

Business Responsibility Report

Section A: General Information about The Company

1	Corporate Identity Number (CIN) of the Company	L24110GJ1984PLC007301
2	Name of the Company	Aarti Industries Limited
3	Registered address	Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase -III, Vapi, Dist. Valsad, Gujarat - 396195
4	Website	www.aarti-industries.com
5	E-mail id	investorrelations@aarti-industries.com
6	Financial Year reported	April 1, 2019 to March 31, 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Chemical 201 Pharma 210
8	List three key products that the Company manufactures / provides (as in balance sheet)	1. Para dichloro benzene 2. Ortho nitro aniline 3. Para nitro chloro benzene
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	17 Manufacturing Facilities
10	Markets served by the Company – Local / State / National /International	All: Local, State, National and International (mainly America, Europe, China, & Japan).

Section B: Financial Details of The Company

1	Paid up Capital (INR)	As on March 31, 2020 the paid up capital of the Company stood at ₹87.12 crores consisting of 17,42,34,474 nos. of Equity Shares of ₹5 each.
2	Total Turnover (INR)	As on March 31, 2020; The Turnover of the Company is ₹4,408.19 crores
3	Total profit after taxes (INR)	As on March 31, 2020; The Net Profit of the Company is ₹523.35 crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Pl. refer Summary of CSR spending on page no. 78
5	List of activities in which expenditure in 4 above has been incurred:-	Pl. refer Project wise summary under CSR Report on page no. 78

Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	The Company has 12 subsidiary companies as on March 31, 2020: • Aarti Corporate Services Limited • Aarti Polychem Private Limited • Ganesh Polychem Limited • Innovative Envirocare Jhagadia Limited • Alchemie (Europe) Limited • Aarti USA Inc. • Shanti Intermediates Private Limited • Nascent Chemical Industries Limited • Aarti Bharuch Limited • Aarti Pharmachem Limited • Aarti Spechem Limited • Aarti Organics Limited
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2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(s)	Business Responsibility initiatives of the parent Company are applicable to the subsidiary companies to the extent that they are material in relation to the business activities of the subsidiaries.
3	Do any other entity/entities (e.g. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No.

Section D: BR Information

1. Details of the Director and BR responsible for implementation of the BR policy / policies

1	DIN Number	00005499	01582147
2	Name	Smt. Hetal Gogri Gala	Shri Renil Rajendra Gogri
3	Designation	Whole Time Director	Whole Time Director
4	Telephone No.	+91 22 6797 6666	+91 22 6797 6666
5	E-mail id	hetal@aarti-industries.com	renil@aarti-industries.com

2. Principle-wise (as per Non-Voluntary Guidelines) BR Policy/policies

Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Business Ethics	Product Responsibility	Employees Welfare	Stakeholders Engagement	Human Rights	Safety, Health & Environment	Public Policy	CSR	Customer Centricity
Policies / Guidelines on > >									
1	Do you have a policy/ policies for...	Yes, Company's Code of Conduct sets out the principle & practices that must be observed toward Business Partner and Third Parties.							
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes, while formulating the policy documents - rights & obligations of concerned stakeholders are analysed in view of best Industry Practices.							
3	Does the policy conform to any national / international standards? If yes, specify?	Integrity, Transparency and Fairness are the cornerstones within the Company and the Aarti Group. Being Global Partner of Choice, the Company believes in benchmarking practices and global standards - to the best possible extent.							
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective body [Board of Directors, its Committees and Company Management]. Yes Policies are Signed by the Managing Director.							
5	Does the company has a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Implementation mechanism of all the Policies & Codes is presented to and reviewed by the respective body periodically.							
6	Indicate the link for the policy to be viewed online?	http://www.aarti-industries.com/investors/corporategovernance/policies							
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, requisite awareness programs are carried out and communicated to all the stakeholders, which help them understand behavioural expectation from them. In critical areas such as Safety, advance trainings and workshops with specific focus have been conducted time to time.							
8	Does the company have in-house structure to implement the policy/ policies?								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Company' Vigil Mechanism / Whistle Blower Policy is an effective tool towards grievance redressal mechanism.							
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	In addition to the Statutory Audits, Certification, a periodical internal assessment is a part of our culture to oversee implementation of principles laid down.							

Principle 1: Ethics, Transparency and Accountability **Businesses should conduct and govern themselves with ethics, transparency and accountability**

The Core Values, which govern working of the Company, are Care, Integrity and Excellence. The Company nurture - a culture of high integrity and is proud that its employees demonstrate behaviour that is honest and transparent. The Company has adopted the Code of Conduct ('CoC' or 'Code') with the aim to follow and maintain the highest ethical and moral standards, in compliance with the applicable laws, and in a manner that excludes considerations of direct and indirect personal advantage / gains.

The Code applies to every employee, director and officer of the Company, suppliers, customers, contract staff, contractors and consultants who are working on behalf of / for the Company (through outsourcing of services, processes or any business activity), are required to act consistently in accordance with the CoC. The Company's Directors and the members of the Senior Management are required to submit an affirmation on the Compliance of the CoC.

The Company's commitment towards doing business responsibly is built upon its CoC and is complemented by:

- Well-structured internal control systems for regular assessment of effectiveness of company's code of conduct, its understanding and adherence.
- A robust governance structure that evaluates and monitors Compliance to the Code.

An effective vigil mechanism/whistle blower policy is in place to report to the management, instances on unethical behaviour and any violation of the Company's Code of Conduct. The Company has instituted a Committee to redress complaints received regarding sexual harassment.

Principle 2: Sustainability **Business should provide goods and services in a manner which is Safe and Sustainable.**

Defining the purpose 'Right Chemistry for Brighter Tomorrow' the Company deals in goods, services and processes that are safe and contribute to sustainability throughout their lifecycle. Over the years we have constantly improved our recoveries and reduced hazardous waste generation, improved on water conservation and energy consumption. We have also adopted new technologies to optimally use available natural resources to improve our environment footprint.

The Company practices the motto of 'safety first' for employees and our stakeholders in all our operations. In doing so, the Company maintains detailed, up-to-date programs covering Safety, Health, Environment, Fire, Security, Compliance, Hazards communication, and Emergency Preparedness etc. Company has embarked on an initiative "BE-SAFE: By

employees, sustainability assurance for employees" at all the manufacturing locations. The Company is actively committed to the continuous improvement in the standards of Safety and Health at the workplace through harmonisation of the systems across the manufacturing locations which are guided through systemic structured frame work of our own Aarti Management system (AMS).

It is very important for the Company to combine economic success with acting sustainably and responsibly towards its customers and suppliers as well as the environment and its employees. During the product development process, the Company ensures that the manufacturing processes and technologies required to produce it are resource efficient and sustainable, there are systems in place that help identify risks and plans to mitigate each risk. Major manufacturing locations have been accredited with OHSAS-18001, ISO-9001 & 14001.

The Company partners with the customer at the product development stage itself, discussions focus around quality, packaging, H&S, and environmental parameters like resource efficiencies. Improvement in product quality reduces waste generation at the customer's end, at each stage samples are tested at the customer's end, this helps to minimise negative impacts and improve quality.

• Product labelling

The Company endeavours to provide customers with appropriate labelling and signage. The Company discloses all required information truthfully and factually including the risks to the individual. Where required, the Company also educates their customers on the safe and responsible usage of their products including guidelines for product handling, storing at customers end, the same is visibly placed on all product packaging.

• Sustainable sourcing

The company believes in and follows a Responsible Sourcing Policy with utmost focus on environmental and social aspects. Identification of a supplier is always on the basis of its long term capabilities, technological competencies, growth plan and commercial competitiveness.

The Company ensures the sustainability of resources by reducing, reusing, recycling and managing waste. It has embraced the "3-R" (Reduce, Reuse and Recycle) philosophy for all types of wastes leading to minimisation of air emissions, liquid effluents, solid wastes, in line with legal requirements and industry best practice.

Principle 3: Welfare of Employees **Businesses should promote the well-being of all employees**

The Company works consistently to provide workplaces free of discrimination and harassment on the basis of gender, ethnic background, religion, age, disability or sexual orientation. This diversity is promoted and respected without exception. All employees deserve mutual respect.

Every person is entitled to fair and respectful treatment. The Company is committed to a diverse working environment, in which each person's uniqueness is recognised and every individual is treated with courtesy, honesty and dignity. Harassment, bullying or intimidation is not tolerated.

The Company ensures compliance of employee related all applicable statutes which guarantee the social security benefits, proper and safe working environment, wages, timely payment, bonus, leave benefits, working hours, breaks, maintaining hygiene, health, prohibition of child labour and respecting their all fundamental and human rights.

Principle 4: Stakeholders' Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

The Company deals with all those it comes in contact with fairness and integrity. The Company acknowledges its responsibility towards its stakeholders and is committed to engaging with all concerned stakeholders who are directly or indirectly affected by the business processes and decisions. The Company endeavours to understand their concerns, defines purpose and scope of engagement, commits to engaging with them and resolves differences with stakeholders in a just, fair and equitable manner.

The Company acknowledges and assume responsibility by being transparent about the impact of its policies, decisions, product & services and associated operations on the stakeholders.

Principle 5: Human Rights

Businesses should respect and promote human rights

Respect for human rights is an integral part of our corporate responsibility. The Company respects the dignity and individual rights of every employee and colleague as well as third parties with whom it does business.

The Company ensures that human rights enshrined in the Constitution of India and the International law on Human rights is not violated across its operations. The Company ensures that all individuals impacted by the business have access to grievance mechanisms, no such complaints were received in the period under review.

Principle 6: Environment, Health and Safety

Business should respect, protect, and make efforts to restore the environment

We envisage our company to create a progressive legacy for our only silent stakeholder – Environment. Our endeavours for this reporting period revolved around creating a culture of care for nature's assets and necessary technological interventions to go green & sustain. The way forward is predicted by our strategic decisions towards a positive footprint aligned with our investments for various environmental initiatives.

Our Health, Safety and Environment policy covers all our operations, projects and personnel associated with the company. Our procurement policy, encourages resource efficiency in the supply chain which together with the 'Code of Conduct for Vendors and Service Providers'.

Most of our operations are in a state of Gujarat, India which is water scarce region and we see climate change as a material concern for our business and stakeholders. The Company has undertaken several water conservation measures for reduction in fresh water intake. These include continual improvement in specific water consumption; adoption of best practices to achieve zero discharge in the Company's operating units.

As a responsible corporate entity, the Company measures its carbon footprint and constantly focuses on reducing the same. We continuously monitor our Greenhouse Gas emission intensity for reduction and endeavour to minimise our carbon footprint. We have also initiated the process of reporting our sustainability performance as per the GRI Standards in our Sustainability report.

- Environmental risks are regularly identified and assessed through structured on-line compliance management system (CMS). The risk register is being maintained by all units as per Risk Management policy and major risks are being reviewed periodically at the corporate level. Hazard Identification and Risk assessment are also conducted as part of a safety management system to identify potential environmental hazards and risks.

Environment incidents are being captured through an online module. Root cause analysis is being done through why-why analysis and leanings are being shared to all units to avoid the re occurrence.

We are well within the prescribed limits by the relevant pollution control authorities. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment. Regular monitoring is carried out of significant air emission parameters, such as Particulate Matter, Nitrogen Oxide and Sulphur Dioxide to ensure compliance with regulatory requirements.

All wastes are being stored at earmarked places and timely disposed through the approved registered recyclers as per the Hazardous Waste rules. The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit is carried out on a regular basis. The Company has measures across units to ensure waste minimisation, segregation at source and recycling.

Principle 7: Policy Advocacy

The Company is a member of various trade chambers and associations which provide a platform to get actively

involved in trade promotion, technology up-gradation, quality enhancement and collection and dissemination of information pertaining to regulatory reforms, its impact, industry's growth and development.

The membership aspires to identify opportunities to bolster domestic manufacturing, fostering innovation, enhancing skill development, protecting intellectual property and building best in class manufacturing infrastructure in the country.

The Company utilises the following trade and industry chambers and associations to undertake policy advocacy.

- Bharuch District Manufacturers Association, Gujarat India
- Bombay Chamber of Commerce
- CHEMEXCIL – Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council
- Confederation of Indian Industry (CII)
- Dahej Fire Safety Committee, Gujarat India
- Dahej Industrial Association, Gujarat India
- Federation of Indian Chambers of commerce and Industry (FICCI)
- Federation of Indian Export Organisation
- Indian Chemical Council
- Indian Institute of Chemical Engineering (IICHe)
- Indian Merchants Chamber (IMC)
- Kutch Industrial Association
- Rotary Club of Dahej, Gujarat India
- Tarapur Industrial Manufacturers Association (TIMA), Maharashtra India
- United Nation Global Compact Network of India
- Vapi Emergency Control Centre, Gujarat India
- Vapi Industrial Association

Annually, the company participates in events like CPhI – a pharma event, and Chemspeck, where the representatives meet existing and potential suppliers.

Principle 8: Inclusive Growth and Equitable Development

Delineating its responsibility as a Corporate Citizen, Aarti Industries is committed to operate business in an economically, socially & environmentally sustainable manner. At Aarti we endeavor to reach out to different sections of the society, with socially relevant projects that benefit these communities and in small ways enhance the quality of their lives.

We aim to constantly identify and implement unique initiatives which are scalable and sustainable and which have the capacity to create a positive impact on the lives of people – especially the weaker and underserved sections. By contributing to the

development of health, science and culture, we wish to further all round progress.

Principle 9: Customer Centricity

The Company's sustainable manner of conducting business is based on fairness, mutual respect, and integrity. Taking into account ecological and social criteria along the entire value chain and reducing the consumption of resources are firmly anchored in the Company's corporate management principles.

Our mission is to become a customer-driven Company by providing customised solutions and services to meet changing customer requirements. To use the best cost-effective manufacturing methods supported by proven, eco-friendly and safe technologies continuous focus on people to encourage and nurture winning organisational culture.

Our Customers include end-user industries to whom, we supply our products. We regularly interact with the customers to understand their needs. Meetings are conducted at least once in a year with key customers and regular feedbacks are encouraged by other customers through emails. The areas of focus identified during the engagement are quality and timely delivery of the product and technical support during product application. The initiatives taken to address these areas are online tracking of vehicles through a GPS system, extension in technical support to our customers by our Research and Development team.

The Research and development team focus on developing the processes and products that have minimal impact on the environment, and enhancing safety during manufacturing and add more value to our customers by improving its performance. The core of these developments is a commitment to sustainability by designing process with high product yields, low effluent, lower waste and technology development resulting in a reduction in overall carbon footprint. The approaches are thoughtfully created by conducting process safety studies and strengthening the fundamentals of chemistry to deliver efficient products.

The Company strives to always deliver the highest-possible quality to its customers while maintaining cost efficiency and reliability of supply. Modern quality management techniques and integrated planning across the entire supply chain ensure that all of these requirements are being met. Commitment to quality and our innovative strength, coupled with sophisticated technological expertise and an in-depth understanding of systems, are our key factors for success.

For and on behalf of the Board

Rajendra V. Gogri

Chairman and Managing Director

Place: Mumbai

Date: May 25, 2020