monitoring

We have identified risks related to our customer relationships and have put in place a risk mitigation strategy. Our HOD-Marketing is entrusted with the responsibility to conduct marketing studies to establish and update market benchmarks. We are also continuously working to understand our customers – their needs, preferences, and challenges by analyzing customer complaints and feedback. The marketing team works to ensure compliance with customer requirements and product quality. We aim for zero customer returns & rejections. For this

purpose, we have quality assurance gates at different stages. In an unlikely incident of customer return, we immediately replace the order and submit the corrective action report to the customer.

We have also developed a contingency plan for disruptions beyond our control like logistics failure, transportation strikes, vehicle accidents, natural calamities, etc. We maintain a buffer stock of finished goods at all times ready to be dispatched to customers for avoiding line stoppage. We review our inventory, and production plan and map the same with inputs from the customer on their production line run plan. Where and if required in case of a contingency, we plan for additional shifts to make deliveries to the customers. In case of a delivery failure, we review the incident reports with a view of continually learning and reinforcing our existing systems. Our HOD-Logistics is responsible for maintaining three days of stock of finished goods to avoid any delay in customer deliveries due to production disruptions. Additionally, our logistics team verifies SAP vs actual stock on daily basis and flags any short material as per the customer schedule. Our risk mitigation strategy for disruptions in the supply of critical raw material is briefed [here](#).



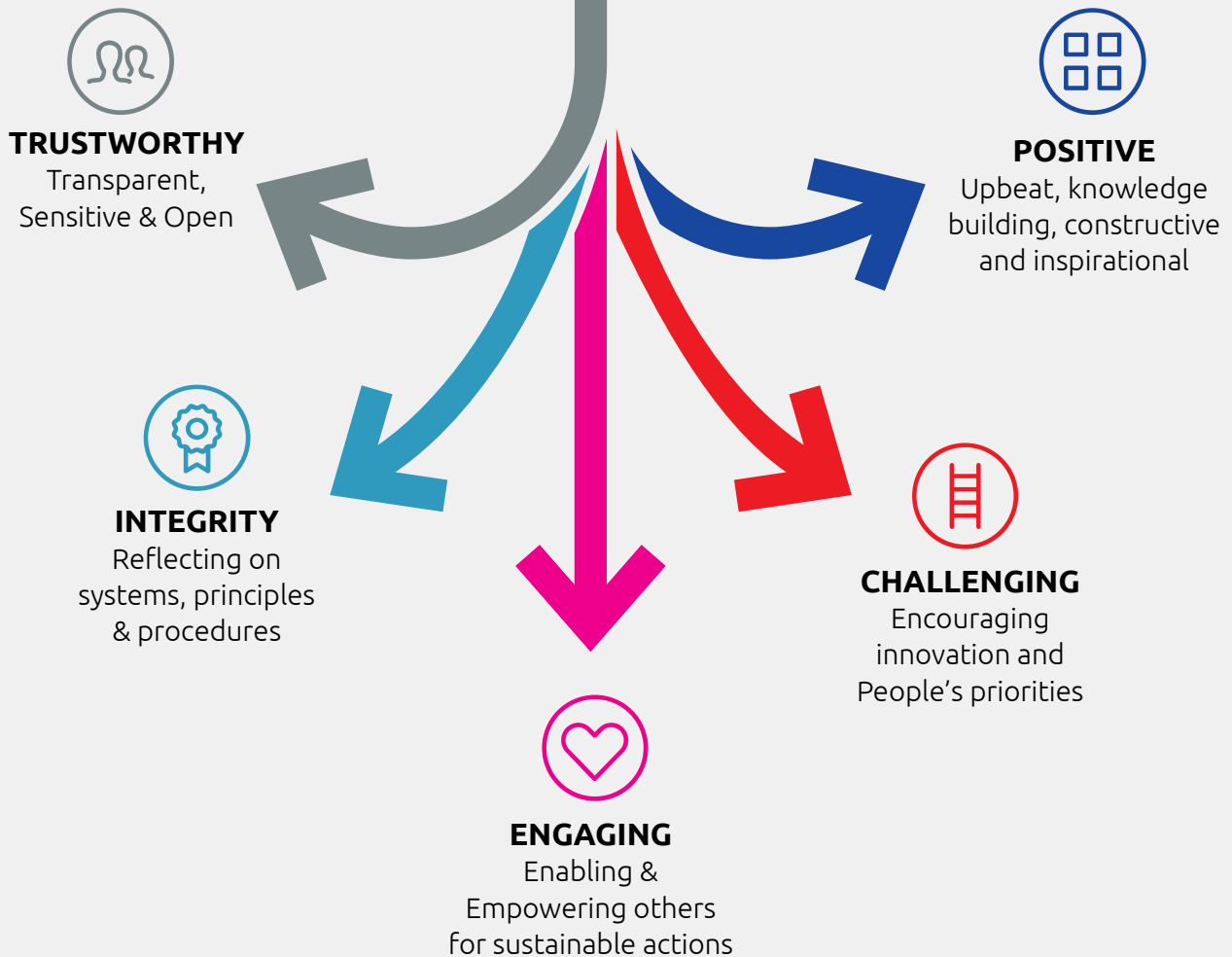
# CORPORATE GOVERNANCE - THE SUSTAINABILITY IMPERATIVE



Our governance model steers our journey towards achieving the target of...

**EXCELLENCE.**

## What makes us unique?



We are committed, through our governance model, to realizing and maintaining an environment conducive to attaining the highest levels of fairness, transparency, accountability and integrity in line with the aspirations of our stakeholders.

# NURTURING A CULTURE OF TRANSPARENCY AND ACCOUNTABILITY

**At Epsilon, our values underpin everything we do. We drive our business with passion and integrity, embedded in a spirit of collaboration to support innovation and deliver quality products. We are committed to continuously enhance value for our stakeholders in line with the best ethical and environmental standards.**

## Our Governance Framework

### Our Board of Directors and Board Competence

Our Board of Directors is our highest governing body and is chaired by our Managing Director. Nominations to our Board of Directors is on the basis of consideration of independence, previous experience, sectoral & functional expertise. Additionally, there are ex-officio members to the board as well.

The Board of Directors plays a vital oversight role, which fosters company values and affects stakeholder confidence, through discussions with senior leaders and external advisers covering a wide range of matters including strategy, financial performance, compliance, and public policy. The Board is entrusted with the responsibility of monitoring managerial conduct and safeguarding the interests of the stakeholders by maintaining the highest standards of Corporate Governance.

The Board and our senior management regularly engage with our stakeholders to gain insight into the issues at the forefront

of our business policies and guidelines and aim to seek a more collaborative approach to specific issues of importance to our business. Stakeholder input helps us to continue to drive changes in policies and disclosures on corporate and other key governance areas. Apart from stakeholder aspiration and expectation, risk management and Code of Conduct are the other two guiding lights for our corporate governance strategy.

The composition of our Board can be seen [here](#) and reflects a balanced mix of experience and expertise across business strategy, industry knowledge and stakeholder management. The Board also seeks advice from external advisors whenever required. We are in the process of adding independent directors in our corporate board to further widen and enhance the experience and knowledge of the board, and to further strengthen our governance practices for ensuring good corporate conduct.

### Committees of the Board

The Board provides oversight of its sub-committees on Corporate Social Responsibility (CSR) and Prevention of Sexual Harassment (POSH). The sub-committees convene at least once each quarter. Additionally, we have executive-level committees to monitor and mitigate risks related to business environment, supply chain and company operations that convene once a month to review plant operations. At the plant level, we have formed functional committees for department-level operations that perform functional review as per their respective Terms of Reference (ToRs) on a monthly basis.

Our corporate governance model drives our business decisions towards five key features across all our business activities:

- Fairness
- Transparency
- Honesty & Integrity
- Ethics
- Legally compliant





## Board Level Committees



### CSR Committee

The CSR Committee governs and reviews the CSR policy of the company from time to time and recommends the Annual Business Plan for CSR to the Board for approval.



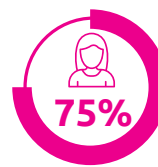
Female representation

**Mr. Vikram Handa | Ms. Tarini Jindal Handa  
| Mr. M K Singhania | Ms. Paridhi Maheswari  
| Mr. Prashant Sawant**



### POSH Committee

The POSH Committee is entrusted with the responsibility of addressing all issues related to sexual harassment at the workplace.



Female representation

**Ms. Tarini Jindal Handa | Ms. Paridhi Maheswari  
| Mr. Prashant Sawant | Ms. Shalini Mayank**

Planned		
Audit Committee	Nomination and Remuneration Committee	Sustainability and CSR Committee

## Executive Level Committee



### Grievance Committee

The grievance committee is responsible for providing an oversight for the grievance process, including review of all grievances, review of trends (including time frames for resolution), identification of opportunities for improvement, and resolution of the grievances which are escalated and brought to its notice.



Female representation



## Plant Level Functional Committees



Female representation

**Safety Committee**  
See [here](#) for details.



Female representation

**Employee Engagement Committee**  
See [here](#) for details.



**Ideation Committee**  
See [here](#) for details.



**Knowledge Sharing Committee**  
See [here](#) for details.

The plant level committees report to the executive level department teams which in turn report to the Chief Executive Officer (CEO). Each of these executive level teams monitor and mitigate risks related to business environment, supply chain and company operations that convene once a month to review plant operations and report to the Board on a quarterly basis to highlight key risks and opportunities, as well to take stock of the organization's performance on various aspects.

In order to strengthen the Board oversight on corporate governance issues, we are in the process of forming three additional Board-level committees – Audit Committee, Nomination and Remuneration Committee; and Sustainability and CSR Committee – all of which would be effective 1<sup>st</sup> April 2022.



### ESG Governance

The process for identification and management of economic, environmental, and social impacts, their review and subsequent communication of critical concerns are discussed in the specific sections of this report. Our CEO is updated on our organizational performance and compliances on environmental and social aspects by the HOD- Environment, HOD-HR, HOD-IR/PR every month. The CEO in turn reports to the Board every quarter.

Our Chief Financial Officer (CFO) is responsible for updating the Board on all matters related financial performance, risks and opportunities on a quarterly basis. The CFO and CEO upon deliberations at the Board level delegate authority to senior executives on need basis. The mechanism(s) used to address and resolve critical concerns have been discussed [here](#). During FY 2020-21, no critical concerns were communicated to our Board. The Board has reviewed and approved this report for coverage of all material topics.

## Compliance

For us at Epsilon, compliance is the bare minimum acceptable standard for running the business. We are always in compliance with the statutory requirements of the locations in which we operate. Compliance to laws and regulations is the responsibility of each of our employee in their relevant functional roles and is monitored at several levels – starting from department managers upwards to HoDs to Plant Head to Senior Management (CEO & CFO) to Managing Director, and eventually to the Board of Directors. We regularly train our employees on Code of Conduct and functional requirements to ensure 100% compliance with rules and regulations. We use a compliance checklist as a tool for monitoring our compliance status. We also use annual internal audits to assess our performance against compliance requirements. Observations from such audits are placed before the Board of Directors.

## Corporate Ethics and Code of Conduct

We have adopted a Code of Conduct and various policies which govern our actions and decisions across our business functions and constitutes a reference point to carry out our duties in an ethical manner. We expect all our employees to abide by our Code of Conduct at all times to ensure that we act with integrity and accountability and that our operations are fair and transparent. For this purpose, we train all our employees on our code of conduct and ethics. For more information on our training on Code of Conduct and ethics during FY 2020-21, please see [here](#). During FY 2020-21, there were no complaints of infringement of human rights.

Decisions pertaining to employee Code of Conduct are overseen by the Department HoD with active support from the Human Resources (HR) team. The team is entrusted with the responsibility to guide and monitor the implementation of ethical business practices, including review of incidents and to report to the Board on a quarterly basis.



We are committed towards responsible delivery of our products, governed by our code of conduct, and strict adherence to all relevant legislations and regulations

- We did not make any political contributions during FY2020-21
- There were no confirmed incidents of corruption during FY 2020-21
- 100% of our employees and governing body members have been communicated and trained in anti-corruption policies and procedures
- 100% of our business partners have been communicated our anti-corruption policies and procedures
- There were no actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation
- There were no incidents of discrimination during the reporting period

Information on our other policies related to ethical conduct including non-discrimination, child labor, grievance, sexual harassment, conduct & discipline etc. can be found [here](#).



### **Vigil Mechanism and Whistleblower Policy**

We have established a vigil mechanism based on our Whistleblower policy. The mechanism provides a channel for employees and Directors to make protected disclosures to the management about suspected cases of unethical behavior; fraud or violation of the Company's Code of Conduct; incorrect or misrepresentation of any financial statements and reports; negligence, manipulations etc. The policy ensures strict confidentiality whilst dealing with concerns raised and provides safeguards against victimization of the person genuinely raising a complaint.

Our whistleblower and ethics officer conducts a detailed investigation of the reported incidents and reports to the CEO. We regularly take efforts to enhance awareness of our employees on the policy and its provisions.



### **Conflict of interest and Anti-Bribery**

We have put in place a policy to guide our employees' actions in cases where their personal interest might contradict the

interest of the company. Our anti-bribery policy defines our zero-tolerance approach for acts of bribery and corruption by our employees, agents, representatives, joint-venture partners, suppliers, contractors and sub-contractors. The policy reflects on the practices and principles that support our commitment against acts of bribery and corruption. These policies are communicated regularly to the management, employees and other stakeholders.



### **Our Tax Strategy**

Our Tax strategy follows the principle of no interest and penalty. We are assessing the tax strategy for short-term and long-term based on our expansion plan, business operational plan and the regulatory norms changes. In the initial phase of the expansion plan, we assess our tax benefits during and post execution of the project - in terms of indirect tax, direct tax, other state tax etc. in addition to assessing whether to opt the taxation amendments if its suitable to business or forgo / not opt wherever option available. Our short-term taxation strategy takes care of the quarterly and monthly taxation compliance based on probable budgeted business and assessment of actual based on the budget.



# GRI INDEX



GRI Standard	Disclosure	Description	Page Number(s) and/ or URL(s)
<b>GRI 102: GENERAL DISCLOSURES</b>			
<b>Organizational profile</b>			
	102-1	Name of the organization.	8-13
	102-2	Activities, brands, products, and services	8-13
	102-3	Location of headquarters	8-13
	102-4	Location of operations	8-13
	102-5	Ownership and legal form	8-13
	102-6	Markets served	8-13
	102-7	Scale of the organization	8-13
	102-8	Information on employees and other workers	34-43
	102-9	Supply chain	12-16, 90-97
	102-11	Precautionary Principle or approach	60-79, 46-50
	102-12	External initiatives	80-89
	102-13	Membership of associations	11
<b>Strategy</b>			
	102-14	Statement from senior decision-maker	4-7
	102-15	Key impacts, risks, and opportunities	20-25, 28-30
<b>Ethics and integrity</b>			
	102-16	Values, principles, standards, and norms of behavior	102-107
	102-17	Mechanisms for advice and concerns about ethics	34-59, 106-107
<b>Governance</b>			
	102-18	Governance structure	104-107
	102-19	Delegating authority	104-107
	102-20	Executive-level responsibility for economic, environmental, and social topics	104-107
	102-21	Consulting stakeholders on economic, environmental, and social topics	20-25
	102-22	Composition of the highest governance body and its committees	18-19
	102-23	Chair of the highest governance body	18-19
	102-24	Nominating and selecting the highest governance body	104
	102-25	Conflicts of interest	107
	102-26	Role of highest governance body in setting purpose, values, and strategy	104-107
	102-27	Collective knowledge of highest governance body	18-19, 104-107
	102-29	Identifying and managing economic, environmental, and social impacts	20-25
	102-30	Effectiveness of risk management processes	28-31
	102-31	Review of economic, environmental, and social topics	20-25
	102-32	Highest governance body's role in sustainability reporting	104-107
	102-33	Communicating critical concerns	104-107

GRI Standard	Disclosure	Description	Page Number(s) and/ or URL(s)
	102-34	Nature and total number of critical concerns	104-107
	102-35	Remuneration policies	44-45
	102-40	List of stakeholder groups	21
	102-41	Collective bargaining agreements	56
	102-42	Identifying and selecting stakeholders	21
	102-43	Approach to stakeholder engagement	21
	102-44	Key topics and concerns raised	21
	102-45	Entities included in the consolidated financial statements	1
	102-46	Defining report content and topic Boundaries	1
	102-47	List of material topics	23-24
	102-50	Reporting period	1
	102-51	Date of most recent report	1
	102-52	Reporting cycle	1
	102-53	Contact point for questions regarding the report	This would be at the end of the GRI table. Please see and add as per the final version.
	102-54	Claims of reporting in accordance with the GRI Standards	2
	102-55	GRI content index	108
<b>GRI 200: ECONOMIC</b>			
<b>Economic Performance</b>			
	103-1	Explanation of the material topic and its Boundary	2, 27
	103-2	The management approach and its components	27
	103-3	Evaluation of the management approach	24
	201-1	Direct economic value generated and distributed	27
	201-3	Defined benefit plan obligations and other retirement plans	27
	201-4	Financial assistance received from government	27
<b>Market Presence</b>			
	103-1	Explanation of the material topic and its Boundary	8-13
	103-2	The management approach and its components	8-13
	103-3	Evaluation of the management approach	8-13
<b>Indirect Economic Impacts</b>			
	103-1	Explanation of the material topic and its Boundary	80-89
	103-2	The management approach and its components	80-89
	103-3	Evaluation of the management approach	80-89
	203-1	Infrastructure investments and services supported	80-89
	203-2	Significant indirect economic impacts	80-89
<b>Procurement Practices</b>			
	103-1	Explanation of the material topic and its Boundary	90-97

GRI Standard	Disclosure	Description	Page Number(s) and/ or URL(s)
	103-2	The management approach and its components	11-16, 90-97
	103-3	Evaluation of the management approach	90-97
<b>Anti-corruption</b>			
	103-1	Explanation of the material topic and its Boundary	23-25
	103-2	The management approach and its components	102-107
	103-3	Evaluation of the management approach	102-107
	205-1	Operations assessed for risks related to corruption	102-107
	205-2	Communication and training about anti-corruption policies and procedures	55
	205-3	Confirmed incidents of corruption and actions taken	102-107
<b>Anti-competitive Behavior</b>			
	103-1	Explanation of the material topic and its Boundary	23-25
	103-2	The management approach and its components	102-107
	103-3	Evaluation of the management approach	102-107
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	102-107
<b>Tax</b>			
	207-1	Approach to tax	102-107
	207-2	Tax governance, control, and risk management	102-107
	207-3	Stakeholder engagement and management of concerns related to tax	102-107
<b>Materials</b>			
	301-1	Materials used by weight or volume	64-67
	301-2	Recycled input materials used	64-67
	301-3	Reclaimed products and their packaging materials	64-67
<b>GRI 300: ENVIRONMENT</b>			
<b>Energy</b>			
	103-1	Explanation of the material topic and its Boundary	68-71
	103-2	The management approach and its components	68-71
	103-3	Evaluation of the management approach	68-71
	302-1	Energy consumption within the organization	68-71
	302-3	Energy intensity	68-71
	302-4	Reduction of energy consumption	68-71
	302-5	Reductions in energy requirements of products and services	68-71
<b>Biodiversity</b>			
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	79
	304-2	Significant impacts of activities, products, and services on biodiversity	79
	304-3	Habitats protected or restored	79

GRI Standard	Disclosure	Description	Page Number(s) and/ or URL(s)
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	79
<b>Emissions</b>			
	103-1	Explanation of the material topic and its Boundary	76-78
	103-2	The management approach and its components	76-78
	103-3	Evaluation of the management approach	76-78
	305-1	Direct (Scope 1) GHG emissions	76-78
	305-2	Energy indirect (Scope 2) GHG emissions	76-78
	305-4	GHG emissions intensity	76-78
	305-5	Reduction of GHG emissions	76-78
<b>Effluents and waste</b>			
	103-1	Explanation of the material topic and its Boundary	66-67, 72-75
	103-2	The management approach and its components	66-67, 72-75
	103-3	Evaluation of the management approach	66-67, 72-75
<b>Environmental Compliance</b>			
	103-1	Explanation of the material topic and its Boundary	60-79
	103-2	The management approach and its components	60-79
	103-3	Evaluation of the management approach	60-79
	307-1	Non-compliance with environmental laws and regulations	60-79
<b>Supplier Environmental Assessment</b>			
	103-1	Explanation of the material topic and its Boundary	90-97
	103-2	The management approach and its components	90-97
	103-3	Evaluation of the management approach	90-97
<b>GRI 400: SOCIAL</b>			
<b>Employment</b>			
	103-1	Explanation of the material topic and its Boundary	34-59
	103-2	The management approach and its components	34-59
	103-3	Evaluation of the management approach	34-59
	404-1	New employee hires and employee turnover	34-59
	404-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	34-59
	404-3	Parental leave	34-59
<b>Labor/Management Relations</b>			
	103-1	Explanation of the material topic and its Boundary	34-59
	103-2	The management approach and its components	34-59
	103-3	Evaluation of the management approach	34-59
	402-1	Minimum notice periods regarding operational changes	56
<b>Occupational Health and Safety</b>			
	403-3	Occupational health services	46-50
	403-4	Worker participation, consultation, and communication on occupational health and safety	46-50



GRI Standard	Disclosure	Description	Page Number(s) and/ or URL(s)
	403-6	Promotion of worker health	46-50
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	46-50, 96-97
<b>Training and Education</b>			
	103-1	Explanation of the material topic and its Boundary	52-59
	103-2	The management approach and its components	52-59
	103-3	Evaluation of the management approach	52-59
	404-1	Average hours of training per year per employee	55
	404-2	Programs for upgrading employee skills and transition assistance programs	45
	404-3	Percentage of employees receiving regular performance and career development reviews	45
<b>Diversity and Equal Opportunity</b>			
	103-1	Explanation of the material topic and its Boundary	34-43
	103-2	The management approach and its components	34-43
	103-3	Evaluation of the management approach	34-43
	405-1	Diversity of governance bodies and employees	105
	405-2	Ratio of basic salary and remuneration of women to men	43
<b>Non-discrimination</b>			
	103-1	Explanation of the material topic and its Boundary	59, 96, 106-107
	103-2	The management approach and its components	59, 96, 106-107
	103-3	Evaluation of the management approach	59, 96, 106-107
	406-1	Incidents of discrimination and corrective actions taken	106-107
<b>Freedom of Association and Collective Bargaining</b>			
	103-1	Explanation of the material topic and its Boundary	56
	103-2	The management approach and its components	56
	103-3	Evaluation of the management approach	56
<b>Child Labor</b>			
	103-1	Explanation of the material topic and its Boundary	59, 96, 106-107
	103-2	The management approach and its components	59, 96, 106-107
	103-3	Evaluation of the management approach	59, 96, 106-107
<b>Forced or Compulsory Labor</b>			
	103-1	Explanation of the material topic and its Boundary	59, 96, 106-107
	103-2	The management approach and its components	59, 96, 106-107
	103-3	Evaluation of the management approach	59, 96, 106-107
<b>Security Practices</b>			
	103-1	Explanation of the material topic and its Boundary	55
	103-2	The management approach and its components	55
	103-3	Evaluation of the management approach	55
	410-1	Security personnel trained in human rights policies or procedures	55

GRI Standard	Disclosure	Description	Page Number(s) and/ or URL(s)
<b>Human Rights Assessment</b>			
	103-1	Explanation of the material topic and its Boundary	55, 59, 106-107
	103-2	The management approach and its components	55, 59, 106-107
	103-3	Evaluation of the management approach	55, 59, 106-107
	412-1	Operations that have been subject to human rights reviews or impact assessments	55, 59, 106-107
	412-2	Employee training on human rights policies or procedures	55, 59, 106-107
<b>Local Communities</b>			
	103-1	Explanation of the material topic and its Boundary	80-89
	103-2	The management approach and its components	80-89
	103-3	Evaluation of the management approach	80-89
	413-1	Operations with local community engagement, impact assessments, and development programs	80-89
<b>Supplier Social Assessment</b>			
	103-1	Explanation of the material topic and its Boundary	90-97
	103-2	The management approach and its components	90-97
	103-3	Evaluation of the management approach	90-97
<b>Public Policy</b>			
	415-1	Political contributions	106
<b>Customer Health and Safety</b>			
	103-1	Explanation of the material topic and its Boundary	98-101
	103-2	The management approach and its components	98-101
	103-3	Evaluation of the management approach	98-101
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	98-101
<b>Marketing and Labeling</b>			
	103-1	Explanation of the material topic and its Boundary	98-101
	103-2	The management approach and its components	98-101
	103-3	Evaluation of the management approach	98-101
	417-1	Requirements for product and service information and labeling	98-101
	417-2	Incidents of non-compliance concerning product and service information and labeling	98-101
<b>Customer Privacy</b>			
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	98-101
<b>Socio-economic Compliance</b>			
	419-1	Non-compliance with laws and regulations in the social and economic area	98-101

**For any queries pertaining to this report, contact [neha.gupta@epsiloncarbon.com](mailto:neha.gupta@epsiloncarbon.com)  
Upadrastha House, Second and Third Floor, 48, Dr. V. B. Gandhi Marg, Fort, Mumbai,  
Maharashtra 400023**



