RP-Sanjiv Goenka Group
Growing Legacies

Phillips Carbon Black Limited

26th July, 2021

The Manager,
Listing Department,
National Stock Exchange of India Ltd,
Exchange Plaza,
Plot No. – C – 1, G Block,
Bandra – Kurla Complex,
Bandra (East),
Mumbai – 400051

The General Manager,
Department of Corporate Services,
BSE Ltd.,
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers,
Dalal Street, Fort,
Mumbai – 400001

Dear Sir,

Sub:- Update – Sustainability Review 2020-21

We are pleased to inform you that we have come out with our second Sustainability Report 2021.

The key highlights of the Report are:-

- It is based on the principles and reporting framework of the Global Reporting Initiative (GRI) standards (comprehensive option)
- It identifies Key Material Topics of the Company and also puts in place corresponding targets that are a testimony of our continued commitment to sustainability
- The Report complies with international reporting and rating standards of Sustainability Accounting Standards Board (SASB) and the United Nation Sustainable Development Goals (SDGs)
- We conducted Carbon Footprint Accounting across all our manufacturing plants and offices
- Additionally, independent external audit assurance has been conducted for the Report by TUV India Ltd

The Sustainability Report has also been posted and is available on the website of the Company at www.pcblltd.com .

Request you to kindly take the afore-mentioned information in record and oblige.

Thanking you,

Yours faithfully,
For **PHILLIPS CARBON BLACK LIMITED**

K. Mukherjee
Company Secretary and Chief Legal Officer

Enclo: As above

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RP-Sanjiv Goenka Group
Growing Legacies

60 INCREDIBLE YEARS

Phillips Carbon Black Limited

Shared Vision
Shared Value



TOUCHING LIVES IN
MORE WAYS THAN ONE

Sustainability Review 2020-21

RP-Sanjiv Goenka Group
With ₹48,500 crores of asset base and consolidated revenue of ₹26,400 crores, the RP-Sanjiv Goenka Group is among India's fastest growing conglomerates with a significant global presence. The Group companies have always embraced state-of-the-art and efficient technologies and have become leaders in the sectors that they operate in. The Group's businesses comprise power, carbon black, IT-enabled services, consumer and retail, media and entertainment, sports, education, infrastructure and plantations. The Group has an employee strength of 50,000+ and 500,000+ shareholders.

Phillips Carbon Black Limited (PCBL)
is integral to the RP-Sanjiv Goenka Group. PCBL was set up in collaboration with a US-based company, Phillips Petroleum, in 1960 and started production in 1962. As a part of the global chemical industry, we are a rapidly growing carbon black manufacturer, with a presence in 45+ countries serviced through six offices outside India. We are a pioneer in the carbon black industry, with plants located across India. We are also the largest exporter of carbon black from India, providing a complete portfolio of products to meet specific end requirements across rubber, plastics, coatings, inks, and other niche industries globally.

Group's vision

To be a dynamic conglomerate driven by sustainable growth, efficiency and innovation.

Customer First
Keep customer at the core of every action

Execution Excellence
Strive to be the best in everything we do

Credibility
Instill trust, confidence and accountability with our actions

Agility
Move ahead of time quickly

Risk-Taking
Dare to go beyond

Humaneness
Be fair, respectful, transparent and sensitive



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About this report

Welcome to our second Sustainability Report. In this report we present our approach, efforts and performance on our sustainability priorities.
This report is based on the principles and reporting framework of the **Global Reporting Initiative ('GRI') Standards** and in adherence to the '**Comprehensive Option**'.

The report provides a consistent, balanced and accurate representation of the **key material issues**, actions undertaken and achievements over the reporting period. We have also put in place **targets** that are a testimony of our continued commitment to sustainability. The report is also aligned to international reporting and rating standards of **SASB** and the **United Nations Sustainable Development Goals (SDGs).**

The material issues are identified through internal stakeholder consultation and inclusive of the perceptions of external stakeholders which are based on interactions with the various functions of Phillips Carbon Black Limited (PCBL) on periodic basis.

Scope and boundary

The Report presents information for the period 1st April, 2020 to 31st March, 2021. The scope and boundary cover all operations of PCBL. Wherever estimates are made, the assumptions and methodologies have been specified. The financial details are taken from our annual report, which can be viewed on our website. We engage with our stakeholders regularly to understand their needs, concerns and welcome their feedback. Their inputs represent the basis of the report.

Independent assurance

Overall: Independent external assurance has been conducted for the report by TÜV India Pvt. Ltd for the applied reporting period, 01st April 2020 to 31st March 2021, as per ISAE 3000 (revised) and GRI Standards: Comprehensive option.

GHG Data assurance: In addition, TÜV India Pvt. Ltd has conducted assurance to verify PCBL's GHG emissions. This GHG assurance engagement has been conducted against the methodology and standards of ISO 14064-3, GHG protocol, ISAE 3000 (revised), ISAE 3410 (GHGs). The GHG data covered in the sustainability report is from 01st April 2020 to 31st March 2021. Both the assurance statements are part of this report.

We are listening

You can reach us:
Email: pcbl.sustainability@rpsg.in
Phone : +91 33 4087 0500 / 0600

Snapshot FY 2020-21

Delivering on stakeholder priorities

Our business strategies help us deliver on the aspirations of all stakeholders by putting equal emphasis on our financial and non-financial priorities.

Economic | Performing consistently

Revenue (₹ in crore)
- 2,660*

EBITDA (₹ in crore)
- 524

Profit after tax (₹ in crore)
- 312

Return on capital employed (%)
- 19.50

Return on equity (%)
- 16.99

Debt-equity ratio
- 0.31

Earnings per share (₹)
- 18

EBITDA per tonne (₹)
- 13,464

Market capitalisation (₹ in crore)
- 4,317

● FY 2020-21 ● As on 13th July, 2021 (as per NSE)

*Our revenue was impacted due to lower production on account of the pandemic-led lockdown during the first quarter of FY 2020-21

Environment
Caring for the planet

84 MW
Green Power

824,080 tCO_2e
Total GHG emissions (Scope 1,2 and 3)

65,159 tCO_2e
Reduction in GHG emissions annually *

2.14
tCO_2/MT of carbon black
GHG emission intensity

905 KLPD
Water recycled or reused

5,000+
Saplings planted

Governance
Growing with responsibility

15+ years
Average experience of Board of Directors

5/9
Independent Directors

2/9
Women Directors

29+ years
Average industry experience of leadership team

34+ years
Average age of employees

1,20,000+
Shareholders

Social | Empathy for all

1
Lost Time Injuries (LTIs) per million man-hours (directly employed)

57,364 hours
Total employee training hours

₹8.12 crore
Corporate Social Responsibility (CSR) expenditure

14+
Villages reached through our CSR programmes

*excluding GHG inventory for offices on account of pandemic-led lockdown during FY 2020-21

Co-creating value with a shared vision

We deeply engage with all our stakeholders, and their insights shape our vision and value-creating strategy in a constantly evolving world.

Message from the Chairman

Touching lives in myriad ways



As a part of the global chemical industry, we are a rapidly growing carbon black manufacturer, with a presence in 45+ countries serviced through six offices outside India. As the largest exporter from India, we are focused on creating value through customer-specific solutions, innovative products, and a prudent balance between growth and sustainability.

Dear Stakeholders,

We are living in an era of fast-paced changes triggered by multiple disruptive forces. In such a scenario, it is critical to continuously evolve our portfolio of products to align with specific customer requirements and strengthen our value proposition in the markets where we operate. In the past year, we have launched several new high-performance and high-margin grades of rubber and specialty blacks enabling us to enhance our competitive position in the marketplace.

It is imperative for us to realise that the COVID-induced pandemic is the greatest human tragedy in modern history, with a cascading economic impact, resulting in both the loss of lives and livelihood across the world.

Considering the constraints in the business environment, the team worked relentlessly to drive consistent progress. We continued the pursuit of our vision to be a global player by factoring in key learnings from the pandemic by adopting new technologies and strategies to serve the evolving needs of our customers. The grit, determination and agility demonstrated by team PCBL deserves to be lauded.

In this journey we have embedded sustainability as a part of our broad strategic pillars. Which comprise:

- Partnering with customers and vendors
- Scaling up research and innovation
- Increasing value-added products portfolio
- Driving capacity additions responsibly
- Accelerating digital transformation
- Building capability
- Continued focus on ESG parameters

We have also put in place targets that are a testimony of our continued commitment to sustainability.

Our emphasis going forward will be on sharpening our Environment, Social and Governance (ESG) focus. Guided by our Board of Directors, we are working relentlessly on these strategic pillars and implementation of our sustainability policy, thereby ensuring that the highest standards of corporate governance remains our priority.

We have received the Corporate Governance rating of CGR2+, reflecting our steadfast commitment to good governance. As we accustom ourselves to the new normal, our focus on sustainability and ESG remain integral to our core.

We have a dynamic and active Board of Directors, who ensure adherence to the highest levels of corporate governance with their experience and knowledge. Our Board of Directors comprise nine board members, including five Independent Directors and two Women Directors.

Our business is built on robust standards and processes, which we continue to refine and optimise every step of the way. However, I must emphasise that sustainability for us is more than systems, processes or protocol; it is the holistic intent of stakeholder well-being that resides at the heart of our initiatives.

From achieving efficiency across all aspects of operations to integrating it into the value chain, to caring for the health and safety of our employees, partners, communities and all other stakeholders, sustainability at PCBL is all-encompassing.

Our social responsibility goes beyond statutory obligations. It is embedded in our corporate culture. During the pandemic, we have continuously engaged with the community to create awareness campaigns about safety precautions to curb the spread of the virus. We have initiated measures to help citizens in this nationwide crisis.

The pandemic has brought in its wake unimaginable human misery and business volatility. However, it has taught us a significant lesson – that no strategy playbook of any business enterprise can ever be resilient, if it is not anchored in a robust sustainability framework.

As we navigate the new normal with renewed optimism and bolder aspirations, our sustainability principles remain resolutely at our core.

Best regards



Dr. Sanjiv Goenka
Chairman

Message from the Managing Director

Value creation at every step



Our approach to sustainability rests on the pillars of environmental preservation, employee satisfaction and safety, diversity and inclusion, and community commitment. We are the first carbon black company in the world to receive carbon credits. We have set up green power plants at each of our factories to prudently utilise the waste heat from the manufacturing process.

Dear Stakeholders,

We are pleased to share with you our FY 2020-21 Sustainability Report.

Similar to our inaugural edition in 2018, this report contains updates on our sustainability journey as we strive towards meeting our environmental, social and governance objectives. The report is in accordance with the Global Reporting Initiative (GRI) Standards and aligned with the UN Sustainable Development Goals (SDGs).

Guided by our ESG priorities, I am delighted to report that we have made significant progress in fulfilling both internal and external stakeholder commitments. We focused on maximising stakeholder value with sharper focus on research and innovation. Over the years, we expanded our offerings, addressing the emerging and widening requirements of our customers.

Our expansive portfolio made it possible to moderate the risk quotient, so that no singular grade or product accounted for a disproportionately large share of our revenues in the long-term. Our globally acclaimed Sushila Goenka R&D Centre in Palej, India, and Sushila Goenka Innovation Centre in Ghislenghien, Belgium, contribute to developing a diversified product mix, with a strong focus on new and customised carbon black grades, through an amalgamation of fundamental research and market driven application research, which will further drive our revenue momentum.

We have invested in developing a low carbon green power plant in Palej, for which we are the first carbon black company in the world to receive carbon credits. This was a conscious effort to utilise waste heat and reduce energy consumption for the plant. In continuation, we have also set up green power plants at each of our factories to prudently utilise the waste heat from the manufacturing process.

We retain a relentless focus on creating a safe and exciting workplace for our people. We are committed to building capability, upskilling our people and grooming them for future challenges. This commitment is backed by our consistent investment in equipment, infrastructure, training, and processes.

Throughout our supply chain operations, we hold constructive dialogue with our partners across the spectrum to improve decision-making and the accountability of our partnerships.

In all that we do, environment stewardship continues to be a core focus area for us. We are consistently adopting initiatives which heighten energy efficiency, reduce emissions, decrease water consumption and minimise waste.

This year, we have conducted a carbon footprint accounting across all our manufacturing plants and offices. The GHG emissions covered by the report includes both direct and indirect emissions generated by our business. The GHG mapping and quantification will help us to formulate a viable action plan to further reduce our footprint and steadily achieve carbon neutrality in the future.

To combat the coronavirus pandemic, we contributed to the PM CARES Fund and responded with several initiatives to ensure the health and safety of all our stakeholders. We continued our community endeavours across locations we operate in, with consistent focus.

We have embedded good governance practices at the heart of our sustainability journey. It is our responsibility to create long-term value for shareholders by balancing the myriad interests of all stakeholders we work with.

Best regards



Kaushik Roy
Managing Director

About PCBL

60 years of winning together

Ever since we commenced our journey, we have played an instrumental role in shaping the carbon black industry by rolling out new solutions, which are employed in diverse application areas.

We are India's largest producer and exporter of carbon black. Today, we have emerged as one of the most trusted carbon black brands globally. We have crossed many encouraging milestones in our journey, but we believe that our best is yet to come.

Showcasing our plants



Durgapur plant, West Bengal



Palej plant, Gujarat



Kochi plant, Kerala



Mundra plant, Gujarat

Vision

A trusted **Global** player providing cutting edge solutions to our **Partners** and an exciting workplace to our **People**

Our position

1st

Carbon black company in the world to be awarded Carbon Credit under Kyoto Protocol of United Nations Framework Convention on Climate Change (UNFCCC)

7th

Global position among carbon black companies

No.1

Manufacturer and exporter of carbon black from India

How we achieved it

603,000 MTPA

Total carbon black manufacturing capacity

60+

Grades of carbon black produced (rubber to specialty blacks)

84 MW

Green power

All figures are for FY 2020-21

About PCBL

Scale matters

We have four strategically located state-of-the-art plants at Durgapur (West Bengal), Palej & Mundra (Gujarat) and Kochi (Kerala), along with R&D Centre in Asia and Innovation Centre in Europe. We commenced production at Durgapur with 14,000 MT of annual production capacity in 1962. Over the decades, we have built scale, expanded global footprint and set up world-class R&D facilities to address diverse customer requirements.

Today, we are the largest carbon black manufacturer in India (603,000 MT of annual production capacity) and a strong global player with a significant customer base in 45+ countries and 6 offices outside India.

Our greenfield project of about 2,00,000 MTPA for the manufacture of various grades of carbon black with 36 MW of green power plant, spread across over 60 acres of land in Tamil Nadu is in the process of being set-up in line with the Industry 4.0 standard. We have already registered the project for platinum green building category. 14 MW of green power plants at Palej (7 MW) and Kochi (7 MW) likely to be operational by FY 2021-22. With this, the total capacity will be around 8,00,000 MTPA of carbon black and 134 MW of green power.

In FY 2020-21, we launched the 5S methodology across all four plants. It is a workplace organisation method that uses a list of five Japanese words: seiri, seiton, seisō, seiketsu, and shitsuke. These have been translated as sort, set in order, shine, standardise, and sustain describing how to organise a workspace for efficiency and effectiveness. The immediate target is to improve to a level of 3S and eventually standardising the practices in the units and sustaining results to become 5S Certified Organisation.

Key certifications

Our plant operations are accredited with the following certifications:

- **ISO 9001:2015** certification for Quality Management System in general
- **IATF 16949:2016** certification for Quality Management System of Automotive Organisations
- **ISO/IEC 17025:2017** certification of accreditation of QC Laboratories (Palej and Kochi) of Phillips Carbon Black Ltd. issued by NABL
- **ISO 14001:2015** certification for Environment Management System
- **ISO 45001:2018** certification for Occupational Health and Safety Management System
- **WASH certification** on Workplace Assessment for Safety and Hygiene linked with COVID-19 preparedness
- **AEO certification** validating our compliance with global supply chain standards, making us an Authorised Economic Operator

Our products ensure the best possible hygiene and safety standards, adhering to different global food contact regulations. Some of these are listed below:

- **Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)**, a European Union regulation that addresses the production and use of chemical substances, and their potential impact on both human health and the environment
- **Code of Federal Regulations (CFR)** of the USFDA that certifies the use of colour additives in products, including product labelling confirming to 21 CFR-178.3297
- **Commission Regulation of the European Union** that monitors plastic materials and articles that intend to come into contact with food confirming to EC 10/2011
- **European Standard EN 71** that specifies safety requirements for toys
- **Indian Standard (Fourth Revision)** that lays down requirements for high density polyethylene pipes used in buried water mains and services and for water supply above ground, both inside and outside buildings
- **China's Hygienic Standards** that prescribe the use of additives in food containers and packaging materials

Direct economic value generated and distributed

(₹ in crore)

Particulars		2018-19	2019-20	2020-21
A)	**Direct Economic Value Generated**			
	Revenues from Operations	3,528.56	3,243.54	2,659.52
	Revenues from Other Sources	19.41	24.13	15.79
	Total	**3,547.97**	**3,267.67**	**2,675.31**
B)	**Economic Value Distributed**			
	Operating Expenses (Excluding Employee Wages and Benefits)	2,796.99	2,644.25	2,020.43
	Employee wages and benefits	110.92	134.38	132.17
	Total	**2907.91**	**2,778.63**	**2,152.60**
Economic Value Retained (A-B)		**640.06**	**489.04**	**522.71**
Profit Before Tax		538.80	350.84	390.36
Profit After Tax		388.53	283.49	312.27
Earnings Per Share		22.54	16.45	18.12

Enhanced digital readiness

Our future-facing technology adoption makes it possible to switch seamlessly between alternative feedstock, make efficient use of resources, deliver a wide selection of grades and accomplish high-quality standards. Moreover, our contemporary IT platforms such as SAP S/4HANA ERP and related Fiori apps, SAP SuccessFactors app and portal, provide advantages of speed, accessibility, data integrity and security.



In accordance with ISMS: ISO 27001 – Data Confidentiality, Integrity & Availability guidelines, we introduced the SAP Document Management System to sort and store all critical, sensitive and important organisational documents in a central encrypted repository.

We launched SapphireIMS – IT Call-Ticket Management and Asset-Management platform – to log in all IT-related incidents and service requests, ensuring improved IT support, along with better governance and accountability of the IT team. It is available on mobile app and portal.

We also successfully completed the SAP DR Drill in Amazon Singapore Server using an innovative and unique methodology that saved us significant running costs. The simulated process enhanced the confidence of the IT team on the security and availability of core and most-critical business data in case of any real disaster.

We have fast-tracked the roll out of various digitisation measures for seamless operations in the new world order.

Customer profile

We work with the leading tyre manufacturers in India as well as around the globe such as MRF, CEAT, JK Tyre & Industries, Apollo Tyres, Bridgestone, Goodyear, Michelin, Yokohama, TVS Group, Continental, Toyo, Nexen, Kumho, Contitech, Trelleborg, Camso and Petlas among others. Moreover, we cater to the specialty black needs of prominent Indian and global companies. We have strategic relationships with these esteemed customers, providing customised products and also jointly develop products for them.

Collaborations and memberships

We are members of various trade and chambers or associations, where the senior management of the Company represents PCBL and engages in discussions on various topics. These topics include best practices, upcoming regulations and knowledge sharing, among others. Some of these associations are:

- Indian Chamber of Commerce (ICC)
- Bengal Chamber of Commerce and Industry (BCC&I)
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Confederation of Indian Industry (CII)
- The Associated Chambers of Commerce & Industry of India (ASSOCHAM)
- All India Management Association (AIMA)
- Federation of Indian Export Organisations (FIEO)
- Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL)

Presence

Seeking possibilities beyond boundaries

Our global footprint spans across 45+ countries. We have a strong team across our offices in Belgium, China, South Korea, Japan, Germany and Vietnam, among other countries. Our strong network of distributors help us penetrate deeper across geographies and explore new opportunities.

Extensive footprint

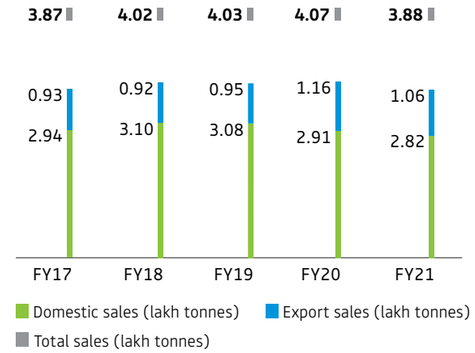
200+
Strategic supply chain partners

45+
Countries of presence

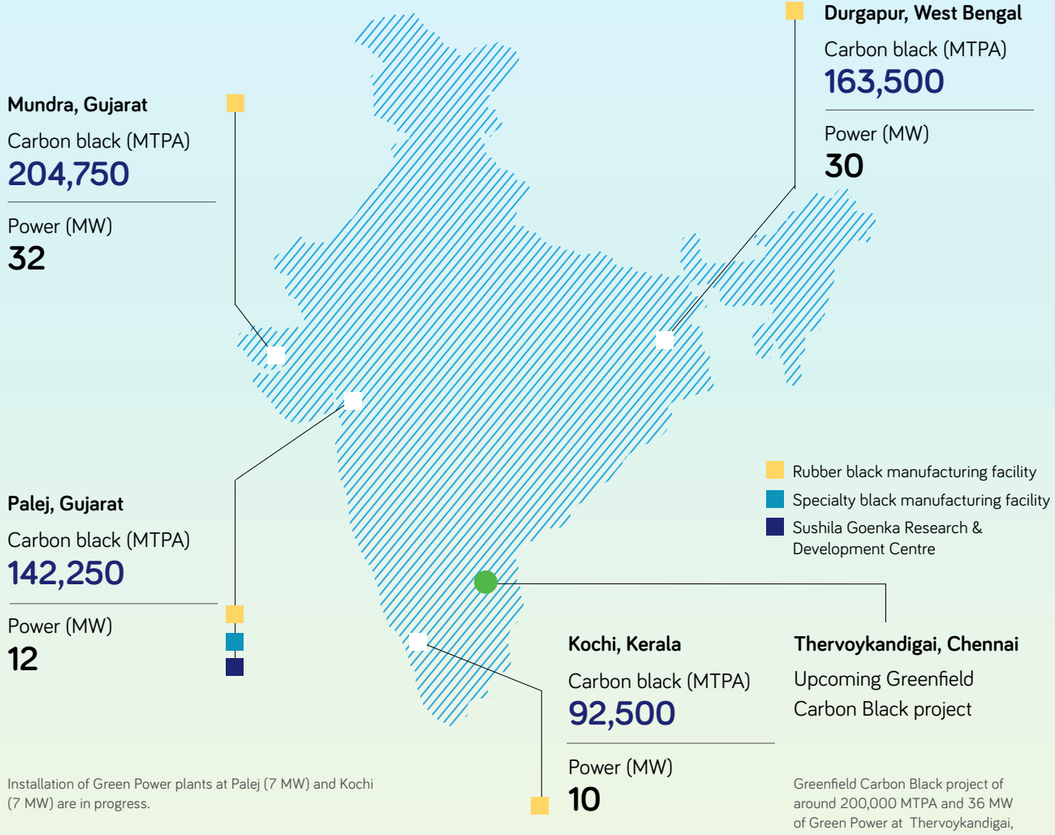
26%
Share of revenue from exports

6
Offices outside India

Export trend



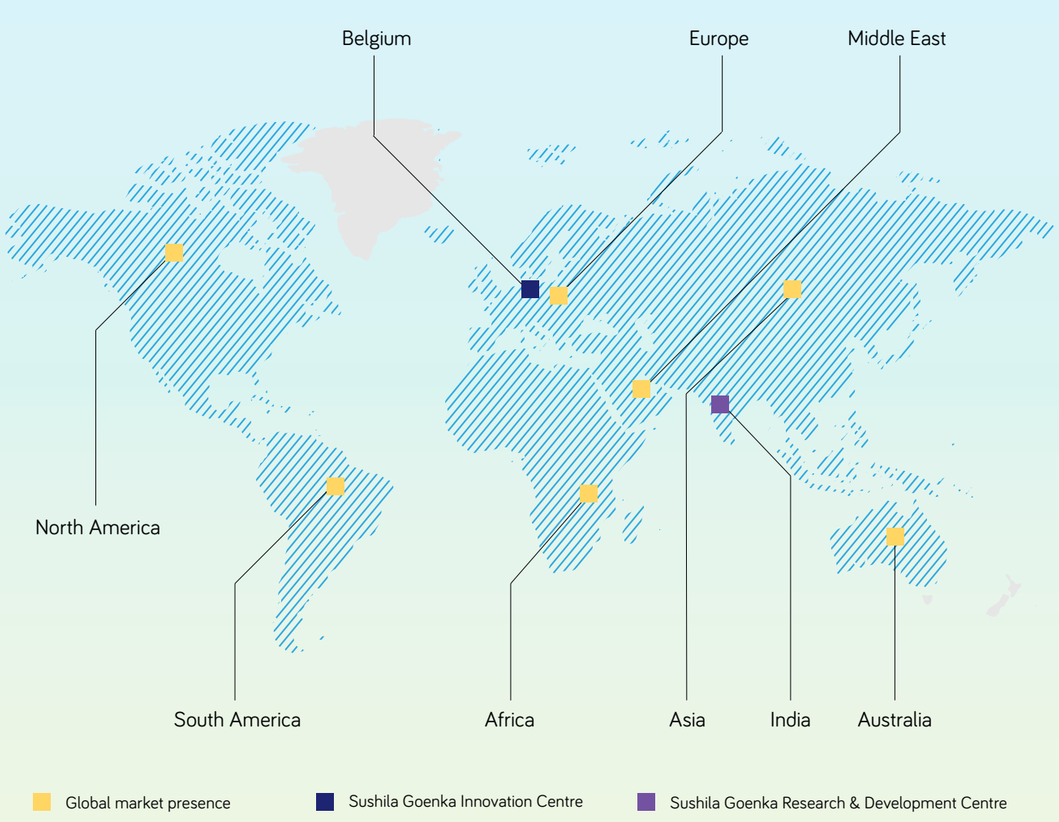
Manufacturing capacities



Installation of Green Power plants at Palej (7 MW) and Kochi (7 MW) are in progress.

Greenfield Carbon Black project of around 200,000 MTPA and 36 MW of Green Power at Thervoykandigai, Chennai is in progress.

Global footprint



Application areas

Visible in many facets of life

Carbon black is the pure elemental carbon found in the form of black powder. It is produced by partial thermal decomposition of gaseous or liquid hydrocarbons under controlled conditions.

The unique properties of carbon black makes it useful, as a reinforcing agent, pigment, UV protective agent and also as an excellent conductive agent. Carbon black's performance depends on the properties of a specific surface area, particle size and structure, conductivity and colour.

Carbon black enjoys a wide range of applications, touching lives in more ways than one.

Rubber black

We offer our rubber grades carbon black under the 'Orient Black' brand, which are manufactured in furnace process. Orient Black is a prominent class of carbon black grade that is used in rubber compounds as reinforcing fillers in order to provide the rubber compound the utmost solution in tailoring specific rubber compound requirements. The enhancement in rubber properties is a function of the major physiochemical properties of carbon black, covering particle size, structure, aggregate distribution and surface characteristics. Orient Black is the volume driver in our business and contributes almost 90% to the total sales volume.













About our brand

We offer a comprehensive portfolio spanning across multiple grades of rubber black as classified by the American Society for Testing and Materials (ASTM) standards, alongside customised high-performance products to cater to next generation business needs. Meeting specific requirements in rubber products, this brand provides value addition to a wide range of tyres and rubber goods applications.

Rubber black finds different downstream applications in rubber industries under two primary utilities:

Technical and moulded rubber goods: It leverages mechanical properties of rubber for their downstream utilisation in moulded products. The various downstream applications comprise:

- Conveyor belts
- Extrusions and profiles
- Hoses and ducting
- Power transmission belts (V belts)
- Moulded rubber goods
- Seals and gaskets

Tyre: The various rubber black grades are used by tyre manufacturers to impart such characteristics as increased durability and decreased rolling resistance between the tyre and the road surface. This in turn improves fuel economy and increases vehicular safety and control.
The various downstream application of rubber black under this product bracket comprise:

- Passenger vehicle tyres
- Truck and bus tyres
- Off-the-road tyres
- Two-wheeler and three wheeler tyres

Application areas

Specialty black

Carbon black products used for non-rubber applications are categorised as specialty blacks. We market our specialty blacks under the brand name 'Royale Black'. We are consistently moving up the value chain to emerge among the few global companies with an elaborate specialty carbon black portfolio, which is used in fibres, pressure pipes, wire and cables, food contact plastics, engineering plastics, inks, paints and coatings, fertilisers and adhesives & sealants.

To further strengthen our specialty blacks foothold, two new lines of specialty black have been commissioned in FY 2020-21. With these two lines, we will have four dedicated lines for specialty black in Palej, Gujarat

About our brand

To use carbon black in various food contact plastics, the specific grade of carbon black has to comply with stringent norms of the US FDA certification. The broader brand umbrella Royale Black comprises two primary sub-brands, *Bleumina* and NIITONE.

Bleumina, a series of medium and high-coloured carbon black, which is used in car exteriors and interiors to improve the aesthetic appeal and durability of the products.

NIITONE is a new range in specialty blacks available in powder form. It is used for printing ink applications such as offset ink, liquid ink and inkjet, owing to its colour strength and gloss. NIITONE series is also used in coatings, adhesives and sealants due to its low viscosity, good stability and dispersion.

Besides, we are among the few global companies in our industry that meet the stringent United States Food and Drug Administration (USFDA) requirements for direct/indirect food contact plastics applications such as plastic food trays and cutlery.

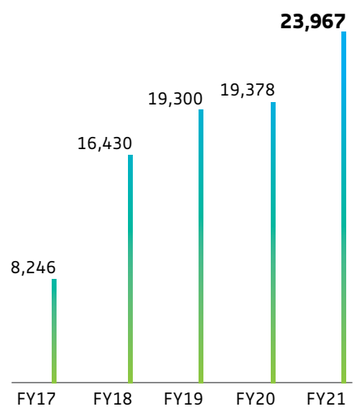
We have started supplying to leading global ink manufacturing companies.

Specialty black carbon finds the following downstream applications:

- FDA & food contact plastics
- Fibre
- Wire and cables
- Film
- Engineering plastics
- Pipe
- Printing inks
- Paint/coatings
- Battery



Sales of specialty carbon black grades (MT)



Value is created and delivered in varied ways

Although we have made significant progress in our sustainability journey with the help and support of all our stakeholders, we have more miles to traverse.

Sustainability framework

Designing a sustainable strategy

Our overarching objective is to strengthen the fundamentals of our Company for long-term value creation. We are putting into action our sustainability policy, governance structure and making sustainability a part of our strategic pillars. This framework helps us deliver impactful results to benefit our stakeholders.



Sustainability policy

Ever since 2018, a well thought-through sustainability policy drives our actions.

Scope and framework of the policy

- Ethics, transparency and accountability
- Life cycle sustainability of goods and services
- Employee well-being
- Responsiveness towards stakeholders
- Human rights
- Environment stewardship
- Public and regulatory policy
- Inclusive growth and equitable development
- Customer services
- Learning and development

Sustainability governance

Our Board of Directors and senior leadership teams are involved in driving our sustainability efforts at plants. The structure ensures policy adherence, implementation and monitoring.

Board level

The Board of Directors is expected to provide the overall direction and guidance for implementation of this policy and to review the progress thereof from time to time. The CSR Committee of the Board of Directors is assigned to monitor the implementation of this Sustainability Policy and plans formulated thereunder. The CSR Committee comprises three Directors (one executive director, one non-executive director and one non-executive independent director). Key responsibilities of the committee include:

- To evaluate risks, legal compliances, conformity with standards, challenges and recommend action plans. The committee meets quarterly or at regular intervals to discuss the work done and strategise the way forward.

Corporate level

At the corporate level, we drive the implementation of our strategies and monitor our progress on sustainability. The performance of all plants is reviewed, led by the respective Unit Heads, to ensure that sustainability thinking is broad-based across the organisation.

Plant level

A two-way approach is followed for our sustainability efforts between the corporate and the plant. The Unit Head leads the implementation of efforts at the plant and identifies areas of improvement, with the support of all the function heads including manufacturing, health, safety & environment, human resources.

Actioning our strategies

We provide industry-leading products and solutions catering to a wide cross-section of downstream industries around the world. By considering the full life cycle of our products and innovating to drive sustainable outcomes across the built environment, we increase our positive impact on society and the environment, while delivering profitable growth.

Strategic pillars

Partnering with customers and vendors

- Building robust customer relationships, and revenue visibility
- Focused on quality, timely delivery of products and efficient after-sales services
- Driving strategic relationships with esteemed customers have been marked by the manufacturing of customised products on one hand and joint product development on the other

Increasing value-added products portfolio

- Collaborated with customers and vendors to explore the evolving needs of next-gen carbon black products, manufacturing processes for improved yields, end-use applications and enhanced performance
- Grow the specialty portfolio, including inks coatings, plastics masterbatch segments and customised/modified ASTM rubber grades considering future demand

Accelerating digital transformation

- Accelerating adoption of Machine Learning and Artificial Intelligence
- Implementing Industry 4.0 standards at our upcoming plant in Chennai
- Strengthening capabilities across IT security, data confidentiality, data integrity and data governance

Sharpening Environment, Social and Governance (ESG) focus

- ESG priorities are well integrated within our risk management strategies
- Implementing ESG efforts, standards, and targets for continual improvement.

Scaling up research and innovation

- Commissioned two world-class R&D centres, namely Sushila Goenka Research and Development Centre at Palej, Gujarat and Sushila Goenka Innovation Centre at Ghislenghien, Belgium, employing a team of 45 scientists across both centres

Driving capacity addition responsibly

- Invested in prudent capacity additions in the last two years to service customers nationally and internationally
- Completed capacity expansions at Mundra (56,000 MTPA)
- Completed capacity expansions of Specialty Carbon Black (32,000 MTPA) at Palej
- Upcoming greenfield plant in Chennai, Tamil Nadu, a smart factory project in line with industry 4.0 standard that will add around 2,00,000 MTPA and 36 MW of green power will come up in 2 phases
- 14 MW of green power plants at Palej (7 MW) and Kochi (7 MW) likely to be operational by FY 2022
- After completion of all capacity additions, total capacity will be around 8,00,000 MTPA of carbon black and 134 MW of green power

Building capability

- Focus on leadership development, build talent pipeline and succession planning, and nurture functional leaders to business leader
- Enhance know-how on product and process technology
- Amplify diversity and inclusion

Stakeholder engagement

Transparent communication to resolve challenges

As businesses worldwide decisively move towards sustainable value creation, we continue our sincere dialogue with our stakeholders to deliver on their expectations and further sharpen our focus on Environment, Social and Governance (ESG) priorities. These issues are key to building a long-lasting, value-accretive enterprise.

Stakeholder engagement process: We have identified and prioritised our stakeholder groups, based on how we impact them and how they affect our business operations. We identified six critical stakeholder groups, which have been listed in the table below.

We value our stakeholders	Key issues discussed	How we engage
Employees		
Our people are at the core of our business. We encourage an open dialogue to provide them an opportunity to identify and resolve challenges together.	• Employee welfare • Strategic direction and performance • Transparent communication • Diversity and inclusion • Leaders as coaches • Career growth and progression • Learning and development opportunities • Regular engagement • Health, safety and environmental standards • Effective grievance mechanisms	• People Connect Series was conducted across units and offices where the Management Committee Members (MCM) virtually connected with employees and discussed their well-being • Sampark Live - PCBL Townhall: Conducted once in a quarter for teams across geographies over a virtual platform where our MD and senior leadership team share business updates, challenges and way forward. Employees are also recognised and rewarded under 'Team of the Month', 'Well Done' and 'MD's Appreciation' categories • Certified General Management Programme: PCBL in association with IMI-Kolkata conducts a 15-month certified management programme for its HiPos, identified through a talent review process and feedback received from the mentors and managers • EMBARK PCBLite: Induction module for new joinees • Ensuring workplace safety • Leena (AI chatbot) to engage with employees and address their concerns
Supply chain partners		
We have developed a robust network of suppliers worldwide. From the quality of raw material sourcing, tackling social and environmental challenges and maintaining seamless supply chain to a host of other issues, we discuss a wide range of solutions. Our objective is to build a relationship of trust and mutual support with all of them.	• Local procurement and resource support • Responsible sourcing along the supply chain • Quality and service • Timely payments • Sustainability of the business and associated risks • Statutory and legal compliances • Health and safety needs • Environmental and social issues • Rationalising costs	• Meetings and workshops with global raw material suppliers and logistics partners to develop common approaches based on shared values • Meetings with (potential) suppliers and business partners • Regular compliance and risk assessments of key suppliers • Discussion on procurement standards and information on the Company's tenders and procurement plans • All our major suppliers publish sustainability report and discuss their targets along with performance
Customers		
We work with leading national and international tyre companies and our non-rubber customers, many of them prominent names in the industry. Our engagement helps us prioritise long-term success for our business and customers by providing an opportunity to develop innovative sustainable solutions. Our differentiated solutions lead to customer stickiness and generate repeat business.	• Customised grades of carbon black to meet specific requirements • Sustainable packaging • Product innovation • Quality and service • Responsible sourcing along the supply chain	• Regular interactions with key account manager • Regular digital customer interface • Collaboration on product innovation • Customer and industry events and exhibitions • Regular customer satisfaction surveys • We cover all material topics impacting our customers by reviewing their disclosures in their sustainability report
Government and regulatory authorities		
We engage with national and local governments and regulators to share our intent, understand the latter's concerns and priorities, and find mutually beneficial solutions. We comply with all applicable regulations wherever we operate and proactively evaluate our performance regularly.	• Adherence to national and international regulations • Good governance practices • Community engagement • Regulatory compliance • Ethical business conduct • Environmental stewardship • Maintaining safety • Project approvals	• Annual report and regulatory filings • Meeting on government directives and policy development • Facility Inspection • Regular meetings • Periodic evaluation and improvement of our benchmarks conforming to prevailing environmental, social and corporate governance requirements, be it local, national or global • Ensuring strict adherence to the 'Whistleblower Policy' and protect our employees by preserving utmost confidentiality
Communities		
We aim to give back to society and enhance our positive impact on communities. We invest directly in the communities where we operate by supporting education, health and sanitation, community development and environmental sustainability.	• Employment and enterprise support • Community health and impact on the environment • Local infrastructure investments	• Periodic need assessment and engagement • Need-based interventions across focus areas: education, health and sanitation, community development, environment sustainability
Shareholders, investors and lenders		
We regularly engage with our investors, shareholders and lenders for business and management updates. We also facilitate site visits to keep them updated about the activities at the plants.	• Financial performance • Annual performance, progress plans and new projects • Change in governance structure • Long-term sustainability strategy • Update on business directions • Loan covenants • Banking facilities • Credit ratings	• Events, including annual general meeting, results presentations, investors' calls and conferences and earnings calls • Disclose plans to achieve carbon neutrality, and our efforts to reduce carbon emissions, by responding to the CDP questionnaire. Also, provide crucial data and insights to global investors, helping them make informed decisions • Annual report, sustainability report and regulatory filings • One-on-one interactions • Grievance redressal • Lenders' meeting • Negotiate financing facilities • Proposals submission • Analysts' congregations

Material topics

Issues that matter the most to us

We regularly engage with our stakeholders. Their inputs and the management's supervision help us understand the material issues for the organisation.
Our material issues are based on stakeholders' perceptions and the impact these issues may have on our ability to generate long-term value for them. We modify the list based on the changes in scenario and emerging challenges.

Key material issues

Energy
We strive to reduce our energy consumption, and, in turn, our carbon footprint.

SASB: Energy management

Water
We consider it our responsibility to reduce both water consumption and water associated stress in the regions we operate in. We replenish the water table through rainwater harvesting in our plants.

SASB: Water management

Waste diverted from landfill
We ensure recycle and reuse of all waste. Given its criticality, we have dedicated resources for handling hazardous waste, efficiently.

SASB: Wastewater management, Waste &Hazardous materials management

Research and innovation
Innovation for a changing world has multiple facets in the context of our business. Our approach encompasses research for manufacturing processes, product features and customers.

Diversity and inclusion
We believe in diversity and inclusion. Any form of harassment is strictly prohibited. We make reasonable job accommodations for persons with disabilities for better inclusion.

Learning and development
We have steadily enhanced our investments to sharpen the capabilities of our people. Our interventions focus on aligning people capabilities with organisational objectives.

Employee engagement, health and safety
We have a people-first culture, and we make every effort to make the work environment motivating.

SASB: Employee health and safety, human rights and community relations

Suppliers' sustainability
We depend on our suppliers for an uninterrupted supply of various forms of feedstock required in the production process. We work closely with our suppliers to develop solutions and steadily enhance quality standards.

Customer engagement and product responsibility
Our products are meant to meet the differentiated needs of our customers. Regular engagement and periodic feedback from our customers provide inputs for improvement.

SASB: Product design and lifecycle management

Ethics and governance
We believe that the long-term sustainability of the organisation is closely linked with our governance framework including data governance. We emphasise on attaining the highest levels of accountability, awareness, ethics and equity.

SASB: Critical incident risk management

Community engagement
We believe our social licence to operate is closely linked with the nature and quality of our engagement with communities in our vicinity. Responsible corporate citizenship is embedded in our Group philosophy and we treat community members as equal stakeholders in our journey towards progress.

SASB: Human rights and community relations

Environmental compliance
We are committed to 100% compliance across all our operations. From macro issues like climate change, water stress to local concerns such as emission norms, we work to stay ahead of regulations, proactively future-proofing our business.

SASB: Management of legal and regulatory environment

Sustainability targets

Setting goals for a sustainable future

Material Topics	Targets
Energy	Reduce our net CO_2 emission by 15% by 2030
Water	Reduce specific fresh water consumption by 25% from baseline 2018 by 2030
Waste diverted from Landfill	20% reduction in waste to Landfill by 2025 from baseline 2020
Employee Engagement, Health and Safety	Zero Recordable Injuries report based on Total Recordable Injury Rate (TRIR) by 2025
Suppliers Sustainability	• New key suppliers to be screened for ESG Criteria every year • Assessment of critical suppliers by 2025 • Continuous engagement with our key suppliers and tier 1 suppliers to improve collective sustainability performance
Customer Engagement and Product Responsibility	Conduct periodic assessment of the sustainability impact of our top product applications
Research and Innovation	**Short to Mid-Term (5 Years)** • To evolve superior Carbon Black Feedstock (CBFS) to augment manufacturing of sustainable and high worth carbon blacks • Cost effective, and high performing carbon black platforms to strengthen fuel economy, weight reduction, durability of tyre for electric vehicle and other tyre segments **Long-Term (5-10 Years)** Synergise carbon blacks to suit for energy storage and advanced ink applications

Material Topics	Targets
Diversity and Inclusion	• Create a gender balanced workforce by 2030 • Increased diversity inclusion and belonging in the Senior Global Leadership Team • Diversity around gender, demography, experience, industry, LGBTQ • Creating an exciting and safe workplace for people across diversified group as a KPI
Learning and Development	• Agile and future-ready workforce capable of handling the changing business landscape • Creating a Digital Learning Ecosystem • Organisation level Knowledge Management System: conversion of tacit knowledge into explicit knowledge and fostering a culture of a learning organisation • Group Level Academy for Leadership Development of Global Standard
Ethics and Governance	• 100% of employees to receive Code of Ethics training • 100% of employees to be regularly trained on anti-corruption and anti-bribery topics • 100% of employees to receive Prevention of Sexual Harassment (POSH) awareness training • 100% awareness among employees on security breaches through e-learning programmes about e-mails and other information technologies following best practices, globally
Community engagement	Employees at all our factory and office locations to participate in community development through education, hygiene, road and basic infrastructure in the community. A minimum of two projects to be taken up by each unit every year
Environmental Compliance	We will ensure certification and compliance in environmental management system in 100% of our key vendors by 2025

Business model

Creating value that endures

Growth pillars

Financial capital
Funding obtained from providers of capital, deployed to invest in our strategy and support business activities.

Revenue: ₹**2,659.52** crore

EBITDA: ₹**524.12** crore

PAT: ₹**312.27** crore

Manufacturing capital
Our physical infrastructure used to produce, store, sell and distribute our carbon black products.

Carbon black manufacturing facilities: **4** (Installed capacity: Rubber black **531,000** MTPA and Specialty black **72,000** MTPA)

Green power capacity: **84** MW

Intellectual capital
Repository of organisational knowledge, systems, protocols and intellectual property, including brands.

R&D Centre: Asia

Innovation Centre: Europe

R&D and Technology talent pool: **45**

Number of IPRs granted/filed: **15**

Human capital
Our people and how we on-board, manage, develop and retain them.

Total workforce: **1,025**

Employee remuneration: ₹**132.17** crore

Social and relationship capital
Our role as a socially responsible corporate citizen and how we enrich our relationships with stakeholders, from suppliers to customers, regulators, investors and the communities where we operate.

CSR expenditure: ₹**8.12** crore

Number of strategic supply chain partners: **200+**

Key industry associations: **8+**

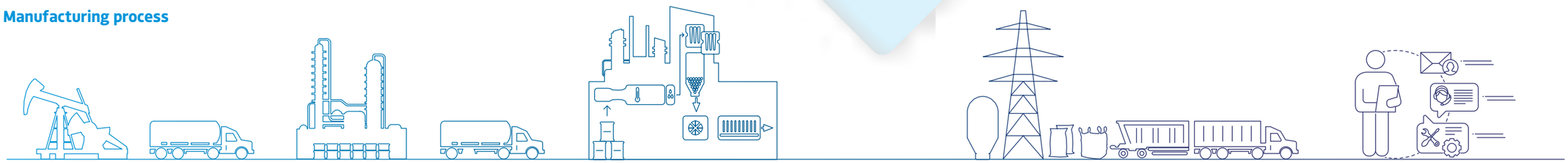
Natural capital
Relates to natural resources on which we depend to create value and our role in promoting their conservation.

Water recycled or reused: **905** KLPD

All numbers are for FY 2020-21

Value creation paradigm

Manufacturing process



Feeding feedstock oil to reactor → Processing air and hydrocarbons in the reactor with water quenching → Separation of carbon black from reactor tail gas → Conveying and pelletising of carbon black → Drying of finished products → Storing and packing the carbon black pellets → Sales, marketing and distribution; After-sales service

Strategic priorities
- Partnering with customers and vendors
- Scaling up research and innovation
- Increasing value-added products portfolio
- Driving capacity additions responsibly
- Accelerating digital transformation
- Building capability
- Continued focus on ESG parameters

Growing with our stakeholders

1,20,000+ Shareholders and investors
We deliver consistent return for our shareholders and investors.

₹7 per equity share
Dividend paid (face value of ₹2 each) in FY 2020-21

Customers
Our customers are loyal and satisfied.

90%
Of our revenue generated in FY 2020-21 was contributed by customers who have been with us for **five years or more**

Supply chain partners
Our supply chain partners are helping run seamless operations across plants.

₹1,733 crore
Total purchases in FY 2020-21.

People
Our employees are motivated and committed.

57,364
Total employee training hours in FY 2020-21.

Communities
We are always striving to deepen our community commitments.

14+
Villages reached through our CSR programmes in FY 2020-21.

Embedding environmental stewardship

Management approach

We are conscious of our environmental impact and are committed to working responsibly. We are consistently minimising our environmental footprint by prudent use of resources such as fuel, electricity, water, and raw materials.

Our Environment, Health & Safety (EHS) policy provides the necessary guidance for conservation of the environment in which we operate. We have put in place environment management systems across our plants, and they are certified to ISO14001:2015. We are focusing on efficiency in the operative life of the end-product and its proper disposal.

We have best-in-class equipment to generate renewable energy, manage waste, harvest rainwater and reduce emissions at source. We are utilising waste heat recovery systems to co-generate power from our carbon black production process. This helps utilise waste heat and gases as fuel, replacing an equal amount of fossil fuel.

We recycle waste, reuse wastewater and focus on zero discharge operations. We ensure adherence to all applicable environmental laws and regulations. Detailed contingency plans have also been laid out and implemented to put up a resilient response to environmental disasters.

Material topics

- Energy
- Water
- Waste diverted from landfill
- Compliance

Sustainable Development Goals



Environmental agenda

Reducing our footprint

We develop products based on renewable, recyclable and biodegradable materials. We produce carbon black products (rubber and specialty black) through greener alternatives. Over the years, we have steadily invested in low-carbon technologies that translate into enhanced resource efficiency.



Green cover around the Effluent Treatment Plant (ETP)







Pledge for a cleaner environment

Firm strides towards environment protection

We plan to align ourselves with the National Action Plan on Climate Change (NAPCC) of the Government of India to mitigate the threat of climate change through continuous improvement in every sphere of our operations. We have installed a rainwater harvesting system to reduce our water consumption.

Our wastewater recycling in factories helps achieve zero liquid discharge (ZLD) status. Also, we have funded the cleaning of rivers and ponds around our units. We supplied organic fertilisers, cow fodder and grass to drought-prone villages located close to our plants. In addition, we planted saplings in the vicinity of our factory premises, developing green belts.

Ensuring compliance

As a responsible organisation, we voluntarily adhere to relevant regulations. All statutory compliances with respect to preventive maintenance schedule and environmental clearances granted by the respective pollution control boards (PCBs) are conducted on time.

We have put in place several systems and equipment to achieve the benchmark of net-zero discharge, avoiding compliance issues from any of the PCBs. A brief on environmental compliance is also included on the agenda for Board meetings on a quarterly basis where any non-compliance, show-cause notices, orders or any changes in the regulations are reviewed.

Zero

Environmental fines or non-compliances during FY 2020-21

Lower carbon footprint

We sought CDP evaluation. CDP evaluates an organisation's engagement with its suppliers on climate change. Purchasing organisations have the potential to incentivise significant environmental changes through engagement with their suppliers.

By evaluating supplier engagement and recognising best practices, CDP aims to accelerate global action on supply chain emissions. We received a 'D', which is in the disclosure band. PCBL is among 37% of the companies that reached the disclosure level in its activity group.

CDP
DISCLOSURE INSIGHT ACTION

Accomplishing best-in-class manufacturing practices

Robust process technology driving excellence:

- Deployed new reactor design at three plants for improved quality consistency and lowering CO_2 emission per tonne of carbon black produced
- Improved pelletiser design at two plants for better handling at customer end
- Tried low Polycyclic Aromatic Hydrocarbons (PAH) grades at two units to meet REACH standards
- Introduced Air Preheater (APH) management programme to improve heat recovery, thus making plants more environment-friendly
- Introduced new oil preheater design to improve waste heat recovery and reduce carbon footprint
- Developed new grades to meet customer-specific needs
- Provided process training and all processes related to teams for more efficient operation and greater opportunity for employees
- Coordinated with procurement, for feedstock, to further economise purchase and for greater use of local and alternative suppliers

Technological and productivity advancements helped enhance efficiency through the following measures:

- Increased power generation by efficient distribution of waste gas
- Installed advanced control system to regulate power plant voltage, ensuring zero power failure during grid voltage fluctuation
- Enhanced our existing inline blending system for oil/cost optimisation, which will also help us take trials for new grades
- Monitored our overall plant effectiveness
- Controlled sieve residue reduction to improve productivity

Improvement in yield driven by:

- De-bottlenecking projects and optimisation of air, oil and flame temperature contributed to higher production rate considerably
- Enhanced our existing atomising air system to improve efficiency of plant operations
- Installed newly-designed reactor to improve yield

Materials management

Carbon black production involves the use of carbon black feed stock (CBFS), molasses, caustic flakes, potassium acetate, potassium carbonate, sugar, potassium nitrate and sodium ligno sulphate as key raw materials. CBFS, a key raw material for our production process, is a residue of oil and gas refinery.

Materials (MT)

Particulars	2018-19	2019-20	2020-21
Caustic flakes (ton) △ ●	48.23	43.56	77.22
Molasses ▲ ●	2,657.38	2,391.23	2,184.79
Potassium acetate △ ●	19.43	29.94	18.38
Potassium carbonate △ ●	114.41	79.58	111.29
Sugar △ ●	173.95	261.35	251.60
Oil (PFS+SS) ▲ ○	745,919.4	612,280.1	690,587.7
Potassium Nitrate △ ●	69.11	62.78	69.68
Sodium Ligno Sulphate △ ●	26.50	55.30	2.20

▲ **Recycled** △ **Non-recycled** ● **Renewable** ○ **Non-renewable**

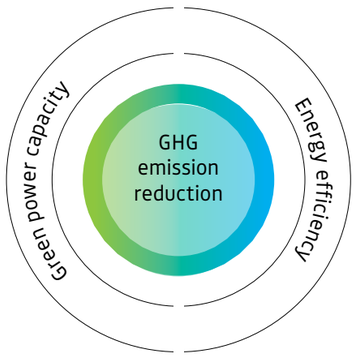
Energy and climate change

Taking action for climate change mitigation

We are strengthening our response to climate change by identifying and managing climate-related business risks.

Over the past few years, we have been sourcing energy from green power plants, which has fortified our energy sustainability story. In FY 2020-21, we conducted a carbon footprint assessment as per ISO 14064: 2018 to build a better understanding of our energy consumption pattern and enhance our efforts at cleaning and greening the environment.

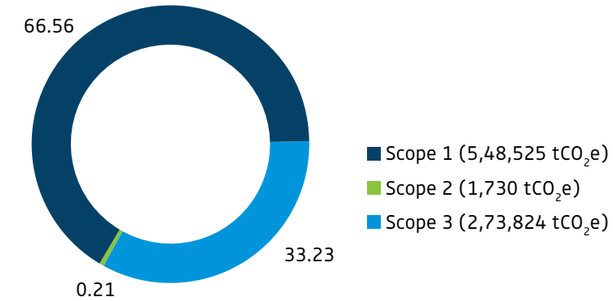
Climate change mitigation efforts





Glimpses of our green power plants

Consolidated GHG Emissions for PCBL (%)



GHG emissions plant wise distribution (tCO_2e)

GHG Emissions	Durgapur	Kochi	Mundra	Palej
Scope-1	180,636	92,947	151,004	123,938
Scope-2	538	611	266	315
Scope-3	51,113	30,049	58,273	134,389
Total	**232,287**	**123,608**	**209,542**	**258,643**

8,24,080
tCO_2e
Total GHG emissions

2.14
tCO_2e/mt of carbon black
GHG emissions intensity

Total PCBL GHG inventory 1st April 2020 - 31st March 2021

Scope 1 GHG Emissions	Emission Value (tCO_2e)
GHG emissions due to Carbon Black production - Fuel Gas	546,007.83
GHG emissions due to diesel consumption in DG	96.23
GHG emissions due to LPG consumption in canteen	102.51
GHG emissions due to LDO use in process	1,529.60
Fugitive GHG emissions from refrigeration	613.30
Fugitive GHG emissions from CO_2 based fire extinguisher	0.61
GHG emissions due to operations Company owned vehicles	175.09
GHG emissions due to operations Company owned vehicles (petrol)	0.00
Total Scope 1 GHG Emissions	**548,525.18**

Scope 2 GHG Emissions	Emission Value (tCO_2e)
GHG Emissions due to purchased electricity	1,730.07
Total Scope 2 GHG Emissions	**1,730.07**

Scope 3 GHG Emissions	Emission Value (tCO_2e)
GHG emissions due to upstream transportation by road	6,320.03
GHG emissions due to upstream transportation by ship	257,838.47
GHG emissions due to downstream transportation by road	7,283.70
GHG emissions due to downstream transportation by ship	476.38
GHG emissions due to employee commuting	1,671.04
GHG emissions due to employee business road Travel	11.10
GHG emissions due to employee business train Travel	0.37
GHG emissions due to employee business Air Travel	34.43
GHG emissions due to goods purchased by an organisation (raw material transportation)	188.78
Total Scope 3 GHG Emissions	**273,824.30**

Energy Consumption within organisation (GJ)

Plants	2018-19	2019-20	2020-21
Power consumption	696,285	712,066	672,753

Energy and climate change

Minimising our carbon footprint

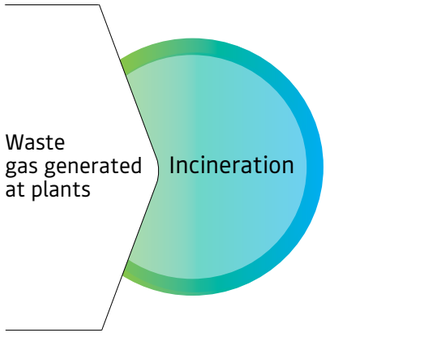
Our green power plants generate power from tail gas, produced during carbon black production. The use of tail gas helps replace conventional fuel, thus reducing associated GHG emissions. We have installed a total of 84 MW green power plants across our units. The manufacture of carbon black leads to the production of harmful gases. Earlier, these gases were burnt to avoid pollution. But, in 2004 the Company started using these gases to generate power for our own consumption and selling the excess power generated.

The power generation process recovers and utilises the thermal energy of the waste gas that is produced during the manufacture of carbon black. This waste gas is then utilised to generate steam, which, in turn, is used to generate electrical energy. The energy savings and environmental benefits from this process were the key drivers of this initiative. The approximate GHG emissions reduction from the waste heat recovery from tail gas of the carbon black process, thereby replacing the equal amount of fossil fuel fired by the plants, stands at 3,91,780 MT of CO_2 on an annual basis.

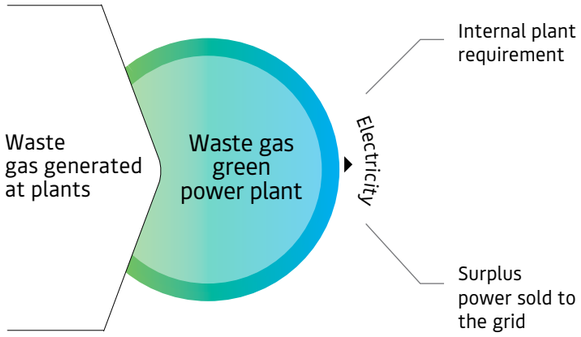
84 MW
Green power

Turning waste into energy

Earlier treatment



Present treatment



The excess electricity available after meeting the in-house power demand is sold to the State Electricity Board grid. In a country that is dependent on a fast-depleting natural resource like coal for a large part of its power generation, this results in positive contribution to sustainable economic growth and conservation of natural resources.

Our 12 MW green power plant in Palej was the first plant in the world to be registered as a Clean Development Mechanism (CDM) Unit under the United Nations Framework Convention on Climate Change (UNFCCC) in the year 2004, validating our stewardship of energy sustainability. ***PCBL is the world's first carbon black company to receive carbon credits from UNFCCC for its green power plant at Palej, Gujarat***.

65,159 tCO_2e
Reduction in GHG emissions annually
(Excluding GHG inventory for offices on account of pandemic-led lockdown during FY 2020-21)

Energy efficiency measures and performance

Plants

Durgapur

We installed variable frequency drive (VFD) and replaced old sodium vapour lighting system with **LED bulbs**, which improved our in-plant lighting and reduced power consumption.

Palej

We replaced plunger type compressor with new highly efficient high-pressure screw compressors in the plant and modified the APH design to improve efficiency. VFD was installed for air blowers with optimised power energy consumption.

Kochi

We replaced conventional lighting in the plant with energy-efficient **LED lights**, reduced ambient temperature in the compressor room, installed VFDs in suitable equipment and substituted the least efficient reciprocating compressors with screw compressors.

Mundra

In the plant premises, we installed over 100 **LED lights** in place of sodium vapour bulbs, and initiated heat recovery by different inline heat exchangers (APH, WHB & OPH). We also started using I-3 motors, which are 90% energy efficient against I-2 motors (used in compressors, pin mixers) and made changes to OPH design for enhanced heat recovery.

Performance

Energy facts

	Durgapur	Palej	Kochi	Mundra
FY21	**205,603**	**128,400**	**126,590**	**212,159**
FY20	231,944	129,717	126,705	223,700
FY19	220,420	136,844	138,823	200,197

	Durgapur	Palej	Kochi	Mundra
FY21	**1.8145**	**0.5769**	**1.3034**	**0.7281**
FY20	2.0469	0.5828	1.3045	0.7677
FY19	1.9452	0.6148	1.4293	0.6870

GHG Emissions (CO_2) (%)

	Durgapur	Palej	Kochi	Mundra
FY21	**6.57**	**6.60**	**2.84**	**2.48**
FY20	6.50	4.28	2.84	2.50
FY19	6.80	4.78	2.83	2.40

	Durgapur	Palej	Kochi	Mundra
FY21	**367,161**	**135,813**	**165,836**	**262,696**
FY20	423,310	158,356	147,415	285,618
FY19	426,230	165,540	148,880	333,083

	Durgapur	Palej	Kochi	Mundra
	(11.3) FY21	**(1.01)** FY21	**(0.09)** FY21	**(5.1)** FY21
	FY20 5.2	(5.2) FY20	(8.7) FY20	FY20 11.7

	GHG Emission intensity:
Durgapur	2.23 tCO_2e/mt
Palej	GHG Emission Intensity:1.90 tCO_2e/mt
Kochi	GHG Emission Intensity:1.52 tCO_2e/mt
Mundra	GHG Emission Intensity: 3.24 tCO_2e/mt*

Energy consumption (GJ) Energy intensity (GJ/M2) Energy sales (GJ) Energy consumption trend (%)

*GHG emission intensity was high due to stabilization of new line and lower throughput for the first quarter of FY 2020-21 on account of the pandemic.

Waste management

Minimising environmental impact

We are committed to using our resources efficiently. We reuse or recycle wherever possible to reduce the impact on the local environment and save on operational costs. We apply the best available techniques and practical environmental options for our assets to manage waste and minimise our impact on ecosystems.

There are no archaeological sites, wildlife sanctuaries or national parks within a 15 km radius from our plants, placing us at an advantage. We ensure responsible disposal of waste (both hazardous and non-hazardous).



Zero discharge

We have installed sewage treatment plants (STPs) across our plants so that no untreated sludge is discharged, and the treated water is then used for sanitation and gardening purpose.

Reducing plastic waste across plants

- Using paper cups for coffee and water to reduce plastic use
- Temporary disposable (use and throw) plastic bottles have been replaced by permanent reusable plastic bottles
- By increasing the loadability of our packaging, we have reduced the consumption of plastic bulk bags by 30%



Reducing plastic use

Waste handling

- **Solid wastage:** Plastic, wood, copper, aluminium, discarded container and paper bag /plastic bag are sent to recyclers approved by the local PCBs
- **Liquid waste:** Water from ETP is used across various processes and water from STP is used in gardening
- **ETP sludge:** ETP sludge is stored in secured landfill and its waste is sent to Central Pollution Control Board (CPCB) authorised common TSDF (Treatment, storage, disposal facility) for disposal
- **Used oil:** Reuse or sent to registered re-processor
- **E-waste:** Agreement signed with TSDF and e-waste is being stored in the dedicated waste storage area. From there the e-waste is sent to TSDF

Waste action across plants

Waste generation is a part of the carbon black manufacturing process. However, being a responsible organisation, we are committed to continuously reducing waste generation at source and its proper disposal at all times.

In order to address the following, a Focused Improvement Project (FIP) was initiated across all units of PCBL with cross-functional teams deploying DMAIC Methodology to reduce the waste by a factor of 25% from the baseline. As an initial step, waste classification like, ETP sludge, cotton and rubber gloves, bags (jumbo and paper), etc., and consumption data was mapped for the baseline and formed the crux of the project charter. Each site has now been mandated to work on focused actions to reduce waste generation at source.

In this ongoing waste reduction drive, following are the improvements and benefits realised:

- Leakage points resulting in carbon black spillage and waste generation were identified, and root cause elimination to reduce the source generation resulting in 74.4MT reduction i.e., equivalent to 20% reduction from the baseline and thereby directly reducing ETP sludge waste.
- A dedicated strainer cleaning station fabricated for the activity to collect and recover the oil with zero spillage.
- Various collection units have been installed in the process like, tray collection system while cleaning mixer, material collection system while cleaning bag filters and APH and dyke arrangement for containment for spillage and easy collection.
- Mask and hand gloves were also a source of waste generation which was contained by maintaining a PPE distribution logbook to utilise the resources optimally. Additionally, recycled gloves usage was a prospect identified, and vendor development is in progress.
- Damaged paper bags was identified as another cause of solid waste. Identification and characterisation for reasons of bag damage were carried out, and root causes were addressed to reduce the waste generation of bags. The data shows after correction of practices; the damage bags were reduced from 455 to 279 (month-on-month) over a period of 6 months.
- As a continuous improvement in reducing the generation of solid waste at source, various efforts and actions are ongoing using techniques like Faut-Tree Analysis to determine the sources and causes whereupon focused actions are diverted to achieve the results.

Waste by type and disposal method (MT)

		2018-19	2019-20	2020-21
Used Oil (in litres)	Reused in machinery or sent to registered reprocessor	1227	520	1080
Spent Acid From Batteries	Authorised recyclers	0	0	0
Used Batteries	Authorised recyclers	3	1.5	1.75
Chemical Sludge from Waste Water Treatment	TSDF site for Co-processing	5.839	6.172	5.751
Waste Insulation Material	Authorised recyclers	4	4	3.465
Oily Sludge Emulsion	Authorised recyclers	1.759	0.745	0.804
Discarded Drum / Barrels/ Containers / Bags/ Liners	Authorised recyclers	16.2	17.35	9.5
Plastic Waste	Authorised recyclers	0.9	1	3.654
Spent Ion Exchange Resin	TSDF Site	0	0	0
Oily Cotton Waste / Leather Hand Gloves / Cotton Hand Gloves	Authorised recyclers	2.4	2.8	0.281
E-Waste	Authorised recyclers	0	1.96	2.15
Waste-Insulation Material	TSDF Site	4	4.1	7.645
ETP Sludge	Authorised recyclers	47.16	46.97	27.47

Spill prevention at our plants

To prevent oil spillage, we are using leak-proof oil containers. While transferring oil from one tanker to another, we are using barrel pump to prevent the surplus oil from spilling. Sumpits are used to store and reuse oil.

Significant oil spills (kg)

Plants	2018-19	2019-20	2020-21
Palej	22	15	13
Durgapur	9	10	11
Kochi	40	30	20
Mundra	10	5	6
Total	81	60	50

Emissions

Targeting lower emission benchmarks

We are consistently undertaking measures to reduce our emissions to emerge as one of the most responsible companies.

We are committed to abiding by all the rules and procedures laid down by the Central and State governments in order to keep the environment clean. Across all our plants, we have installed Continuous Emission Monitoring System (CEMS) to track all emissions (of SO_2, NOx, H_2S and SPM) on a continuous basis across all sources.

Further, stack monitoring (24 hours sampling), effluent sampling and ambient air quality monitoring are carried out at regular frequency by authorised third-party agencies and the reports are submitted to the PCBs on a monthly basis.

We have installed highly-efficient filter bags [Membrane coated Polytetrafluoroethylene (PTFE) bags] into the bag filter. These help filter out fine dust particles. To ensure bag filter life, a schedule has been prepared for changing bags. For the reduction of SOx and other gases, we are selecting raw material feedstock with minimum sulphur content and other impurities.

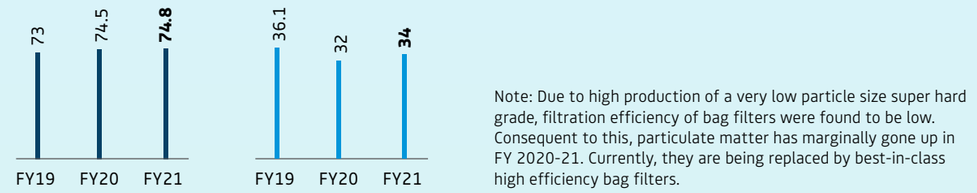
We are not emitting carbon monoxide (CO) into the environment. Instead, we are using it as a fuel for power generation or flaring it before releasing it into the atmosphere.



Air emissions action dashboard

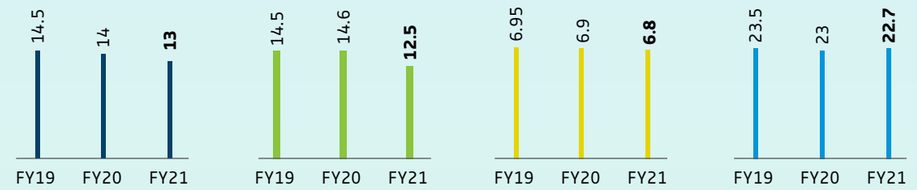
Emissions performance

Durgapur

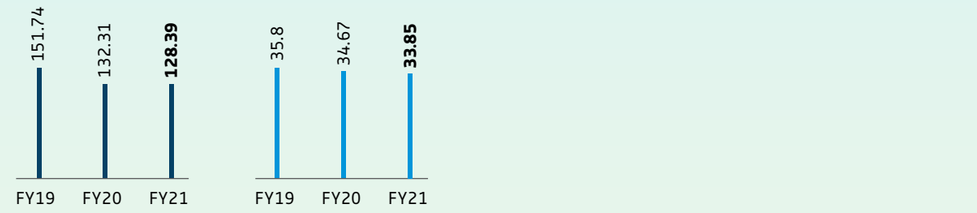


Note: Due to high production of a very low particle size super hard grade, filtration efficiency of bag filters were found to be low. Consequent to this, particulate matter has marginally gone up in FY 2020-21. Currently, they are being replaced by best-in-class high efficiency bag filters.

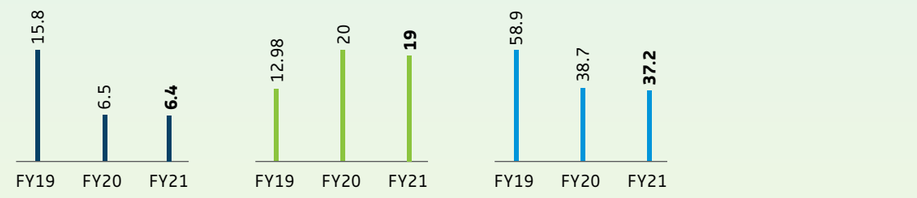
Palej



Kochi



Mundra



SO_2(mg/nm³) NOx (mg/nm³) H_2S (mg/nm³) Particulate matter

Water and effluents

Reducing our water footprint

Water is an important industry resource; and is used for multiple processes in our operations. We are committed to reducing our freshwater consumption as well as the impact of our operations, while also working hard to improve our water efficiency.

We have maintained zero liquid discharge, validating our focus on water sustainability. Recycled water is used in scrubber and mixture. We have put in place rainwater harvesting systems for a stable supply of freshwater and most of our manufacturing units recycle the water through the ETP. Doing so has resulted in zero discharge of waste from our factories.

905 KLPD

Total water recycled or reused across all plants







Effluent Treatment Plant (ETP) at Mundra, Gujarat

Water action dashboard

Plants

Durgapur

We have installed side stream filter in order to limit blow down water for the cooling tower. We are replacing the current RCW pumps with undersized pumps, thereby ensuring less wastage of water and improved efficiency.

400 KLPD

Water recycled or reused

Palej

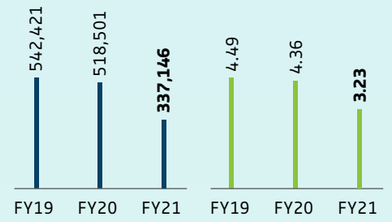
We have installed 50 KLPD STP at our Palej site. Its recycled water is being used for gardening.

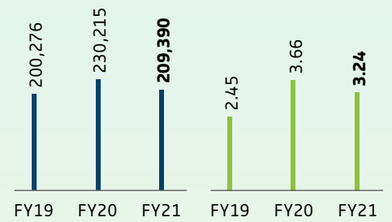
We have upgraded our ETP to 250 KLPD. The recycled water is being used as feed for water treatment plant where we convert the raw water into reverse osmosis (RO) and demineralised water for our process in specialty lines and CPP auxiliary.

100 KLPD

Water recycled or reused

Performance





Water and effluents

Plants

Kochi

We introduced the use of chlorine dioxide (ClO_2) generator and improved the raw water quality, thereby reducing water treatment regeneration, resulting in a 10% saving in total water consumption.

We have increased the Water Treatment Plant (WTP) ion-exchange bed Output Before Regeneration (OBR) from 20 to 35 hours, leading to an enhanced capacity for effluent treatment and better-quality output, which is recycled within the plant.

We reuse the ultra-filter reject water back into the system and have introduced side stream filtration for cooling towers, thereby reducing blow down to save water.

125 KLPD

Water recycled or reused

Mundra

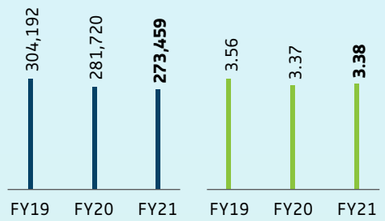
We reclaim industrial wastewater from boiler and cooling (~218 KLPD) in the same process after treatment in WTP. The remaining industrial wastewater of 120 KLPD is treated in ETP, and ~61 KLPD water is reused through the WTP plant. The remaining 59 KLPD treated effluent is reused for gardening and plantation within the premises. Domestic/sewage effluent is treated in STP and used for gardening.

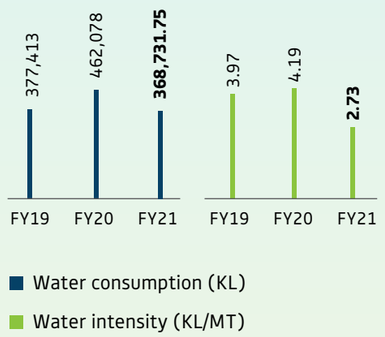
Further, we have deployed injection-well technology for the recharge of surface rainwater from a given invert level after its due filtration. We have also installed piezometer to observe underground water conditions by measuring the pressure of groundwater at a given depth.

280 KLPD

Water recycled or reused

Performance





Water withdrawal across plants

(KL)

Plants	2018-19	2019-20	2020-21
Palej ○	351,999	313,718	298,720
Mundra ●	42,662	206,848	Nil
Mundra ○	Nil	189,714	248,657
Durgapur ●	1,180,221	1,142,651	950,524
Kochi ●	507,408	416,025	401,717
Kochi ○	93,647	34,160	82,238
Total water withdrawal	**2,175,937**	**2,303,116**	**1,981,856**

● **River** ○ **Ground Water**

Maintaining zero liquid discharge

At PCBL, all our plants are zero liquid discharge (ZLD), and we are reusing our wastewater in our processes. All plants have ETP facilities.

- Palej has 50 KLPD STP (domestic water) and 250 KLPD upgraded ETP. It is also commissioning 1,650 KLPD WTP
- Mundra has ETP capacity of 285 KLPD and WTP of 1,800 KLPD
- Durgapur has ETP capacity of 500 KLPD
- Kochi has ETP capacity of 130 KLPD

Rainwater harvesting at Mundra

We use injection-well technology for the collection of rainwater and recharge of groundwater after filtration. We have installed piezometer to observe groundwater level at a given depth.

On an annual basis, 46,500 m^3 rainwater is recharged to reduce groundwater depletion.

46,500 m^3+

Rainwater is recharged at Mundra plant

Going forward, we are putting in place the practice of rainwater harvesting across our three other plants (Durgapur, Palej and Kochi).

Strengthening our societal role

Management approach

Societal engagement at various levels drive our progress. Our overarching growth strategy is participatory and stakeholder-driven. For one, we focus on various employee engagement initiatives and training programmes. We have also established ourselves as one of the preferred partners of our customers on the strength of product customisation, quality excellence and timely delivery. We are building long-term partnerships with diverse suppliers for seamless and sustainable operations.

We aim to build sustainable communities through targeted initiatives in various realms comprising education, art, healthcare, sports and resource conservation.

Material topics

- **Employee engagement, health and safety**
- **Diversity and inclusion**
- **Learning and development**
- **Suppliers' sustainability**
- **Customer engagement and product responsibility**
- **Research and innovation**
- **Community engagement**

Sustainable Development Goals



People management

Thriving on human enterprise

Our business runs on the fuel of experience, expertise and enthusiasm of our people. As part of our sustainability journey, we also recognise that in order to attract, retain and develop a world-class team, we must foster a diverse and inclusive culture that supports our employees' success, which, in turn, drives our Company's success.

Diversity and inclusion

We focus on cultivating an environment where individuals enjoy the right to work in a professional environment that prohibits any form of harassment. We also make reasonable job accommodation for persons with disabilities who can perform the essential functions of the position.

All employment and promotion decisions at PCBL are primarily based on the individual's qualifications, experience, prior contribution and demonstrated capacity to perform at higher or improved performance levels. These decisions are taken in accordance with the principle of equal employment opportunity. We undertake affirmative actions to attract and retain qualified personnel.

PCBL is committed to a work environment in which all individuals are treated with respect and dignity. Therefore, we expect that all relationships among persons in the workplace will be business-like and free from bias, prejudice and harassment.

We take whatever affirmative action is necessary to attract and retain qualified persons.

Our Equal Employment Opportunity Policy will be successfully applied when all roles are filled by the best qualified and experienced candidates available, regardless of personal circumstances.

We are in the process of rolling out a comprehensive policy on LGBTQ.



Progressing with a diverse team

Team statistics

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Total employees	1,680	1,813	1,835
Total on roll employees	964	1033	1025
Total contractual employees	716	780	810
Employee retention rate	83%	83%	85%
Attrition rate [%]	17%	17%	15%
% of local employees in the plants as a proportion of total workforce	64%	41%	41%
Differentially abled employees	6	5	5

New hire mix

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
Age group	Male	Female	Male	Female	Male	Female
<30	100	4	117	8	88	7
30-50	64	4	85	8	38	3
>50	6	0	2	0	3	0

Employee attrition mix

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
Age group	Male	Female	Male	Female	Male	Female
<30	67	4	59	7	56	1
30-50	48	2	46	4	40	4
>50	10	0	14	1	12	0

Gender diversity by management category

FY 2018-19			FY 2019-20			FY 2020-21	
	Male	Female		Male	Female		Male	Female
Junior Management	604	35	Junior Management	591	36	Junior Management	586	35
Middle Management	127	8	Middle Management	131	8	Middle Management	123	13
Senior & Top Management	14	0	Senior & Top Management	14	1	Senior & Top Management	15	2

Equal Employment Opportunity applies to all policies and procedures relating to recruitment and hiring, compensation, benefits, termination and all other terms and conditions of employment. The Human Resources (HR) Department has the overall responsibility for this policy. Employees' questions or concerns are referred to the HR Department. Appropriate disciplinary action may be taken against any employee wilfully violating this policy.



Nurturing talent

People management

Employee strength by age and gender

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
Age group	Male	Female	Male	Female	Male	Female
<30	221	13	211	12	251	18
30-50	428	27	448	30	409	29
>50	96	3	77	3	64	3

Parental leave in FY 2020-21

Gender	Employees entitled to parental leaves	Employees who availed parental leave	Return to work Rate	Retention Rate	Employees who returned in the current reporting period after availing parental leave	Employees who availed parental leave and were employed even after 12 months
MALE	735	2	100%	100%	100%	-
FEMALE	50	1	100%	100%	100%	-

People engagement

Since the pandemic struck, we have enhanced our engagement levels with employees to ensure their well-being and put more focus on business continuity.

We undertook the following initiatives to strengthen our engagement and build capabilities of our people.

Sampark – Connect, Share & Grow: Connect from the top

Sampark Live is a real-time digitally enabled communication platform. The management strives to increase engagement with employees and improve customer-centricity with the help of this platform.

Nirantar Gyan Vardan Yojana: Learning from experts

We identify subject matter experts for different functional areas, with the help of whom we have been able to convert 'tacit knowledge' into 'explicit knowledge'. This transformation in knowledge is achieved with the help of subject matter content on equipment knowledge, maintenance activities, best practices and other relevant subjects.

We identify the training requirements based on the analysis through discussion with unit heads and functional heads, and upload the monthly unit training calendar on the Learning Management System (LMS), which is hosted on our People Connect Platform powered by Success Factors. The effectiveness of the training is gauged through the Reaction Level feedback received from the participants and the online test scores of pre and post-training.



Training session in progress at Sushila Goenka Innovation Centre in Belgium, headed by Ms. Valerie Smits

57,364 hours

Total training hours invested in FY 2020-21



Leena AI: Our intelligent chatbot helps gauge employee well-being

Leena was launched to enhance transparency and inclusivity across the organisation. The chatbot converses with our employees based on a defined set of questions in line with our People Philosophy in order to measure the pulse of our teams and define their engagement level, while identifying the gaps. This helps us understand employee grievances and any other issues that employees might have, with the management. Based on the chats received from the chatbot, the senior management reaches out to people to address the problems.

Embark PCBLite: Creating standardised induction experience

Embark PCBLite is a digitised induction programme designed for new recruits, with real-time sessions and built-in online modules. This marks the transformation journey of PCBL and its impact on stakeholders, Company's Vision, core values and thought leadership.

B2MOM: Grooming ideas

We realise the importance of building a leadership pipeline for a sustainable future. In achieving this objective, we have initiated the nurturing of future leaders and set up a Performance Management System (PMS) that ensures improved team performance and aids team development.

The coaching culture is further driven through the process of big idea, business theme, methods, obstacle, and measures (B2MOM).

The business leaders first come up with the big idea and business themes and design their B2MOM strategy, cascading the responsibility down to team members. We encourage our employees to record both their big and small wins in a feedback diary, based on which we arrange discussion between the member and the team leader, ensuring transparency and employee motivation.

Based on such initiatives, our management target to directly link a team's objectives with the reward system, is being met with higher accountability and performance excellence.

Certified General Management Programme (CGMP): Empowering our leaders

We carefully identify Hi-Pots based on evidence of their 'potential' and 'performance' during the Talent Review Session and objective feedback received from their HoDs and reporting managers. They are then sent for a 15-month duration Certified General Management Programme at IMI Kolkata. The programme is designed for developing and grooming business skills holistically in our employees. It is in line with our business strategic imperative to progress from 'Being Functional Managers to Business Managers'. During each quarter, the participants undergo a rigorous 15-day classroom session that involves professor-led lectures, interaction with industry experts from within and outside PCBL, credit-based pen and paper exam, virtual discussions with professors during onsite and working on PCBL Live Project under able mentorship and guidance. On successful completion of the programme, the participants are awarded the Management Course Certification by IMI, Kolkata. Post the programme, career growth plans are discussed and identified. Development Action Plans (DAPs) are created in line with our strategic plan to help these individuals grow as business leaders within PCBL.

With the success of the first batch of CGMP in the year 2018, we have successfully launched the second batch of the programme in January 2020.

Training Academy: Robust training culture

Our training academy has been functional since 2008. Here we train our campus hired graduate engineer trainees (GETs) and management trainees (MTs) to educate them about our business, to create a knowledge-rich in-house talent pool. The training programme is a year-long affair and is divided into three phases. The training programme is based on the 70:20:10 learning principle and is driven under the mentorship and guidance of the Principal, Training Academy, and Reporting Manager.

On completion of the classroom training, employees go through a rigorous five-month on-the-job training at their respective locations. Feedback is taken from respective managers and mentors, which is discussed with the Principal of the Training Academy. The Principal then

People management

shares the collated feedback with the trainees for their improvement.

The last phase of learning is via live projects, wherein the trainees start working on a live business challenge and propose feasible value-added solutions based on their understanding. They also handle the shift activities parallelly and help groom themselves to handle plant operations independently post their training.

'People Connect' powered by Success Factors

In line with our vision of establishing global practices across the organisation, Success Factors was implemented a year back. It has created an integrated HRMS platform of employee life cycle management, reward and learning. The platform has helped employees to access and update their personal and professional information in their respective online profiles. They have been empowered with easy access to policies and processes. The platform has been designed focusing on employee and manager self-service. Last year, employees started applying for benefits, travel requests and completing the goal setting and performance appraisal process on People Connect powered by Success Factors. The LMS modules have added value in one's development plan through easy availability of monthly calendars, training schedules, pre- and post-test, online development action plan. Our goal remains to empower employees with information, focus on simplified employee self-service, build a culture of self-learning through an integrated platform, and we will keep driving the same agenda in the future with several HR digital initiatives.

PCBL Challengers - Season 2

After creating a benchmark, PCBL launched the second season of PCBL Challengers – a pan India B-School Case Study Competition. The competition saw a befitting response with 15 top B-Schools from across India such as IIM-Lucknow, IIM-Ranchi, IIM-Raipur, IIM-Nagpur, IIM-Shillong, IIM-Sirmaur, IIM-Kashipur, NITIE, IIFT-Delhi, IMT-Ghaziabad, XIMB, XISS, GIM, IMI-Delhi and Kolkata participating in the event. We received a overwhelming response of 200 teams from across campuses. The theme of Season 2 was 'Transforming One Bit at a Time', revolving around business digitisation initiatives. The event was judged by the top management of PCBL. The winner of PCBL Challengers-Season 2 was team 'Shared Destiny' from IMT Ghaziabad.

Other initiatives

- **Pragati**
  Workshop conducted for employees across levels to help them align with the organisational vision and impact them at the feeling, thinking and reaction level to enhance their organisational affinity.
- **PCBLite Leader workshop**
  Conducted for HoDs and functional heads to empower them to handle people processes effectively and efficiently.
- **Workshop on carbon black industry fundamentals**
  A two-day session for new recruits to understand the carbon black industry and its operations.
- **Values and competency workshop**
  To align our people to our Group's core values and RP-SG Group competency workshop.



Training Academy at Palej


Winners of PCBL Challengers

A safer workspace for all


Safety culture at PCBL

We are focused on creating a safer workplace and a safer environment, which not only reduces chances of injuries and exposure to hazardous materials, but also creates health and safety awareness among employees, contractors and vendors.

We have rolled out an occupational, health and safety management programme across our plants. Our plants were already certified to OHSAS 18001:2007 standards. Also, we are now certified to the new ISO 45001:2018 standard. Our teams (employees and contract workers) are covered by our occupational health and safety management programme.

Hazard identification, risk assessment, and incident investigation

Work related hazards are identified through HIRA, HAZOP, JSA Techniques and actions are initiated. A critical hazard at our plants is oil splashing. To eliminate these spills, deep trays have been installed. Our engineering control methods involve replacing loose flexible hose pipe with a permanent line. Material Safety Data Sheet (MSDS) have been displayed at charge pump area and job specific PPE trainings are regularly provided to workers.

Health and safety committee

We have established Safety Committee across all plants, which consists of Unit Head (Chairperson), Safety Head (Secretary), all department heads and contract worker representatives representing each contractor.
The committee reviews the safety performance of the plant, based on which necessary actions are taken with management approval. Workers are also members of safety committee meetings, wherein they put forward their thoughts related to the safety of plants and employees and narrow down on decisive measures.

The following initiatives to create a safer workplace:

- We have a worker representative in the safety committee meetings representing each contractor, ensuring a safer workplace not only for employees but also contractors
- We provide proper training to our employees on occupational health and safety topics like working in confined spaces, work at height, lock out tag out (LOTO), forklift operations, material handling, behaviour-based safety (BBS), use of personal protective equipment, general safety awareness.
- Annual medical check-ups are also organised for workers. Thorough medical check-ups are undertaken to check if employees are fit to work in certain situations like confined spaces, at certain heights and on a forklift, among others
- Under the contractor safety management, the workers are also provided with plant and equipment training related to safety
- Implemented an online safety training calendar

Occupational health services

- We have certified first aiders in our Plant who are competent enough to give first aid treatment in case of any incident
- Annual medical check-ups are also organised for workers
- Workers undergo medical examinations to ensure they are physically and emotionally capable of working in small space or at heights and with heavy equipment

Work-related injuries

Details	2018-19	2019-20	2020-21
Number of fatalities directly employed	0	0	0
Number of fatalities per 10,000 directly employed	0	0	0
Number of fatalities indirectly employed	0	0	0
Lost Time Injuries (LTIs) per million man-hours (directly employed)	0	2	1
Lost Time Injuries (LTIs) per million man-hours (indirectly employed)	2	0	0
Number of fatalities (involving third parties)	0	0	0

Combating the pandemic

New normal demands rethinking priorities

The COVID-19 pandemic impacted lives, livelihoods, businesses, and economies. Countries took preventive measures and imposed a stringent lockdown to flatten the COVID-19 curve. We proactively took adequate steps and stepped up the safety requirements across all our offices and manufacturing facilities.









Safety measures during pandemic

Standing by our people

Proactive engagement

We launched our 'Connecting with People' initiative, wherein members of the senior leadership connected with employees through virtual platforms. The interactions focused on employee well-being and business realities, with each leader interacting with employees at least twice a week.

The HR team also arranged online contests and games to keep employees engaged and motivated. We created a closed group on Facebook -'PCBL All Together', to remain connected with the employees and facilitate employee engagement. Through this initiative, employees were encouraged to post videos and pictures of how they were spending their time during the lockdown. Additionally, the HR team also shared birthdays of all employees with team leaders to facilitate collective celebrations.

We also introduced our AI chatbot Leena during the pandemic to engage with employees and address their concerns.

Health first

- Organised medical health check-ups for all our employees and contractors
- Provided certified first-aid training to 31 employees through Red Cross Society and St. John Ambulance
- Monitoring and action compliance for EHS Indicators (unsafe act, unsafe condition, near miss, emissions) for employee and plant safety
- Conducted mock drills and emergency preparedness activities
- Provided awareness on safety and health through tool box talks
- Prepared COVID-19 guidelines for maintaining workplace safety and hygiene
- Deployed COVID-19 task force in each unit with SHE Leads as the Task Force and Flu Manager to ensure adherence to the COVID-19 Guidelines at our manufacturing units
- Periodically sanitised all our plants
- Prepared area-wise guidelines to control unhealthy practices
- Controlled employee movement in plant premises and restrooms
- Installed a COVID-19 dashboard and organised discussion reviews for continuous monitoring and regulation
- Adhered to all State and Central Government guidelines and district healthcare audits for compliance with COVID-19 guidelines
- Organised COVID-19 testing and vaccination camps for employees and their family members
- Extended our support to local areas in and around our manufacturing units by creating awareness and providing resources for COVID-19 relief

Developing a clear strategy

Remaining agile

As normalcy gradually returned, we re-arranged the entire seating arrangement at our offices, laboratories and factories to abide by the social-distancing norms. We created a COVID taskforce at every plant to ensure the applicable guidelines outlined by the Government are adhered to. The employees at plants had to wear uniforms, masks, PPEs and use the Arogya Setu app launched by the Government.

A Flu Manager was appointed and tasked with overseeing the procedure regarding the employees' health conditions at the plant premises, review the data in the register and follow the outlined SOPs, should there be any health concern. Further, COVID prevention check-sheets was maintained at our four plants and other offices which were uploaded on an online dashboard that was developed in-house. This check-sheets recorded travel history, symptoms like fever, cough and cold, breathlessness, history of contact of family members of employees with a COVID patient.

We kept sanitising the rooms and exposed areas such as doors (usually kept open to avoid physical contact), windows, tabletops, and other surfaces. The floors were also mopped once in every four hours. The employees were educated to consistently disinfect their personal devices with sanitisers and frequently wash their hands. The canteen was also sanitised at regular intervals and people were served food as a part of the laid-down guidelines.

We set up a disinfecting channel to sanitise the factory workers and materials entering the plant. We also focused on automation of certain processes to minimise human contact wherever possible. We further designed training programmes and safety precautions for truck drivers and contractual workers, ensuring safety and business sustainability.

Imparting training

We organised online webinars to train employees on scheduling virtual collaborative meetings and work on SAP-ERP modules. We leveraged self-learning through our Learning Management System (LMS), powered by Success Factors, which hosts a bouquet of online courses covering both technical and behavioural topics. We clocked in 252 dedicated man-hours during the lockdown, invested in training our employees on technical and safety subject matter, which included workshops such as Understanding GST by Finance & Accounts team, sessions on yield improvement and refractory temperature analysis by Process Technology team, CPP Preventive Maintenance and RCA sessions, bearing nomenclature, multimetre safety, hazards and safe working procedure in a battery bank, Manufacturing Excellence (ME) programmes on root cause analysis, 7QC tools, overall plant effectiveness, one-point lesson and learning events, 5S, DMT and DMAIC.

Further, based on the developmental goals received through B2MOM (Performance Management System at PCBL), employees were assigned online courses available on LMS platform for self-learning. Employees were also nominated for several online webinars conducted by our learning partners and vendors. AQMCS conducted an online certification course on COVID-19: do's and don'ts for our employees. Additionally, the learning was not limited to internal courses available with us. Employees were also encouraged to take relevant courses available on online platforms such as Coursera and Udemy, ensuring our people remain at the cutting edge when it comes to enhancing their knowledge base and skills.

Organising digital meetings

Since the lockdown, work-from-home has gained immense traction and to inculcate the 'work from anywhere' culture, and ensure business sustainability, we started conducting digital meetings. This helped us save time and effort.

Enhancing motivation

AI chatbot Leena is helping the leadership team gather real-time insights about the overall culture of the Company. This helps improve the employee experience, driving engagement and enhancing workforce. The chatbot also provides an essential platform for our employees to understand the Company's policies and procedures and raise their concerns over the platform in the form of tickets, which are acknowledged by the concerned policy owner. Additionally, Leena is also enabling seamless communication between various internal stakeholders and interest groups during these remote working days.

Bolstering digital security

We hosted our IT infrastructure on cloud service of Amazon, namely AWS, helping users to securely connect to a VPN using two-step verification process to access the data centre. This not only ensured data security but also helped us sustain business operations seamlessly.

Managing cashflow prudently

Post-lockdown, all meetings were conducted on digital platforms and physical travel was discouraged. Additionally, corporate advertising and promotion were also minimised and only mandatory capital expenditure was permitted to rationalise expenses. A specific committee was formed and tasked with renegotiating contracts with vendors/suppliers, extended credit tenures were sought from vendors and suppliers. Voluntary pay cuts also helped us better rationalise our costs.

Supply chain relationships

Stepping up execution with deeper connections

We are increasing our engagement with supply chain partners to ensure seamless operations, which help strengthen business sustainability.

Our supply chain comprises 200+ strategic supply chain partners. We have broad-based our supply network by fostering longstanding relationships with multiple vendors to reduce dependence on any particular vendor. Both domestic and international suppliers form an integral part of our logistics network. **Indian suppliers form 95% of the supply chain strength, contributing to 30% of the procurement cost and international suppliers account for 5% of the supply chain, contributing 70% of the procurement cost.**

Our manufacturing facilities are located near ports. This facilitates switching over to alternative feedstock, depending on the production requirement, without interruption. This strategy also reduces our freight cost and minimises uncertainty. Besides, this leads to lower diesel consumption, which, in turn, reduces air pollution and helps conserve natural resources. Also, key to our value chain are petroleum refiners and blenders.

We primarily use high quality CBFS such as Fluid Catalytic Cracking (FCC) bottom oil, Ethylene bottom oil and Anthracene oil for developing various grades of rubber blacks and specialty blacks.

Our primary raw material is heavy residue from the FCC units of refineries or residue from naphtha cracker units of petrochemical plants. Blenders play a major role in collecting these residues from refineries and blending them to match our specific quality requirements, rationalising logistical expense.

We have a prudent inventory management mechanism that ensures seamless operations across all our plants. Our incoming raw materials pass through stringent quality checks.



Results of our sustainable engagement

Strengthening of sustainable procurement framework

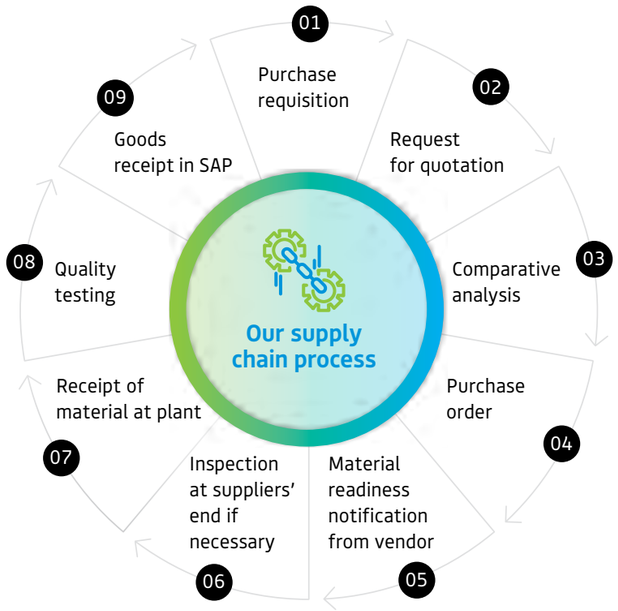
- Implementation of sustainable procurement policy
- Introducing 'Supplier Code of Conduct' for sustainable procurement

De-risking supply chain

- Increased domestic procurement of raw materials from 15% to 25%
- Developing multi-modal transportation model for cost-effective usage of domestic feedstock

Responsible consumption of resources

- Height of bulk bag increased to enhance loadability per bag and reduce polypropylene consumption per MT of carbon black
- Increased usage of plastic pallets made of recycled material



Supplier Code of Conduct

- At PCBL, we are committed to maintaining the highest standards of ethical conduct and social and environmental responsibility. We expect our suppliers to adhere to these standards in their business operations, and to have their own policies and processes in place, ensuring an ethical and sustainable supply chain. To align the suppliers to the same ethical, social and environmental goals, we have created a 'Supplier Code of Conduct', which sets out the standards expected of any supplier engaged in business with us
- The code of conduct is aligned with the principles of United Nations Global Compact, Carbon Disclosure Project, and aims to contribute to the SDGs
- We encourage our suppliers to implement best-in-class environmental and safety management practices

Making supply chain sustainable

We focus on the following parameters:

Social

- Adopting robust and relevant management practices in order to comply with applicable health and safety laws, rules, regulations and industry standards
- Training supply chain stakeholders and encouraging them to conduct training and awareness activities for employees on health and safety
- Encourage stakeholders to take reasonable actions to prevent accident and injuries by analysing and minimising risk exposure
- Encourage supply chain stakeholders to engage with local community for their social and economic development

Environmental

- Awareness training of supply chain stakeholders to implement systems and processes for responsible use of natural resources
- Regular monitoring through audits for their fulfillment of environmental needs
  a. Reduction in emissions
  b. Reduction in use of any hazardous or toxic materials
  c. Reduction in usage of power, water, paper etc.

Ethical Standards

- Ensuring business with supply chain stakeholders complying to all applicable laws and regulations within the country of operation and all other applicable international laws and regulations
- Encourage suppliers to adopt free and fair trade practices. Implement anti-bribery policies
- Ensuring business with stakeholders:
  a. who do not employ child labour
  b. who comply with labour laws such as minimum wages, overtime payment etc.
  c. who hire workforce without any discrimination on basis of race, colour, gender, age, nationality, religion, sexual orientation, marital status, citizenship, disability, veteran status, medical condition etc.

Supply chain relationships

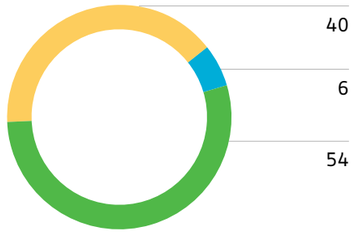


Supplier performance

We measure performance of almost 50 suppliers. Categories of suppliers whose performance is measured are raw material suppliers, packaging suppliers and suppliers supplying high-value items. Performance and regular feedback are provided to suppliers for their development. Performance evaluation parameters were quality of products, on-time delivery and service.

50 Suppliers
performance evaluated

Supplier performance (%)



- Suppliers scored in the range of 90% - 100% on the performance parameters
- Suppliers scored in the range of 80% - 89% on the performance parameters
- Suppliers scored in the range of 70% - 79% on the performance parameters

Green supply chain

We have identified the following measures for achieving responsible, green and sustainable supply chain:

Reduction in emissions and water consumption
We encourage our suppliers to identify sources of emissions like CO_2 and other greenhouse gases, SO_X, NO_X and particulate matter. Following the identification, we encourage them to make efforts to reduce emissions. We also encourage them to explore opportunities to reduce water consumption.

Efficient systems and process
Suppliers should strive towards enhancing the efficiency and performance of the equipment and processes by continuous improvement, monitoring and assessment of technology. Good practices should be followed to ensure environmental resources are valued and protected.

Reduction in the consumption of hazardous and toxic materials
We encourage our suppliers to curb their use of hazardous and toxic materials. In doing so, we also encourage the use of appropriate substitutes and replacements.

Waste management
We handle toxic waste under professional guidance, which is disposed of through authorised waste processors by the suppliers. We also do not allow toxic waste outside our premises without proper approval.

Responsible sourcing
We encourage our suppliers to analyse the waste to landfill process and strive to reduce the quantity of disposal to landfills. We focus on helping the suppliers figure out alternative waste disposal techniques to be adopted to reduce environmental impact.
We recommend our suppliers to use renewable energy sources wherever possible, ensuring improved energy efficiency and self-dependence.
We encourage our suppliers to undertake measures to identify the scope of replacing conventional energy sources with sustainable and renewable sources in their respective operations. We recommend our suppliers to focus on reducing resource consumption to improve efficiency, investing in cutting-edge technology and reusing material by innovating products and processes.

Digital communication and processes
To reduce the usage of paper, save trees and conserve environment, we encourage our suppliers to focus on digital processes for services starting from submitting quotes/tender and raising digitally signed invoices to the acceptance of payments.

Packing and loadability optimisation

We encourage suppliers to take proactive steps to reduce the environmental impact of their packaging material by developing innovative, practical solutions to modify the design and disposal method.

Our products are packaged in bulk bags and paper bags on wooden pallets and plastic pallets. We have reduced the consumption of paper bags and replaced a large chunk of packaging with bulk bags. Besides, we have also initiated the use of recycled black plastic pallets to replace virgin plastic pallets, which ensures a sustainable footprint and reduces cost.

On the loadability front, we have increased the height of our domestic bulk bag extensively and increased the size and loading capacity, ensuring decreased polypropylene consumption while ensuring cost reduction.

With reduction in the number of bags, we have reduced the number of trucks, saving fuel per tonne per km.

Local procurement

Small and medium-sized local businesses serve as vital players in a company's progress. At PCBL, we see them as critical partners in growth and have developed various mechanisms and policies to support their development. Despite expansive opportunities for local manufacturing suppliers (LMS) in the carbon black industry, most of them struggle to leverage the market landscape due to lack of infrastructure and/or specific capability. Moreover, the complex nature of the LMS' makes it difficult for the procuring organisation to understand their level of maturity in terms of technology or competence.

We recognise that developing a LMS requires a strategic approach to ensure all key areas get addressed. Besides, we understand the challenges in identifying the most appropriate LMS that will serve our purpose. Consequently, we have established a strategic local manufacturing development roadmap for our different purchase requirements.

Over the years, we have enabled different LMS' that serve our requirements for packaging, machineries and spares for machineries.

Packaging: As a strategic purchase item, we locally procure paper bags for automatic packaging machines in Mundra. Earlier, it was an imported item, but we buy it locally now. We developed the LMS by sharing our experience, technology and providing extensive opportunities to develop the required product according to international standards.

Machineries and spares: We developed local manufacturers for different types of APH bellows, alloy casting tubes, gear box, palletiser, paper bag packing machines etc., cages, filter bags by reverse engineering. We are also trying to develop APH (one of the important equipment in carbon black) locally.

Sustainable logistics

We have helped our logistics partners across road and waterways to adopt best practices and reduce in-transit losses. Better quality packaging, for instance, lowers chances of product damage, while enhancing customer satisfaction. At the same time, packaging efficiency is enhanced by loading products into bigger bags.
In a freight-sensitive industry, we enjoy an advantage on our inbound and outbound materials, owing to the strategic location of our facilities.

We are doing coastal movement of material (through ships). Hence, the buoyancy of water transportation reduces weight by 40%, enabling reduction in fuel consumption.

We conduct annual meetings with major raw material suppliers (comprising 80-90% of our purchased value) and vessel owners located outside India. We also meet our domestic suppliers frequently.
Our interactions focus on market intelligence, quality, pricing and improvement areas. Besides, we also exchange thoughts at various levels through corporate events such as industrial fairs, conferences and seminars.

Research and innovation

Unveiling new prospects for the future



We have put in place robust and scalable infrastructure. Our experts constantly look at various ways to improve the yield and performance of our products, and unlock new prospects for various downstream applications.

Our principal focus areas are:

- **Novel carbon black**
  Expansion of our carbon black product portfolio has been our primary focus, which has marked the development of novel carbon black grades and improvement in the performance of existing carbon black grades through physical and chemical modifications.
- **Process design**
  We are constantly refining our manufacturing process through the use of the latest technology to ensure greater productivity, enhanced performance of the product, cleaner grades and wider downstream applications.
- **Carbon Black Feedstock (CBFS)**
  We analyse the quality excellence of the inbound feedstock to ensure consistency in carbon black properties and performances. Intra-organisational collaboration helps explore new suppliers of feedstock and ensures superior control on the produced carbon black.
- **Industry trends**
  We keep an eye on the key trends and market realities to stay ahead of the curve and leverage opportunities arising from the trends. We also keenly follow patents and new product launches by our peers.

Our research and innovation centres serve as seeding ground for innovation, technology adoption, product development and improved customer engagement, among others. Further, we maintain stringent supervision over quality consistency and performance of our carbon black in alignment with our Quality Assurance laboratories at the four manufacturing locations.

₹80.19 cr
Spent on R&D

45+
R&D and Technology talent pool

15
Number of IPRs granted/filed

30+
New products/grades launched in the last three years

Achievements, FY 2020-21

Infrastructure

- Sushila Goenka Innovation Centre at Belgium was made operational
- Installed the modification process for carbon black
- Put in place the inline CBFS blending system

Operations

- New pelletiser design to improve pellet quality and loadability
- Combustor design for yield improvement
- Installation of high capacity conveying fan to improve plant reliability
- Maximisation of flame temperature of reactors for betterment of yield
- Make oil line modification to reduce chocking of OPH coil
- Compressed air injection in reactor to impart sustainability in product

Technology

- Developed hybrid filler technology of carbon black to expand functional performance and aesthetic appeal of the end products comprising the hybrid filler
- Introduced physical and chemical treatment of carbon black to develop powdered and surface modified carbon black for versatile applications

Research and innovation

Sustainable progress on innovation

Backed by our R&D expertise, we are constantly exploring sustainable and environment-friendly CBFS with minimum sulphur content and other contaminants to ensure that the generation of pollutant gases like SOx and NOx can be minimised.

Further, we focus on process and manufacturing technology to produce superior quality products and minimise solid wastes.

Trial run before rollout

Through the new product development planning process, we analyse sustainability of the product and focus on appropriate packaging and disposal plan for the trial run. In FY 2020-21, PCBL focused on developing new grades of carbon black.

Trial run for the following grades were performed:

- Customised ASTM carbon black grades for tyre customers
- Carbon black grades for specialised inks and plastics masterbatch applications

Sushila Goenka Research & Development Centre, Palej, Gujarat, India



Laboratory at Sushila Goenka Research & Development Centre, Palej, Gujarat, India

Objectives

- Seeding ground for the development of new products and processes
- Inter-organisational collaboration with customers and vendors
- Customising products and processes
- Creating and protecting intellectual property for PCBL

Our Sushila Goenka Research & Development Centre at Palej, Gujarat will be converted to a Green Building in the near future.

Infrastructure

- 27,000 sq. ft. built-in area
- Sprawling 80,000 sq. ft. area

Sushila Goenka Innovation Centre, Ghislenghien, Belgium



Outer view of Sushila Goenka Innovation Centre, Ghislenghien, Belgium

Objectives

- Scientists engaging in fundamental and market-driven research, promoting innovative and next-generation carbon black technologies and sustainable carbon black in line with our medium and long-term management strategy
- Development of superior quality CBFS
- Our two Research & Innovation centres are working in tandem to develop and transform new concepts with potential commercialisation value to meet customer needs

Infrastructure

- 21,528 sq. ft built in area
- State-of-the-art infrastructure and equipment facilities

Powder carbon black

The powder grade carbon black was developed between 2017 and 2021, an outcome of our relentless innovation. The project was initiated with an in-depth competitive intelligence, to map both business and technical requirements against the human capital of PCBL.

Subsequently, the infrastructure of product development was built in our R&D facilities (chemical treatment and characterisation facility) and plant level (powder packer and chemical treatment). Post the infrastructure establishment, small trials were conducted to receive customer feedback, which led to the final bulk trial to develop the supply samples.

PCBL introduced 10 new powder blacks, NuTone grade, for ink applications through accelerated research and development, coupled with a structured innovation approach.

Reducing rolling resistance and abrasion loss of rubber compounds

In the previous fiscal, we focused on developing sustainable carbon black grades, suitable for reducing rolling resistance of rubber compounds for tyre applications. This specific carbon black grade also helps improve abrasion resistance and tensile strength in tyres while lowering rolling resistance and thus increasing fuel efficiency.

The development of a customised product was triggered by the request from a major tyre company.

Client's demand

Enhanced tyre life cycle and better fuel efficiency.

PCBL's intervention

Our in-depth research identified potential ways to reduce rolling resistance as well as abrasion loss of rubber compounds. Various tailoring techniques of carbon black, such as judicious tuning of colloidal properties, aggregate size distribution and surface functionalisation was adopted to achieve the desired products.

Result

- Improved tyre life or durability
- Enhanced fuel efficiency
- Better handling of vehicles
- Reduced noise, vibration and harshness levels

Customer-centricity

Lasting relationships bolster our brand recall

Over the years, we have established ourselves as one of the most reputed carbon black brands owing to our product customisation, quality excellence and on-time delivery. We work with leading tyre companies within India and around the world. Our non-rubber customers include prominent global brands.

Customers are the principal catalysts of our business, and we believe in providing best-in-class products and services to them. 'Product responsibility' for us begins from the product development stage itself. Knowing the exact customer requirement, be it within India or outside, we have been able to develop a wide range of carbon black grades with extensive industry applications.

We have put in place the process of 'being fit' for customers' needs, product applications and regulation requirements. We are committed to manufacturing carbon blacks that comply with different food contact regulations globally, including the European Union, the US, India and China. There are a few parameters which make the Company a preferred supplier. These are collaborative efforts towards product development, best-in-class supply chain management, constant engagement and servicing, and customised grades of carbon black to meet specific requirements.

During the pandemic, we approached our customer with care and communicated with them on a regular basis to strengthen our relationship with them. Our digital focus enabled us to service our customers even in the most testing times, which helped us maintain our retention rate.

Committed to the core

We are delivering solutions to our customers through:

- On-time delivery
- Prompt response on product concerns
- Consistency in product performance
- Benchmarking products to global standards
- Interactions with customers at regular intervals
- A strong virtual communication infrastructure

We stood strong in the face of the COVID-19 pandemic and reorganised ourselves to be nimbler and more responsive towards our customers, while significantly sharpening our innovation focus. At PCBL, customer satisfaction continues to be our key priority.

We undertake a customer satisfaction study annually. The satisfaction study is being captured with multi-disciplinary approach through various feedback mechanisms as mentioned below:

- Customer satisfaction survey
- Analysis of customers' regular feedback on:
  - Concern/issue resolution
  - Supplier's performance rating assigned by customers
  - Findings of various audits conducted by customers
  - Regular interaction with customers at different levels

Customer engagement platforms

Direct: We connect with customers to understand their requirements while also developing new products by touching base with the department concerned.

Supply chain partner: We rely on supply chain partners to understand the specific requirements of niche markets or geographies. The supply chain partner is our gateway to reach micro-level customers and cater to their needs with our advanced technology.

Global conferences: We participate in conferences and exhibitions across the world to foster alliances with existing customers. Also, we reach out to prospective ones and communicate the evolving nature of our business.

Respond with speed

We single-handedly deal with customer complaints. It is managed through SAP, wherein, once any complaint is raised by any customer, it automatically gets registered in the system. The technical service team coordinator reaches out to the cross-functional team of the plant to identify the root cause of the problem and undertakes corresponding actions to mitigate the issue. On identification of the root cause at the plant level, the complaint is closed in the SAP system and the root cause analysis (RCA) report is submitted to customers via the marketing team. Besides, any action plan taken in one plant is deployed across the organisation, ensuring effectiveness of the corrective actions, which are reviewed through internal audits and customer feedback.

Number of customer feedback addressed in FY 2020-21

Rubber	Non-rubber	Total
47	28	75

Elevating product quality

Objective

- Development of low hysteresis carbon black for major tyre manufacturers
- Development of carbon black for tyre tread application i.e. low rolling resistance and improved mileage

Interventions

We ensure that our newly developed products are in line with our quality consistency, while meeting evolving market demands. In achieving this objective, our global R&D team focuses on delivering benchmarked products on the basis of the following inputs:

- Taking key notes on techno-commercial requirements of next-generation products/applications for tyre and non-tyre industries
- Re-engineering innate properties of the carbon black grade to meet product specifications
- Develop target products in association with process technology and manufacturing teams
- Validate product performance of newly-developed grade not only at the R&D centre, but also at the customers' end under joint product development process

Outcomes

We have developed three new grades of carbon black to cater to potential business requirements for the tyre industry in the foreseeable future:

Grade Reference	Application	Benefit
N100 Series	Tyre tread	Low heat build-up and low abrasion loss
N200 Series	Tyre tread	Low rolling resistance and low abrasion loss
GAP Black	Tyre inner parts	Low hysteresis carbon black

Sustainable products

Our top three products which have been designed incorporating social or environmental concerns are as follows:

In support of Toluene & Ketone (NTNK) free solvent base ink for Gravure printing

We have recently introduced few grades by following future trends & current environmental laws applicable for ink segment. Our new grades comply with REACH and other European norms like EN 71-3 (Toy Norms), ROHS, SVHC & content low PAH substances in support to food safe packaging. These grades also help in preparation of lithographic Ink with low water uptake property which reduces usage of water during offset printing. These new grades are easily dispersed during production without multi pass processing and save energy cost.

Role of Carbon Black in drip irrigation

We have developed this product by focusing on the drip irrigation segment by obeying green norms. Carbon black improves the long-term performance of drip irrigation systems. It resists UV rays and prevents degradation. It gives superior dispersion to avid microscopic defects of the pipe walls. This will also help to increase the life of the product and reduce the energy, cost of manufacturing and wastage of water.

Carbon Black for fertiliser

We have developed this product for colouring the fertiliser. This is a new application of carbon black which we identified. Since this product will be ultimately used for crop application, this product complies with European food contact regulation EC 10/2011, which ensures certain degree of purity in the carbon black. Two leading fertiliser producers in India already approved this product and product is under industrial trial.

Community commitments

Widening the arc of community investments

We believe in giving back to the communities we work with. In doing so, we have created the foundation of a sustainable ecosystem around our manufacturing units through strategic targeted interventions in the realms of education, health and sanitation, environment sustainability and holistic community development.

CSR Policy

We have steadily upheld our tradition of community service and tried to reach out to the underprivileged to empower their lives and provide holistic development. Our focus areas comprise increasing access to health, education, environment sustainability, community development and holistic development, particularly for the underprivileged people living around our manufacturing units and other establishments.

Our Policy also puts emphasis on leveraging the full range of the Company's resources to broaden access to basic facilities for the underserved population. We wish to formalise and institutionalise our efforts made in the domain of Corporate Social Responsibility; and this policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the policy's spirit. This policy applies to the Company's entire range of CSR initiatives for the benefit of different sections of society.

The CSR Policy formulated by the Board of Directors creates an over-arching future direction, to benefit the Company and each of its stakeholders. The projects are undertaken in consultation with stakeholders to ensure that they are relevant and respond to the needs of the community for which they are implemented.

The projects are mostly undertaken by the Company's in-house team. We have involved our employees as volunteers engaged with various projects. Additionally, every project has a committee that participates in, and contributes to the project. We adopt a participatory approach while planning and implementing the community development initiatives. Our CSR projects at several locations are developed in consultation with and participation of various stakeholders, including the local communities. Moreover, stakeholder consultations are held at regular intervals for all projects to ensure sustainability.

We conduct periodic assessment of projects under the broad umbrella of CSR initiatives. The Committee of the Board of Directors formulates and recommends to the Board a direction. It indicates the activities to be undertaken by us, recommends the amount of expenditure to be incurred on account of CSR activities, monitors the CSR Policy and reviews the implementation of projects and programmes undertaken by the Company during the year.

Reports are sought from implementing agencies, wherever they are involved, to understand the impact of initiatives.

In-house projects are also reviewed and monitored regularly.

Besides, the CSR Committee is also bestowed with the responsibility of reviewing, monitoring and providing a strategic direction to the Company's sustainability practices and integrating its social, environmental and economic responsibilities. During the year, the CSR Committee of the Board of Directors met twice to review the implementation of CSR activities and the Company's sustainability performance.

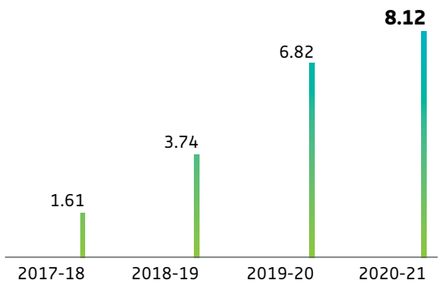
Zero

Non-compliance with laws and regulations in the social and economic area

CSR Committee Composition

Mr. Kaushik Roy	Chairman
Mr. Shashwat Goenka	Member
Mr. K S B Sanyal	Member

CSR Expenditure (₹ in crore)



Community commitments

Education

We promote education and ensure the rise in literacy rate in our operating areas. We provide financial assistance to government-run schools in the vicinity of our facilities; and help them in infrastructure development, computer literacy programmes, facilitation of tuitions. We help promote sports for school children and distribute school-aid materials and uniforms.

Amenities to facilitate education

We undertook measures to provide basic amenities to the underprivileged students of Khudiram Colony School, such as:

- Study materials
- School bags
- School uniforms
- Shoes and socks

Other measures undertaken were:

- Completing the school's paintwork
- Repairing the school roof
- Providing basic amenities such as table, chair and almirah for teachers
- Providing wooden benches for students

Supporting rural students

Some schools are located in the Vadavucode – Puthencruz Panchayat near our Kochi factory. They were in poor structural condition and posed a serious threat to students. The Panchayat authorities approached us for financial support for the renovation. We contributed a lump sum amount of ₹12 lakhs towards renovation.

Before



After



Government Upper Primary School Puthencruz, Kochi

Before



After



Government J.B School, Brahmapuram, Kochi









CSR initiatives at Mundra, Gujarat

Community development

We undertake initiatives to strengthen community infrastructure in the areas of our operation. We provide financial assistance to various external projects in backward areas. Our initiatives comprise: constructing places of worship, construction of traffic barricades, contribution to excavation and beautification of roads and brickwork in the surrounding areas, promoting agricultural and rural development, facilitating transportation work, funding for village development work, and providing for street lights in rural areas.

We run our own socio-economic development initiatives in and around our manufacturing units. We continue to do our best to support our communities during the pandemic. We have also contributed to the PM CARES Fund.

Health and sanitation

Health and sanitation have always been a focus area in rural areas. Following the pandemic, the focus has increased drastically on creating health and sanitation awareness among the rural populace. We have helped build individual household toilets under the Swachh Bharat Abhiyan. We have also organised blood donation camps and medical aid in an event of the Bengal Chamber of Commerce and Industry (BCC&I). We have funded projects in backward areas that focused on infrastructure development and livelihood generation. Each factory focuses on driving safe workplace initiatives, ensuring zero fatal accidents at our plants.

COVID infrastructure, Durgapur: We provided a thermal screening gun to the Coke Oven Police Station in Durgapur and also facilitated them with a water cooler to cope with the intense summers of Durgapur. Further, we extended our help to the people of Khudiram Colony who were suffering due to the scarcity of basic amenities such as rice, pulses and potatoes, among others.

COVID relief, Palej: We distributed food packets totalling 4,600 kg of rice and other grains to financially backward families at Palej during the pandemic, owing to the fact that most had suffered income loss, illness and economic hardship.

We provided 10 oxygen cylinders to the COVID Centre.

COVID treatment, Mundra: People with lung infections and severe breathing problems are more susceptible to the virus. High Flow Humidifiers are an effective equipment suited for the treatment of such critical patients. We received an appeal from the Deputy Collector of Mundra for humidifiers, following which, we donated H-80 Series High Flow Humidifiers to the district hospital in Bhuj at the cost of ~₹3,04,500.

Environment sustainability

In doing our part as a responsible corporate citizen, we have invested in equipment and systems to generate renewable energy, manage waste, harvest rainwater and create green belts. Riding on the back of our R&D strength, we have also initiated a process to generate power from the tail gas of the carbon black process, replacing an equivalent amount of fossil fuel. Further, we reached the Zero Liquid Discharge (ZLD) status by commissioning a new water treatment plant in the water-starved areas of Gujarat, was a major initiative in boosting business sustainability. During the year, we supplied organic fertilisers, cow fodder and grass to drought-prone villages located close to our plants. We planted saplings inside and outside our factory premises, developing green belts.

Going forward, we plan to align ourselves with the National Action Plan on Climate Change (NAPCC) of the Government of India to mitigate the threat of global warming/climate change through continuous improvement in every sphere of our operations.

Vegetable cultivation, Kochi: This project was initiated by us to increase the vegetable crop area of 20 acres around the Panchayat with active participation of residents, farm clubs and individual farmers. The first phase of the project was successfully completed in September 2019. Following the grand success of the first phase, we initiated the second phase and contributed ₹7,25,000 towards the initiative, helping harvest 120 tonnes of vegetables as on March 2020.

Sapling plantation in and around Durgapur,Palej, Kochi & Mundra : On the occasion of World Environment Day on June 5, 2020, we organised a sapling plantation drive, which comprised the following initiatives:

- Planted 5,000 + saplings in and around Durgapur, Palej, Kochi and Mundra units
- Road march and slogan to spread awareness about plantation in the nearby areas with banner displays at the plant gates



Distributing food essentials during the pandemic, Palej



Vegetable cultivation project, Kochi



Blood donation camp at Durgapur

EcoVadis ratings

We were awarded the Silver Medal by EcoVadis in recognition of our CSR achievements. EcoVadis is a rating platform to assess corporate social responsibility and sustainable procurement.

Driving inclusive and participatory progress

Management approach

Operational capability is what we steadily build on, while adhering to the highest ethical standards. We ensure all our business activities are conducted in accordance with ethical principles, internal policies, procedures, and relevant laws and regulations. Our corporate governance structure ensures effective management of stakeholder expectations and helps us evolve with changing times.

Through our Enterprise Risk Management (ERM) framework, our management aims to identify risks that may negatively impact accomplishments of our strategic objectives and adequately manage, monitor, and report those risks. Our units work towards ensuring 100% compliance with all the applicable laws.

We are consistently growing our market presence, revenue and profitability. While doing so, we remain committed to responsible growth through innovations, technological advancements and diverse product portfolios with best-in-class offerings.

Material topics

- **Ethics and governance**
- **Compliance**

Sustainable Development Goals



Corporate Governance

A culture of strong accountability

Good governance is at the very core of how we operate our business and we strongly believe in implementing good corporate governance across the entire organisation. Our aim is to ensure the highest standards of ethical and responsible conduct. Our robust corporate governance framework ensures effective engagement with our stakeholders and helps us evolve with the changing times. We have robust cyber security practices and data governance to protect sensitive employee and consumer data.

Our governance framework is structured primarily on an effective and Independent Board of Directors and the constitution of the committees of the Board of Directors, as required under applicable laws. Our idea of good governance is ensuring the highest levels of transparency, accountability, awareness and equity in all aspects of operations.

Our management provides the Board of Directors with detailed reports on a timely basis for increased transparency and improved monitoring of functions. Professionalism is a value inculcated in all our employees, and the executives tasked with certain responsibilities have the necessary authority delegated to them and are also held accountable for their actions and responsibilities.

As a listed company, we are in compliance with the applicable provisions of the Listing Regulations, as amended with respect to Corporate Governance, including the appointment of the Independent Directors and constitution of the committees. The Board of Directors function either as a full Board or through various committees constituted to oversee specific operational areas. Our continuous endeavour aims at designing and improving the flow of activities in an effective manner and ensuring economic prosperity and long-term value creation for the enterprise as well as for the stakeholders. The Company has a strong legacy of fair, transparent and ethical governance practices.

In order to ensure we are complaint with statutory regulations, we have both internal and external auditors in place. Further, we have forayed into a digital journey with the adoption of automation in certain processes.

Our Board of Directors

We have a strong and active Board of Directors, who ensure the highest level of corporate governance with their experience and knowledge. Our Board of Directors comprise nine board members, including five Independent Directors. Our Board is diverse in terms of skills and expertise in the fields of global business, strategy and planning, leadership, legal and regulatory matters, finance, environment, social and governance, risk management and relevant technologies. The Board meets at least once a quarter to review our performance and provide their valuable insights.



Kaushik Roy (MD-PCBL) recognised with the Management Excellence Award by CMA (Calcutta Management Association)

Board of Directors



Dr. Sanjiv Goenka
Chairman



Kaushik Roy
Managing Director
C C M



Preeti Goenka
Non-Executive Director



Shashwat Goenka
Non-Executive Director
M



K S B Sanyal
Non-Executive Director
Independent Director
M M M M



O P Malhotra
Non-Executive Director
Independent Director
C M



Paras K Chowdhary
Non-Executive Director
Independent Director
C M



Pradip Roy
Non-Executive Director
Independent Director
M M



Rusha Mitra
Non-Executive Director
Independent Director
C M

At PCBL, we believe in earning the right to grow through efficiency, values and integrity. We lead from the front in thought and action. We follow the highest standards of corporate governance and are very mindful of the environment.

– Dr. Sanjiv Goenka, Chairman

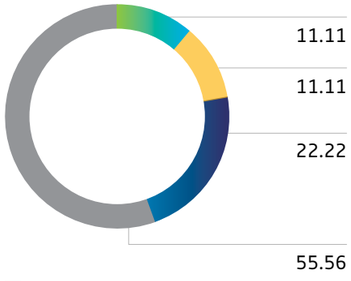
Committees

Audit · Nomination and Remuneration · Stakeholders Relationship
Risk Management · Corporate Social Responsibility · Ⓒ Chairman · Ⓜ Member

Corporate Governance

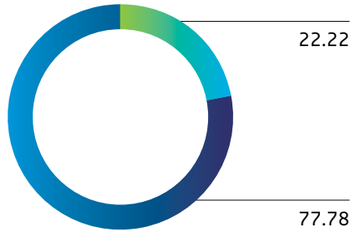
Board cross-section

Composition of the Board (%)



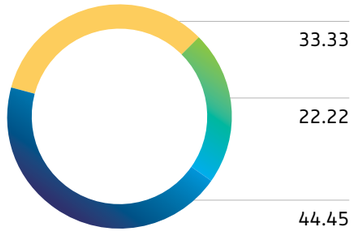
- Chairman & Non-Executive Director 1
- Executive Director 1
- Non-Executive Directors 2
- Non-Executive Independent Directors 5

Diversity of the Board (%)



- Male: 7
- Female: 2

Tenure of Directors



- 0-5 years: 2
- 6-10 years: 3
- 15+ years: 4

Board attendance

The Board of Directors met four times during the financial year ended 31st March, 2021, details of which are depicted below.

Date-wise attendance

Date	Board strength	No. of Directors present
23rd June, 2020	9	9
25th August, 2020	9	9
16th October, 2020	9	9
20th January, 2021	9	9

Director-wise attendance

Name of the Director	Board Meetings		Attendance at the last Annual General Meeting held through Video Conference
	Held during tenure	Attended	
Dr. Sanjiv Goenka	4	4	Yes
Mrs. Preeti Goenka	4	4	Yes
Mr. Shashwat Goenka	4	4	Yes
Mr. O.P. Malhotra	4	4	Yes
Mr. K.S.B. Sanyal	4	4	Yes
Mr. Paras K. Chowdhary	4	4	Yes
Mr. Pradip Roy	4	4	Yes
Ms. Kusum Dadoo *	4	4	Yes
Mr. Kaushik Roy	4	4	Yes

*Ms. Kusum Dadoo has tendered her resignation as an Independent Director from the Board of Directors of the Company w.e.f. 4th February, 2021 owing to personal reasons. Ms. Rusha Mitra was appointed as an Additional Non-Executive Independent Lady Director of the Company w.e.f. 8th April, 2021 for a tenure of 5 years and the same was approved by the Shareholders of the Company at the AGM held on 22nd June, 2021.

Board committees

The Board committees play a crucial role in the organisation and are constituted to review and deal with specific concerns and impact areas. The Board supervises the execution of its responsibilities through the committees and is responsible for their actions. The Chairman of the respective committees informs the Board about the summary of the discussions held in the committee meetings. The minutes of each such committee meeting is placed before the Board for review, at regular intervals. Currently, there are six committees of the Board.

Audit Committee

This committee is tasked with supervising our financial reporting process and the disclosure around our financial information to ensure that the financial information is correct, compliant and credible.

Nomination & Remuneration Committee

This committee has the responsibility for the nomination of Directors, appointment recommendations and recommendation of policies relating to remuneration of the Board of Directors, key managerial personnel and other senior managerial personnel.

Stakeholders' Relationship Committee

Identifying shareholders grievances and reviewing measures undertaken for the redressal of these grievances are the primary tasks of the committee.

Independent Directors Committee

This committee assesses the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Risk Management Committee

This committee assists the Board in formulating, monitoring and reviewing the entire risk management process.

Corporate Social Responsibility Committee

This committee is tasked with formulation of CSR policies and monitoring progress in our social, environmental and community development aspects.

Read more in the Corporate Governance section of our Annual Report 2020-21

Corporate Governance

Performance evaluation

The performance evaluation criteria for Non-Executive Directors, including Independent Directors, laid down by the Nomination and Remuneration Committee, includes

- Attendance and participation in Board meetings
- Preparedness for these meetings
- Understanding of our Company and the external environment in which we operate
- Contribution to strategic direction
- Raising of valid concerns to the Board and constructive contribution to issues and active participation in meetings
- Engaging with and challenging the management team without being confrontational or obstructionist

Board activities

The key matters considered by the Board during the year are set out below:

Financial performance

- Reviewed and approved the quarterly and annual results and trading updates
- Reviewed and approved the PCBL Annual Report and financial statements, ensuring they are fair, balanced and understandable
- Considered dividend recommendations and declarations aligned to our stated dividend policy
- Reviewed and approved the business plan for 2020-21 and the budgets, considering assumptions made and the reasonableness of the plan while focusing on the operational overviews, cash flow management and capital allocation

Strategy formulation and monitoring

- Strategy review session, considering current objective, its strategic focus, options for future growth, ensuring long-term sustainability
- Discussed and implemented the simplification of our corporate and operating structure
- Considered and approved a number of capital expenditure projects, taking into consideration the interests of key stakeholders
- Regular review of competitor and market analysis

Operational performance

- Detailed reports in relation to the fatalities and injuries and oversight of management's response
- Oversight on capacity utilisation, employee safety and environment protection among others
- Reports from the unit heads of the plants
- Monitored the implementation of a number of large capital projects, including capacity expansion and new R&D innovation (Belgium)



Governance and stakeholders

- Regular reports from the Chair of each committee
- Reviewed the PCBL's corporate governance framework in light of governance and regulatory developments
- Reviewed investor feedback
- Reviewed employee engagement and customer satisfaction survey results
- Reviewed feedback and inputs from key stakeholders
- Reviewed principal policies of PCBL
- Reviewed relevant details for the Annual General Meeting, in particular feedback received from shareholders and voting indications

Leadership

- Considered /recommended changes to the leadership team
- Considered succession and talent management plans, including initiatives to improve diversity ratios

Leadership team

Total industry experience



Kaushik Roy
Managing Director
30 years



Raj Kumar Gupta
Chief Financial Officer
23 years



Kaushik Mukherjee
Company Secretary & Chief Legal Officer
29 years



Sabyasachi Bhattacharya
Chief - HR & IT
30 years



Utpal Saha
Chief - Project Commercial & Environment Compliance
41 years



Arun Batra
Chief - Specialty Blacks
31 years



Jiten Keluskar
Chief Procurement Officer
30 years



Vijay Joshi
Chief - Operations
32 years



Girish Singh
Chief - Projects, Specialty Process & Technology
45 years



Dr. Mosongo Moukwa
Chief - Global R&D
30 years



Gautam Kalia
Chief - International Markets (Rubber Blacks)
25 years



Mainackya Ghosh
Chief - National Markets (Rubber Blacks)
22 years



Sinjan Pal Majumdar
Head - Business Development and Technical Services (Specialty Blacks)
27 years



Sudipto Kumar Ghosh
Head - Projects
26 years



Saibal Neogy
Head - Planning & Customer Service
33 years



Valerie Smits
Head - Innovation Centre, Belgium
25 years



Soumyendra Mohan Lahiri
Unit Head - Durgapur
Head - Manufacturing Excellence and EHS
35 years



Naresh Parekh
Unit Head - Mundra
35 years



Kingshuk Bose
Unit Head - Palej
29 years



Kevin Simon Chittilappilly
Unit Head - Kochi
12 years

Risk management

Strengthening our safeguards

A robust risk management framework enables us to proactively manage risks emanating from the internal and external environment. As a result, we have been able to consistently create value for all our stakeholders, despite industry cycles and economic headwinds.

According to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a company must educate the Board Members on risk assessment and mitigation strategies. The Board is deemed responsible for framing, executing and monitoring of the risk management plan for the Company.



Risk mitigation plan

The Board takes the following steps as a part of its risk management and mitigation plan:

- Defines the roles and responsibilities of the Risk Management Committee
- Participates in major decisions affecting the organisation's risk profile
- Integrates risk management reporting with the Board's overall reporting framework

Risk Management Committee comprises the following members:

Name	Position held	Nature of Directorship
Kaushik Roy	Chairman	Managing Director
Paras K Chowdhary	Member	Non-Executive Independent Director
Pradip Roy	Member	Non-Executive Independent Director

Risk management

Identification and assessment approach
Anticipating and estimating of the probability of occurrence, severity, category and rating of risk

Prevention and control strategy
Articulating measures to avoid occurrence of risk, limit its severity and reduce its consequences

Monitoring
Inspecting effectiveness of controls, responding to the results and improving the approach

Reviewing and reporting
Management review at appropriate intervals (at least once a year)

Economic

Definition	Mitigation strategy
Economic risk	
Prolonged slowdown in the global and Indian economy may adversely impact our business prospects. **Likelihood of occurrence:** Medium	• Our senior leadership team maps emerging trends, changes in regulations and economic environment to course-correct business strategies • Impact assessment studies are conducted, whenever considered necessary
Country risk	
Risks associated with investment in any country arising out of uncertainty in political, economic, exchange rate or technological investments which could result in losses. **Likelihood of occurrence:** Low	• We evaluate country risk ratings by accredited agencies • We conduct detailed study on the economic, political, social and structural factors prevailing in the country • There are detailed discussions and deliberations in the senior leadership team and Board of Directors
Investment risk	
Timely completion of projects and ensuring projects do not overshoot the budget capex that may impact cash flow or increase debt burden. **Likelihood of occurrence:** Low	• We undertake detailed project planning and feasibility study before initiating a project • We organise frequent review meetings on the update of such projects and schedule the key events properly to streamline the projects • We hire trained people to oversee the project; and leverage cutting-edge technologies to ensure timely deliveries
Supply chain risk	
Disruption in supply of materials from the major suppliers would adversely affect operations. Further, volatility in crude prices may affect both raw material prices and end product prices, impacting profitability. **Likelihood of occurrence:** Low	• We maintain strong and enduring relationship with our suppliers and maintain alternative sources in case of exigencies • The senior management develops the weekly production plan and maintenance of a reasonable stock of Class A materials, to mitigate the risk • We offset the raw material price escalation by increasing non-contract sales price and undertaking specific cost-reduction initiatives • A significant portion of our volume is sold based on formula driven price adjustment mechanism, which allows for recovery of the changed raw material cost from customers
Downstream risk	
Any slowdown in downstream industries may jeopardise the Company's growth. **Likelihood of occurrence:** Medium	• We mitigate the risk by diversifying our product portfolio, ensuring a widespread geographic footprint and a large customer base
Rate risk	
Sale of power also contributes a significant proportion to our total revenues; and any change in power tariff may affect our profitability as well. **Likelihood of occurrence:** Low	• We foster strategic bilateral power purchase agreements for short, medium and long-term
Competition risk	
Competition from industry peers pose a threat to our market share and profitability. **Likelihood of occurrence:** Low	• Customer feedback and review meetings help us ensure their satisfaction • We are strengthening market intelligence and product differentiation

Risk management

Definition	Mitigation strategy
Operational risk	
Due to high automation in the production process, any breakdown in a machine could affect the entire operation. **Likelihood of occurrence:** Medium	• To be in full control of the manufacturing process, we monitor the entire operations and have implemented predictive and preventive maintenance programmes and overhauling of equipment
Financial risk	
Fluctuation in interest rate impacts our profitability. Further, inability to manage working capital effectively and ensuring adequate liquidity is yet another risk. We are also subject to non-payment risks from our debtors, adversely impacting profitability. Further, failure of complying with the conditions of our borrowing arrangements could impact our credit ratings. **Likelihood of occurrence:** Medium	• To cushion ourselves from the interest rate risk, we maintain an optimal mix of fixed and floating borrowing rates. We regularly monitor the liquidity position and the cash in hand to ensure operational fund requirements are met • The surplus cash generated over and above the operational fund requirements is invested in bank deposits, marketable debt securities and debt mutual fund schemes, which are highly liquid in nature • To mitigate credit risk, we have put in place policies and procedures for every customer, based on their credit profiles and any change in their credit rating, regulatory changes, industry outlook and payment history is vigilantly monitored • We also take different payment security modes for protecting ourselves against the payment from sale of power. Further, to avoid defaulting on any of our payments, we monitor our key debt covenants very carefully
Currency risk	
Depreciation of the Indian rupee against foreign currencies impact profitability. **Likelihood of occurrence:** Medium	• We maintain an optimal mix of domestic and international sales to cushion ourselves from currency fluctuation risk • To control this currency risk better, we hedge our foreign currency exposure through forward contracts and cross currency interest rate swaps
Product development risk	
Forays into new products in which we have limited experience and expertise may affect successful implementation and adversely affect business performance. **Likelihood of occurrence:** Low	• Our R&D capabilities are assessed, and product gaps identified. Only post which, we invest and proceed further on a product development project • We conduct regular testing of the products at the customer site early on to ensure that the product meets the customer requirement and helps the customer • Before developing the product, informal market research is carried out to estimate the demand
Technology risk	
The risk of technology obsolescence puts us at a risk of not being able to comply with quality standards and efficiency. **Likelihood of occurrence:** Medium/low	• The management and the technical team keep updating themselves with the latest technological upgradations and qualified personnel are appointed to review the technology in use
IT risk	
Disruptions in the information technology space coupled with network failures can lead to security breaches and unapproved dissemination of sensitive proprietary information. **Likelihood of occurrence:** Medium	• We use best-in-class software and hardware to ensure less bottlenecks and improved security. A 24x7 monitoring of critical IT systems and frequent technology upgradation ensure smooth operations • To mitigate connectivity loss, data-card and VPN-based access is given to core SAP systems for most critical transaction points like logistics and billing, among others • We also monitor security and keep enhancing them at all internet gateways • Further, we implement robust Intrusion Prevention System (IPS) engine at all gateways to protect ourselves from security breaches • To educate and create awareness among our employees on security breaches, we conduct e-learning programmes about emails and other information technologies, along with rigorous internal audits • At the Company-level, we are also trying to counter targeted cyber attacks by strengthening the ability to identify suspicious emails and monitor website security

Environment

Definition	Mitigation strategy
Substitute risk	
Risk of carbon being substituted with environment-friendly products like silica would have an adverse impact on our profitability. CBFS is derived from crude, which is very economical at the moment. However, if crude prices rise and alternatives like CBFS from coal tar become more economical, it will affect operations and profitability. **Likelihood of occurrence:** Low	• Our research team conducts market research, feasibility study and gap analysis to identify product needs before moving ahead with the production of a particular carbon black grade • In case carbon black is moved to a coal tar-based CBFS, the new input material would be tested for reliability, and the process would be modified as and when required
Regulatory risk	
Failure to comply with stringent regulatory norms can adversely impact operations. Certain legal proceedings can adversely impact the continuity of plant operations. Further, changes in environmental norms may mandate implementing Flue Gas Desulphurisation (FGD), which would again require capital expenditure, and a recurring operating cost. **Likelihood of occurrence:** Low	• We monitor our regulatory compliance through Management Information System (MIS) • We also identify the applicable acts, directives and regulatory requirements for manufacturing, employee health and safety, environment and governance to have a clear idea of the norms which are a mandate for us • Further, to be ahead of the legalities, we maintain a list of pending legal cases, monitor them closely and make provisions wherein we feel there is a chance of an adverse impact on operations • If the FGD mandate comes in, we would carry out an impact assessment study for the impending changes and ensure a smooth transition
Environment impact risk	
Negative impact on environment may hamper operational sustainability. **Likelihood of occurrence:** Low	• Using the process emission (off-gas) for power generation • Preventive measures to arrest leakage • Adherence to ISO14001:2015 (Environment Management System standard) • Increasing awareness through regular trainings
Climate change risk	
Climate related risks are created by a range of hazards like changes in temperature, precipitation leading to droughts, or agricultural losses, tropical storms and floods among others. The likely effect of these could impact business as usual. **Likelihood of occurrence:** Low	We are actively monitoring our GHG emissions and working to reduce these. We engage with our stakeholders on the matter and take action on concerns. We evaluate climate change risks and take appropriate measures to control these.

Social

Health risk	
The COVID-19 pandemic has brought in disruptions and impacted our operations. **Likelihood of occurrence:** Low	• Strict adherence to SOPs for following the highest level of health and hygiene, protecting the spread of the pandemic in our manufacturing units, regional offices and corporate office • Conducted vaccination drive for employees and their family members across all operating locations
Safety risk	
Any incident at the plant premises would again affect operations. **Likelihood of occurrence:** Low	• To be on top of accidental losses or mishaps, we have a dedicated hazard identification and risk analysis team for each process and also the entire suite of fire hydrant system, smoke detectors and CCTVs installed across the plants • We also create safety awareness among our employees through learning events • We have a comprehensive insurance cover for fire at offices, warehouses and factories, theft at offices and factories, medical benefit for employees and transit insurance

Risk management

Definition	Mitigation strategy
Human resource risk	
Inability to attract and retain top talent could adversely affect our operations. We might also face labour disruption and other planned and unplanned outages, adversely impacting operations. Relying on contractors for recruitment of contractual labourers can make us liable towards labourers under applicable Indian laws. **Likelihood of occurrence:** Low	• We have a robust recruitment process, which is transparent and fair, helping in hiring the right candidate for the right job • To ensure remuneration is at par with industry trends, we undertake salary benchmarking and motivate employees with incentives to align the organisational goals with that of the employees • Our employees are required to sign a 'non-compete' agreement with us, ensuring higher retention • Bi-annual talent review and succession planning also motivates our employees and ensures higher retention • Continuous feedback and monitoring are in place to ensure least planned outages, especially from the labour union • Further, we also design proper agreements, which outline our rights and obligations

Governance

Compliance risk	
Inability to adopt the fast-evolving laws and regulations could affect business operations. **Likelihood of occurrence:** Low	• Capturing regulatory requirements of different countries and complying with international regulations and norms • Engaging an expert agency as 'only representative' to help in REACH registration and meeting regulatory requirements for export of carbon black to European countries • Emphasising continuously on updating domain knowledge, analysing and highlighting implications and staying ahead of the compliance curve
Reputation risk	
Loss of goodwill of the company may impact business growth and profitability **Likelihood of occurrence:** Low	• We have established ourselves as one of the reputed carbon black brands owing to our product customisation, quality excellence and on-time delivery • Robust policy framework along with regular training and awareness programmes on ethics, integrity, governance and compliance

Embracing newer opportunities

PCBL evaluates key opportunities across digitisation, new products, new markets and new technology while assessing the key market trends for risks. It's a periodic process which is communicated to the Senior Management along with the approach to ensure best outcomes. Moreover, per capita low penetration of motor vehicles in developing economies, growing industrialisation in emerging economies, personal mobility preference in the wake of COVID-19, older vehicle scrappage policy in India provide wider opportunities for growth for the downstream industries we cater to, driving demand for carbon black.

Disclaimer: The management cautions readers that the risks outlined above are not exhaustive and are for information purposes only.
The management is not an expert in assessment of risk factors, risk mitigation measures and the management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

Compliance and policies

Conforming to best industry practices

We have institutionalised policies and frameworks that are accepted globally in the industry in which we operate. These practices demarcate our boundaries and guide us in our way forward.

We adhere to the mandatory requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets. No penalties or strictures were imposed by SEBI, stock exchanges, or any statutory authorities on any matter related to capital markets during the last three years.

Code of conduct

We believe that economic value cannot be sustained unless it is created on a foundation of ethics and responsibility. It has a strong legacy of fair, transparent and ethical governance practices. We have a 'Code of Conduct for Board Members and Senior Management Personnel' in place to serve as a guiding principle for all Directors and Senior Management of our Company.

A Board-approved policy on 'Ethics and Code of Conduct' serves as a guiding principle for PCBL's corporate governance philosophy, which is anchored in the RP-Sanjiv Goenka Group core values of:

- Customer First – Keep customer at the core of every action,
- Execution Excellence – Strive to be the best in everything we do,
- Credibility – Instill trust, confidence and accountability with our actions,
- Agility – Move ahead of time quickly
- Risk-taking – Dare to go beyond
- Humaneness- Be fair,respectful, transparent and sensitive.

PCBL employees are bound by the 'Ethics and Code of Conduct' policy for conducting their day-to-day work affairs, participating in activities outside their jobs in a lawful manner and without any conflict with their responsibilities as employees.
The policy is also intended for ensuring fair dealings with customers, suppliers, contractors and other stakeholders of our business.

As a part of the Corporate Governance structure and the Code of Conduct, the Company has placed necessary safeguards to avoid any conflict of interest. The management is required to confirm that it has not entered into any material transaction that may have potential conflict of interest to its business.

Ethical business conduct

Category	Number of complaints filed during the financial year	Number of complaints pending as on the end of the financial year
Child labour/forced labour	0	0
Involuntary labour	0	0
Sexual harassment	0	0
Discriminatory employment	0	0
Shareholders' complaints	2	0
Legal non-compliances	0	0

Compliance and policies

Anti-bribery policy

We continue to have a stated policy of zero tolerance towards bribery and corruption. We have a strong anti-bribery policy, which validates our responsibility towards anti-corruption laws around the world to ensure that third parties that we engage with abide by these laws. The scope of the policy extends to all employees, officers, directors, consultants, and contractors working with us. We have a very stringent zero-tolerance approach towards offenders, and we consider the violation of such an act to be ethical corrosion of the highest standards.



Increasing awareness about anti-bribery policy

Child labour policy

To ensure an ethical working environment is in place, we uphold the laws of the nation. We comply with the laws to ensure a child-labour free society. We abide by the Child and Adolescent Labour (Prohibition and Regulation) Act of 1986. Under the child labour policy, we ensure :

- No child is ever on our payroll or that of our supply chain partners
- Encourage our business partners to abide by the child labour policy. Further, we also state that upon violation of the policy, we would take serious actions against the particular business partner, which also includes discontinuation of business relationship

Whistleblower policy

We also have a whistleblower policy in place that provides for adequate safeguards to defend the members of senior management as well as employees and other personnel who avail the vigil mechanism. The policy provides direct access to the Chairperson of the Audit Committee.

Safety, health and environment policy

We are compliant with the safety, health and environment (SHE) policy. We demonstrate our compliance through the following steps:

- Provide safe and healthy working environment for the employees
- Set targets under SHE and evaluate the performance with the help of periodic reviews
- Eliminate hazards and reduce occupational health and safety risks, ensuring better control over process
- Educate workers about the importance of SHE and raising awareness among the stakeholders through effective communication
- Minimise effluent generation, emissions, improve waste management and optimise the use of non-renewable resources

Prevention of sexual harassment policy

We have in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 covering all employees of the Company. An Internal Complaints Committee (ICC) is set up for the purpose of providing protection against the sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for related issue and possible incident.

We have rolled out a module on sexual harassment to amplify awareness on the subject.



Increasing awareness for prevention of sexual harassment



Module on prohibition of Insider Trading (Click here)

Insider Trading Prohibition Code

In keeping with the SEBI Regulation on Prohibition of Insider Trading, we implement a comprehensive code of conduct for our Directors, senior management officers and designated person. The code lays down guidelines, which advise them on procedures to be followed and disclosures to be made while dealing with the shares of our Company.

We have rolled out a campaign on Prohibition of insider trading to strengthen awareness on the subject.

Policy details

Details of the policies and codes adopted by PCBL are as under:

Policies	Links
Sustainability policy	www.pcblltd.com/responsibility/policy
Climate change policy	www.pcblltd.com/responsibility/policy
Supplier Code of Conduct	www.pcblltd.com/responsibility/policy
Corporate Social Responsibility policy	www.pcblltd.com/investor-relation/general-policies
Policy on Related Party Transactions	www.pcblltd.com/investor-relation/general-policies
Risk Management policy	www.pcblltd.com/investor-relation/general-policies
Policy for Determining of Material Subsidiary Companies	www.pcblltd.com/investor-relation/general-policies
Statement on materiality and dealing with related parties	www.pcblltd.com/investor-relation/general-policies
Determination of materiality of events and information for disclosure to stock exchanges	www.pcblltd.com/investor-relation/general-policies
Persons authorised to determine materiality of events or information for disclosure to the stock exchanges	www.pcblltd.com/investor-relation/general-policies
Policy on preservation of documents	www.pcblltd.com/investor-relation/general-policies
Insider Trading Prohibition Code	www.pcblltd.com/investor-relation/general-policies
Code of conduct for Board members and senior management	www.pcblltd.com/investor-relation/share-information/code-of-conduct
Familiarisation programmes for Independent Directors	www.pcblltd.com/investor-relation/general-policies
Vigil mechanism/ Whistleblower policy	www.pcblltd.com/responsibility/policy
Anti-bribery policy	www.pcblltd.com/responsibility/policy
Policy on Prevention of Sexual Harassment at Workplace	www.pcblltd.com/responsibility/policy
Remuneration policy	www.pcblltd.com/investor-relation/general-policies
Quality policy	www.pcblltd.com/responsibility/policy
Safety, Health & Environment Policy	www.pcblltd.com/responsibility/safety-and-health
Sustainable procurement policy	www.pcblltd.com/responsibility/policy
Succession planning for Board and senior management	www.pcblltd.com/investor-relation/general-policies
Dividend Distribution Policy	www.pcblltd.com/investor-relation/general-policies
Child Labour Policy	www.pcblltd.com/responsibility/policy
Ethics and Code of Conduct	www.pcblltd.com/responsibility/policy
Work from Home Policy	www.pcblltd.com/responsibility/policy

Internal audit

The Internal Audit team has a well-laid internal audit methodology, which assesses and promotes strong ethics and values within the organisation and facilitates in managing changes in the business and regulatory environment. It encompasses all the aspects of business such as operational, financial, information systems, risk management and all the regulatory compliances are reviewed periodically. The Internal Auditor makes presentations and reports to the Audit Committee of the Board of Directors of the Company on a quarterly basis pertaining to the key internal audit findings and the action plan agreed with the management.

Internal financial control system and its adequacy

We have adequate internal financial control systems in all areas of operation. The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. The services of the internal and external auditors are utilised from time to time, as also the in-house expertise and resources. The Company continuously upgrades these systems in line with the best available practices. Reports and deviations are regularly discussed with the Management Committee members and actions are taken whenever necessary.

An Independent Audit Committee of the Board reviews the adequacy of the internal financial control.

GRI Content Index

This report has been prepared in accordance with the GRI Standards Comprehensive option.

GRI STANDARD	DISCLOSURE	PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION
GRI 102: GENERAL DISCLOSURES 2016		
ORGANISATIONAL PROFILE		
102-1	Name of the organisation	Cover
102-2	Activities, brands, products, and services	14-17
102-3	Location of headquarters	Back cover
102-4	Location of operations	12-13
102-5	Ownership and legal form	Inside cover
102-6	Markets served	12-13
102-7	Scale of the organisation	8-13
102-8	Information on employees and other workers	28-29, 49-50
102-9	Supply chain	28-29, 56-59
102-10	Significant changes to the organisation and its supply chain	None
102-11	Precautionary principle or approach	31
102-12	External initiatives	10
102-13	Membership of associations	11
STRATEGY		
102-14	Statement from senior decision-maker	6-7
102-15	Key impacts, risks, and opportunities	78-82
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behaviour	9, 70-71, 83-85
102-17	Mechanisms for advice and concerns about ethics	84
GOVERNANCE		
102-18	Governance structure	72-75
102-19	Delegating authority	Sustainability is at the heart of all our business processes and we conduct our operations in a responsible manner. We have implemented Sustainability Policy in 2018, approved by the Board of Directors. Further, the Board provides the overall direction and guidance for implementation of this policy and reviews the progress of our efforts regularly through its Board CSR Committee. The Managing Director (MD), leadership team and functional heads are a part of the Management Committee, which meets quarterly and has the responsibility to get the efforts implemented in line with the policy. The responsibility to inform the Board CSR Committee rests with the MD
102-20	Executive-level responsibility for economic, environmental, and social topics	The executive - level responsibility for sustainability topics rests with the MD. Further sustainability is a part of our business model and is implemented across functions under the direction set by the Board CSR Committee
102-21	Consulting stakeholders on economic, environmental, and social topics	MD places report before the Business Review Board meetings (quarterly) with the Chairman and leadership team, and functional and plant heads. Consultation is usually through various functions connecting with different stakeholder groups e.g. CSR team, and their feedback is presented quarterly at the Business Review Board meetings (attended by the Chairman and leadership team). *Read more on stakeholder engagement on pages 22-23*
102-22	Composition of the highest governance body and its committees	Composition of the Board of Directors, which is the highest governing body, and its committees is defined on pages 80-90, of PCBL Annual Report FY 2020-21 The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets as above, and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries/fields from where they come. The names of the Board of Directors with the number of Directorships and Committee positions held by them in other companies and the shareholdings in the Company are given on page 81 of PCBL Annual Report FY 2020-21
102-23	Chair of the highest governance body	The chair of the highest governance body is a Non-Executive Director in the organisation
102-24	Nominating and selecting the highest governance body	The Nomination and Remuneration Committee is responsible for identifying persons qualified to become Directors or hold senior management positions and advise the Board for such appointments/ removals where necessary. It also formulates criteria for determining qualifications, positive attributes and independence of a Director. Further details are on pages 85-87 of PCBL Annual Report FY 2020-21
102-25	Conflict of interest	Our Ethics and Code of Conduct defines the areas considered as conflict of interest for the Company. This policy provides a common code of conduct, which should be adhered to by all PCBL employees. Corrective action may be required even if an employee reports a potential conflict of interest. A Group Ethics Committee comprising of the President, Human Resources and two Sector Heads nominated by the Group Chairman, has been formed at the Group level. Any potential conflict of interest should be referred to this committee, for further action. Our Whistle Blower Policy provides Directors, employees, customers and vendors an avenue and necessary safeguards to raise concerns, in line with the commitment of the Company, for the highest possible standards of ethical, moral and legal business conduct, and its commitment to open communication. Refer page 85 for the policies.
102-26	Role of the highest governance body in setting purpose, value and strategy	The MD, leadership team and functional heads are a part of the Management Committee which plays a major role in the development and implementation of strategies, policies, and goals related to economic, environmental and social topics. The Board of Directors approves the strategies, policies and goals. The Sustainability Policy of the Company was approved by the Board on May 4, 2018

GRI STANDARD	DISCLOSURE	PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION
102-27	Collective knowledge of highest governance body	Sustainability is at the heart of all our business processes and we conduct our operations in a responsible manner. We have implemented our Sustainability Policy in 2018, approved by the Board of Directors. Further, the Board provides the overall direction and guidance for implementation of this policy and reviews the progress of our efforts regularly through the Board CSR Committee. The MD, leadership team and functional heads are a part of the Management Committee which meets quarterly and has the responsibility to get the efforts implemented in line with the policy. The responsibility to inform the Board CSR Committee rests with the MD
102-28	Evaluating the highest governance body's performance	The executive-level responsibility for sustainability topics rests with the MD. Further sustainability is a part of our business model and is implemented across functions under the direction set by the Board CSR Committee
102-29	Identifying and managing economic, environmental and social impacts	MD places report before the Business Review Board meetings (quarterly) with the Chairman and leadership team, and functional and plant heads. Consultation is usually through various functions connecting with different stakeholder groups e.g. CSR team, and their feedback is presented quarterly at the Business Review Board meetings (attended by the Chairman and leadership team). *Read more on stakeholder engagement on pages 22-23*
102-27	Collective knowledge of highest governance body	Page 90 of Annual Report FY 2020-21.
102-28	Evaluating the highest governance body's performance	Page 85 of Annual Report FY 2020-21.
102-29	Identifying and managing economic, environmental and social impacts	The Board Risk Management Committee looks into the monitoring and review of the risk management plan formulated by the Company covering risks and opportunities arising from economic, environmental and social topics. Stakeholder consultation and concerns relevant to economic, environmental and social aspects are presented as part of the risks for the Company. We have implemented a robust risk management framework. *Read more on risk management on pages 78-82*
102-30	Effectiveness of risk management processes	Effectiveness of risk management processes is reviewed by the Board Risk Management Committee annually
102-31	Review of economic, environmental and social topics	There is a review of risks arising from economic, environmental, and social topics as part of risks and associated management plan annually by the Board Risk Management Committee
102-32	Highest governance body's role in sustainability reporting	The Board of Directors approves the Sustainability Report of the Company after the approval of the MD, Company Secretary & Chief Legal Officer, and Head- Manufacturing Excellence & EHS. The Sustainability Review 2018 was approved by the Board on May 20, 2019
102-33	Communicating critical concerns	Our Whistle Blower Policy provides Directors, employees, customers and vendors an avenue and necessary safeguards, to raise concerns. These concerns are evaluated through the set process. The critical concerns are then evaluated through the vigil mechanism. In exceptional cases, where the complainant is not satisfied with the outcome of the investigation carried out by the Authorised person, he/she can make a direct appeal to the Chairman of the Audit Committee of PCBL. Please also refer page 84-85
102-34	Nature and total number of critical concerns	No critical concerns were reported this year
102-35	Remuneration policies	85
102-36	Process for determining remuneration	The remuneration is determined based on the remuneration policy of the Company. Further details are on pages 85-87 of Annual Report FY 2020-21
102-37	Stakeholders' involvement in remuneration	Page 86 of Annual Report FY 2020-21
102-38	Annual total compensation ratio	The compensation data is classified as business sensitive and cannot be disclosed due to confidentiality constraints.
102-39	Percentage increase in annual total compensation ratio	The compensation data is classified as business sensitive and cannot be disclosed due to confidentiality constraints
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	22-23
102-41	Collective bargaining agreements	We are committed to absolute fairness when it comes to employee concerns such as wages, working hours, benefits and conflict resolution processes. We sign legally binding collective bargaining agreements to ensure we operate fairly and consistently with all our staff. In FY 2020-21, the percentage of unionised PCBL sites stood at 50%. If conflicts occur, we have communications and conflict resolution measures in place for our employees to make their concerns known
102-41	Identifying and selecting stakeholders	22-23
102-43	Approach to stakeholder engagement	22-23
102-44	Key topics and concerns raised	22-23
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Phillips Carbon Black Cyprus Holdings Limited, Phillips Carbon Black Vietnam Joint Stock Company and PCBL (TN) Limited
102-46	Defining report content and topic boundaries	1
102-47	List of material topics	24-25
102-48	Restatements of information	None
102-49	Changes in reporting	None
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	1
102-54	Claims of reporting in accordance with the GRI Standards	1
102-55	GRI content index	86-93
102-56	External assurance	94-99
GRI 200: ECONOMIC		
GRI 201: ECONOMIC 2016		
103-1	Explanation of the material topic and its boundary	24-27
103-2	The Management approach and its components	24-27
103-3	Evaluation of the management approach	24-27
201-1	Direct economic value generated and distributed	10
201-2	Financial implications and other risks and opportunities due to climate change	81

GRI STANDARD	DISCLOSURE	PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION
201-3	Defined benefit plan obligations and other retirement plans	**Benefits and facilities for permanent employees:** Provident Fund Gratuity Term Life Insurance Medical Insurance to all the permanent employees and their families Personal Accidental Insurance In case of unfortunate demise of a serving employee, the spouse continues to get the medical insurance coverage. **Benefits and facilities for contractual employees :** Term Life Insurance Employee's State insurance
201-4	Financial assistance received from the government	None
GRI 300: ENVIRONMENTAL		
GRI 301: MATERIAL 2016		
103-1	Explanation of the material topic and its boundary	30-31
103-2	The Management approach and its components	30-31
103-3	Evaluation of the management approach	30-31
301-1	Materials used by weight or volume	30-45
301-2	Recycled input materials	38-39, 42-45
301-3	Percentage of reclaimed products and their packaging materials for each product category	We use paper bags for packaging our products. There is no reclamation of product packaging
GRI 302: ENERGY 2016		
103-1	Explanation of the material topic and its boundary	34-37
103-2	The Management approach and its components	34-37
103-3	Evaluation of the management approach	34-37
302-1	Energy consumption within the organisation	35
302-2	Energy consumption outside of the organisation	Not applicable
302-3	Energy intensity	35, 37
302-4	Reduction of energy consumption	37
302-5	Reductions in energy requirements of products and services	The information is currently not captured. Our product is carbon black, which is used by customers to manufacture various products. While our customers may measure the corresponding energy gain in their manufacturing processes, we have no access or control over it

GRI STANDARD	DISCLOSURE	PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION
GRI 303: WATER AND EFFLUENTS 2018		
103-1	Explanation of the material topic and its boundary	42-45
103-2	The Management approach and its components	42-45
103-3	Evaluation of the management approach	42-45
303-1	Interactions with water as a shared resource	42-45
303-2	Management of water discharge-related impacts	42-45
303-3	Water withdrawal	45
303-4	Water discharge	45. We are maintaining zero water discharge across our plants, hence there is no discharge of water to surroundings. We are treating effluents and using the treated water from Effluent Treatment Plant (ETP) in our processes and Sewage Treatment Plant (STP) water for gardening purpose
303-5	Water consumption	42-44
GRI 305: EMISSIONS 2016		
103-1	Explanation of the material topic and its boundary	30-31
103-2	The Management approach and its components	30-31
103-3	Evaluation of the management approach	30-31
305-1	Direct (Scope 1) GHG emissions	34-35
305-2	Energy indirect (Scope 2) GHG emissions	34-35
305-3	Other indirect (Scope 3) GHG emissions	34-35
305-4	GHG emissions intensity	34-35
305-5	Reduction of GHG emissions	34-35
305-6	Emissions of ozone-depleting substances (ODS)	Indicator omitted The information is currently not captured
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	41
GRI 306: EFFLUENTS AND WASTE 2016		
103-1	Explanation of the material topic and its boundary	38-39, 42-45
103-2	The Management approach and its components	38-39, 42-45
103-3	Evaluation of the management approach	38-39, 42-45
306-1	Water discharge by quality and destination	45
306-2	Waste by type and disposal method	39
306-3	Significant spills	39
306-4	Transport of hazardous waste	Hazardous waste is collected and segregated at plant and stored separately. The transportation of hazardous waste is the responsibility of authorised recyclers or TSDF facility
306-5	Water bodies affected by water discharges and/or runoff	None
GRI 307: ENVIRONMENTAL COMPLIANCE 2016		
103-1	Explanation of the material topic and its boundary	30-31
103-2	The Management approach and its components	30-31
103-3	Evaluation of the management approach	30-31
307-1	Non-compliance with environmental laws and regulations	33

GRI STANDARD	DISCLOSURE	PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION
GRI 400: SOCIAL		
GRI 401: EMPLOYMENT 2016		
103-1	Explanation of the material topic and its boundary	46-47
103-2	The Management approach and its components	46-47
103-3	Evaluation of the management approach	46-47
401-1	New employee hires and employee turnover	49
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	50-53
401-3	Parental leave	50
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018		
103-1	Explanation of the material topic and its Boundary	53
103-2	The management approach and its components	53
103-3	Evaluation of the management approach	53
403-1	Occupational health and safety management system	53
403-2	Hazard identification, risk assessment, and incident investigation	53
403-3	Occupational health services	53
403-4	Worker participation, consultation, and communication on occupational health and safety	53
403-5	Worker training on occupational health and safety	53
403-6	Promotion of worker health	53
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	53
403-8	Workers covered by an occupational health and safety management system	53
403-9	Work-related injuries	53
403-10	Work-related ill health	53
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016		
103-1	Explanation of the material topic and its boundary	46-50
103-2	The Management approach and its components	46-50
103-3	Evaluation of the management approach	46-50
405-1	Diversity of governance bodies and employees	48-50, 73
405-2	Ratio of basic salary and remuneration of women to men	The compensation data is classified as business sensitive and cannot be disclosed due to confidentiality constraints
GRI 406: NON-DISCRIMINATION 2016		
103-1	Explanation of the material topic and its boundary	46-52
103-2	The Management approach and its components	46-52
103-3	Evaluation of the management approach	46-52
406-1	Incidents of discrimination and corrective actions taken	There were no reported incidents of discrimination
GRI 408: CHILD LABOR 2016		
103-1	Explanation of the material topic and its boundary	84-85
103-2	The Management approach and its components	84-85
103-3	Evaluation of the management approach	84-85
408-1	Operations and suppliers at significant risk for incidents of child labor	57. Through our third-party due diligence screening system, we have not identified any suppliers with incidents of child labour or forced or compulsory labour. PCBL's Code of Ethics and Supplier terms and Conditions prohibit child labour
GRI 409: FORCED OR COMPULSORY LABOUR 2016		
103-1	Explanation of the material topic and its boundary	84-85
103-2	The Management approach and its components	84-85
103-3	Evaluation of the management approach	84-85
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Through our third-party due diligence screening system, we have not identified any suppliers with incidents of child labour or forced or compulsory labour. PCBL's Code of Ethics and Supplier Term and Conditions prohibit forced or compulsory labour
GRI 413: LOCAL COMMUNITIES 2016		
103-1	Explanation of the material topic and its boundary	66-67
103-2	The Management approach and its components	66-67
103-3	Evaluation of the management approach	66-67
413-1	Operations with local community engagement, impact assessments and development programmes	66-69
413-2	Operations with significant potential or actual negative impacts on local communities.	67
GRI 419: SOCIO-ECONOMIC COMPLIANCE 2016		
103-1	Explanation of the material topic and its boundary	66-67
103-2	The Management approach and its components	66-67
103-3	Evaluation of the management approach	66-67
419-1	Non-compliance with laws and regulations in the social and economic area	67

Note

Omission and reason for omission

Assurance statement

TÜV INDIA
TUV NORD GROUP

Independent Assurance Statement

'Phillips Carbon Black Limited' (hereafter PCBL) engaged TUV India Private Limited (TUVI) to conduct the independent non-financial assurance of Sustainability Report (hereinafter 'the Report'), which includes "Limited" level of assurance of PCBL Sustainability information for the applied reporting period, 01st April 2020 to 31st March 2021. The verification was conducted via the MS Teams application.

Management's Responsibility

PCBL developed the Report's content. PCBL management is responsible for identifying material topics and carrying out the collection, analysis, and disclosure of the information presented in the Report (web-based and print), including website maintenance, integrity, and for ensuring its quality and accuracy in accordance with the applied criteria stated in the GRI standards: Comprehensive option, such that it's free of intended or unintended material misstatements.

Scope and Boundary

The scope of work includes the assurance of the following non-financial performance / KPI disclosed in the Report. In particular, the assurance engagement included the following:

- Review of the disclosures submitted by PCBL;
- Review of the quality of information;
- Review of evidence (on a sample basis) for identified non-financial indicators

TUVI has verified the below KPI's disclosed in the Report

Governance	102-18, 102-20, 103-01 to 103-3
GRI 302: Energy	302-1, 302-3 to 302-5
GRI 303: Water and effluents	303-3 to 303-5
GRI 305: Emissions	305-1 to 305-5, 305-7
GRI 306: Effluents and waste	306-1 to 306-4
GRI 401: Employment	401-3
GRI 403: Occupational health and safety	403-1 to 403-10
GRI 413: Local Communities	413-1

The remote verification was conducted at PCBL Corporate Team, during July 2021. The assurance activities were carried out together with a desk review as per reporting boundary. Applicable boundaries for disclosures are explained in the Report.

Limitations

TUVI did not perform any assurance procedures on the prospective information, such as targets, expectations, and ambitions, disclosed in the Report. Consequently, TUVI draws no conclusion on the prospective information. During the assurance process, TUVI did not come across any limitation to the agreed scope of the assurance engagement. TUVI expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

Our Responsibility

TUVI's responsibility in relation to this engagement was to perform a limited level of assurance and to express a conclusion based on the work performed. This engagement did not include an assessment of the adequacy or the effectiveness of PCBL's strategy, management of sustainability-related issues or the sufficiency of the Report against principles of GRI Standards: Comprehensive option, and ISAE 3000 (revised), other than those mentioned in the scope of the assurance. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative and

Sustainability Assurance Service

TÜV INDIA
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qualitative information disclosed by PCBL. This assurance engagement assumes that the data and information provided to us by PCBL are complete and true.

Verification Methodology

During the assurance engagement, TUVI adopted a risk-based approach, focusing on verification efforts with respect to disclosures. TUVI has verified the disclosures and assessed the robustness of the underlying data management system, information flows, and controls. In doing so:

- TUVI examined and reviewed the documents, data, and other information made available by PCBL for non-financial KPI's (non-financial disclosures);
- TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of PCBL;
- TUVI performed sample-based reviews of the mechanisms for implementing the sustainability-related policies and data management (qualitative and qualitative);
- TUVI reviewed the level of adherence to principles of GRI standards: Comprehensive option.

Opportunities for Improvement

The following are the opportunities for improvement reported to PCBL. However, they are generally consistent with PCBL management's objectives and programs.

- *PCBL may strengthen the materiality assessment process and define its periodicity;*
- *PCBL can establish and conduct internal audit of sustainability disclosure data. Periodic validation and verification of data can be performed by internal team;*
- *SBTi target evaluation following sectoral de-carbonization approach or absolute based targets or economic approach may be performed and present targets can be calibrated accordingly;*
- *The existing supplier assessment manual can be calibrated with the contemporary best practices example ISO 20400.*

Our Conclusion

In our opinion, based on the scope of this assurance engagement, the "disclosures on sustainability performance" and reference information provides a fair representation of the material topics, related strategies, and meets the general content and quality requirements of the GRI Standards: Comprehensive option.

Disclosures: TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements in accordance with the "Comprehensive option". PCBL refers to general disclosure to Report contextual information about PCBL, while the 'Management Approach' is discussed to Report the management approach for each material topic.

Universal Standard: PCBL followed GRI 101: Reporting Principles for defining report content and quality, GRI 102: General Disclosures were followed when reporting information about an Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. Furthermore, GRI 103 was selected for Management's Approach on reporting information about how an organization manages a material topic. TUVI is of the opinion that this report has been prepared in accordance with the GRI Standards: 'Comprehensive option'.

Topic Specific Standard: 200 series (Economic topics), 300 series (Environmental topics), and 400 series (Social topics); These Topic-specific Standards were used to Report information on the organization's impacts related to environmental and social topics. TUVI is of the opinion that the reported material topics and Topic-specific Standards that PCBL used to prepare its Report are appropriately identified and addressed.

Limited Assurance Conclusion: Based on the procedures we have performed; nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement was not prepared in all material respects. TUVI found the sustainability information to be reliable in all material respects, with regards to the reporting criteria ("Comprehensive option") of the GRI Standards.

In the context of Assurance, the following contemporary principles has been observed:

Sustainability Assurance Service

Assurance statement

Sustainability Assurance Service

Evaluation of the adherence to other contemporary Principles

Inclusivity: Stakeholder identification and engagement is carried out by PCBL on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

Materiality: The materiality assessment process has been carried out, based on the requirements of the GRI Standards, considering topics that are internal and external to the PCBL range of businesses. The Report fairly brings out the aspects and topics and its respective boundaries of the diverse operations of PCBL. In our view, the Report meets the requirements.

Responsiveness: TUVI believes that the responses to the material aspects are fairly articulated in the report, i.e. disclosures on PCBL policies and management systems including governance. In our view, the Report meets the requirements.

Impact: PCBL communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, and its policy framework encompassing the Environmental, Social, Ethical and other policies. PCBL reports on sustainability performance to the Top Management, who oversees and monitors the implementation and performance of objectives, as well as progress against goals and targets for addressing sustainability-related issues.

This assurance statement has been prepared in accordance with the terms of our engagement. In accordance to the ISAE 3000 (revised) requirements

Independence:

TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. It is confirmed that the assurance team is selected to avoid situations of self-interest, self-review, advocacy and familiarity. The assessment team was safeguarded from any type of intimidation.

Quality control:

The assurance team complies with the code of ethics for professional accountants issued by the IESBA, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In accordance with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Assurance Team and Independence

TUVI is an independent, neutral third-party providing sustainability services with qualified environmental and social specialists. TUVI states its independence and impartiality and confirms that there is "no conflict of interest" with regard to this assurance engagement. In the reporting year, TUVI did not work with PCBL on any engagement that could compromise the independence or impartiality of our findings, conclusions, and recommendations. TUVI was not involved in the preparation of any content or data included in the Report, with the exception of this assurance statement. TUVI maintains complete impartiality towards any individuals interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Project Manager and Reviewer
Head – Sustainability Assurance Service

Date: 20-07-2021
Place: Mumbai, India
Project Reference No: 8119352017
www.tuv-nord.com/in

Greenhouse Gases Verification

Carbon Service

TÜV INDIA
TUV NORD GROUP

Independent Assurance Statement

Introduction and Engagement

'Phillips Carbon Black Limited' (hereafter PCBL) commissioned TUV India Private Limited (TUVI) to conduct the independent assurance of GHG emission, which includes a "limited level of assurance" of direct and indirect emissions. This assurance engagement has been conducted against the methodology & standards of ISO 14064-3 and GHG protocol and ISAE 3000 (revised), ISAE 3410 (GHGs) to verify 'PCBL' GHG emissions. The verification was conducted during June 2021 remotely via the MS team app. The GHG data covers 'PCBL's GHG emission information from 01st April 2020 to 31st March 2021.

Management's Responsibility

'PCBL's management is responsible for the accurate preparation of all information/data disclosures in GHG data in accordance with the criteria stated in the ISO 14064, ISAE 3000 (revised), ISAE 3410 (GHGs), and GHG Protocol. This responsibility includes identifying relevant GHG inventory, monitoring, quality control (QA/ QC) measures for data accuracy, data aggregation, calculation, and data disclosure. 'PCBL' is responsible for designing, implementing, and maintaining systems and processes relevant for preparing the GHG data in such a way that it is free of intended or unintended – material misstatements. TUVI undertook the assurance engagement of the GHG data in accordance with the terms of the contract.

Scope, Boundary and Limitations of Assurance

The scope of the assurance includes the verification of the direct and indirect GHG emissions. In particular, the assurance engagement included the following:

- Verification of the application of the input parameters, associated emission factors, and principles of calculation as mentioned in ISO 14064-1, ISAE 3000 (revised), ISAE 3410 (GHGs), and GHG protocol
- Verification of quality of GHG information presented in the GHG data over the reporting period

'PCBL' applies the operational control approach for the consolidation of emissions. All 'PCBL' Durgapur plant, Kochi plant, Mundra plant and Palej plant in India were considered as a part of boundary for GHG verification.

Our engagement did not include an assessment of the adequacy or effectiveness of 'PCBL's strategy or management of GHG-related issues. During the assurance process, TUVI did not come across limitations to the scope of the agreed assurance engagement. No external stakeholders were interviewed as a part of this engagement.

Limitation and Assumption

Below limitations are part of the "Limited" Assurance Statement

- The applied year GHG assessment does not include the GHG emissions from PCBL offices at Gurgaon & Mumbai RO
- The Assurance Statement is limited to disclose inventory and associated calculations. All the categories of the GHG emission are not covered as part of Assurance engagement

Verification Methodology

During the assurance engagement, TUVI adopted a risk-based approach, concentrating on verification efforts related to GHG sources (direct and indirect) with the agreed level of GHG emission. TUVI has verified the statements and claims made in the GHG data and assessed the robustness of the underlying data management system, information flow, and controls. In doing so:

- Agreement on the assurance level, objectives, criteria, organizational scope, relevance, and materiality thresholds;
- TUVI verified the GHG emission reported in the GHG data and assessed the robustness of the data management system, information flow, and controls;

Assurance statement

Greenhouse Gases Verification

- TUVI examined and reviewed the documents, data, and other information made available by 'PCBL' for direct and indirect GHG emission;
- TUVI conducted interviews with key representatives, including data owners and decision-makers of 'PCBL';
- TUVI verified sample-based checks of the processes for generating, gathering, and managing the quantitative data and qualitative information included in the GHG data for the reporting period
- Evaluation of the internal quality assurance procedures and results

The scope of verification comprised of the assessment of reported data, GHG excel worksheets, bills, log sheet, bill scan copy, SAP records, assumptions, and processes, along with exhaustive interviews with members of management (persons responsible for data collection and processing) at 'PCBL.' Data and documents have been provided; verified and found consistent with the 'PCBL's GHG results. The below table shows the sources of GHG emission with the Emission Factor.

Source:

Sr. No	Parameter	CO_2 Emission Factor	Unit	Source
1	Tail gas-Fuel (Captive power generation)	0.258	tonne CO_2/tonne of fuel	Reference to PCBL the fuel gas Analysis report and calculations
2	Diesel	3.954	tonne CO_2/tonne of Diesel	UK Government Department of Environment, Food and Rural Affairs conversion factor 2020 (DEFRA)
3	Diesel	3.314	tonne CO_2/litter of Diesel	
4	LPG	3.298	tonne CO_2/tonne of LPG	
5	Shipping -Container ship	0.01614	kg CO_2e/ ton.km	
6	CO_2 base fire extinguisher	1	kg CO_2e/ kg	
7	Purchased electricity	0.83	tonne CO_2/MWh	CEA User guide ver15 (2019)
8	freight vehicles HDV (>12 T)	0.7375	kg CO_2e/km	https://indiaghgp.org/transport-emission-factors
9	Premium SUV - 4 wheeler	0.29	kg CO_2e/km	
10	Rail passenger transport	0.00797	kg CO_2e/ passenger.km	
11	Air domestic	0.121	kg CO_2e/ passenger.km	
12	R22 refrigerant	1810	kg CO_2e/ kg	https://www.beeindia.in/air-conditioner-refrigerants-r32-vs-r410a-vs-r22-vs-r290

Conclusions

In our opinion, based on the scope of this assurance engagement, the disclosures on GHG emission reported in the GHG data adequately. During the verification we have performed nothing has come to our attention *(except explicitly stated "Limitations")* that causes us to believe that the information subject to the limited assurance engagement is not prepared, w.r.t. GHG emission (direct and indirect), in accordance with the TNCC20, ISO 14064, ISAE 3000 (revised), ISAE 3410 (GHGs) and GHG Protocol.

GHG Emissions: 'PCBL' has reported the following GHG emissions for reporting period

Emission Category	Value (tCO_2e)
Direct Emissions –(GHG Protocol scope 1)	548,525
Category 2: Indirect GHG emissions from imported energy (GHG Protocol scope 2)	1,730
Category 3: Upstream Transportation (GHG Protocol scope 3)	264,347
Category 3: Downstream Transportation (GHG Protocol scope 3)	7,760
Category 3: Business Travel by Bus, car and employee commuting (GHG Protocol scope 3)	1,717

** The above results are limited to the reported emission categories. Other emission sources are not part of Assurance*

TUVI did not perform any assurance of procedures on the prospective information, such as targets, expectations, and ambitions. Consequently, TUVI draws no conclusion on the prospective information. This assurance statement has been prepared in accordance with the terms of our engagement. In accordance with the ISAE 3000 (revised) requirements read in conjunction with ISAE 3410, the below principles were adhered

- **Independence:** TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. It is confirmed that the

Assurance Team is selected to avoid situations of self-interest, self-review, advocacy, and familiarity. The Assessment Team was safeguarded from any type of intimidation.

- **Quality control:** The Assurance Team complies with the Code of Ethics for Professional Accountants issued by the IESBA, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In accordance with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In the context of GHG reporting the following contemporary principles has been observed:

Inclusivity: 'PCBL' included the GHG sources under direct and indirect. All concerned data owners were engaged through corporate communications. 'PCBL' engaged with their different plants in India, encouraging them to disclose GHG emissions. GHG data describes the chosen approach for GHG emission accounting in a structured and transparent manner in line with the GHG Protocol and ISO 14064-1.

Materiality: The principle of materiality has been considered by including all relevant GHG emission sources. GHG data is updated annually to reflect the GHG emission value and material issue. In accordance with the requirements of its key stakeholders, 'PCBL' has identified its significant emission sources within the chosen scope.

Responsiveness: Responsiveness is integrated into the stakeholder engagement process. GHG-related information is intended to be shared with intended stakeholders.

Impact: 'PCBL' is monitoring and measuring the environment KPIs through there sustainability report.

TUVI expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. The intended users of this assurance statement are the management of 'PCBL'. The management of the 'PCBL' is responsible for the information provided in the GHG data as well asthe process of collecting; analysing and reporting the information as presented in the worksheet. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes GHG emission (direct and indirect) disclosed by 'PCBL' in the GHG data. This assurance engagement is based on the assumption that the data and the information provided to TUVI are complete and true.

TUV's Competence and Independence

TUVI is an independent, neutral, third-party providing carbon services, with qualified environmental and Greenhouse gas (GHG) verifier. TUVI states its independence and impartiality with regard to this assurance engagement. In the reporting year, TUVI did not work with 'PCBL' on any engagement that could compromise the independence or impartiality of our findings, conclusions. TUVI was not involved in the preparation of any statements or data included in the GHG data, with the exception of this Assurance Statement. TUVI maintains complete impartiality towards any people interviewed during the assurance engagement. The sole responsibility for the preparation and content of the GHG data lies with 'PCBL'. TUVI did not interact with 'PCBL' or its stakeholders in any prior engagements which could impair the impartiality of the results and recommendations made in this statement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Product Head – Sustainability Assurance Service
TUV India Private Limited

Date: 12/07/2021
Place: Mumbai, India

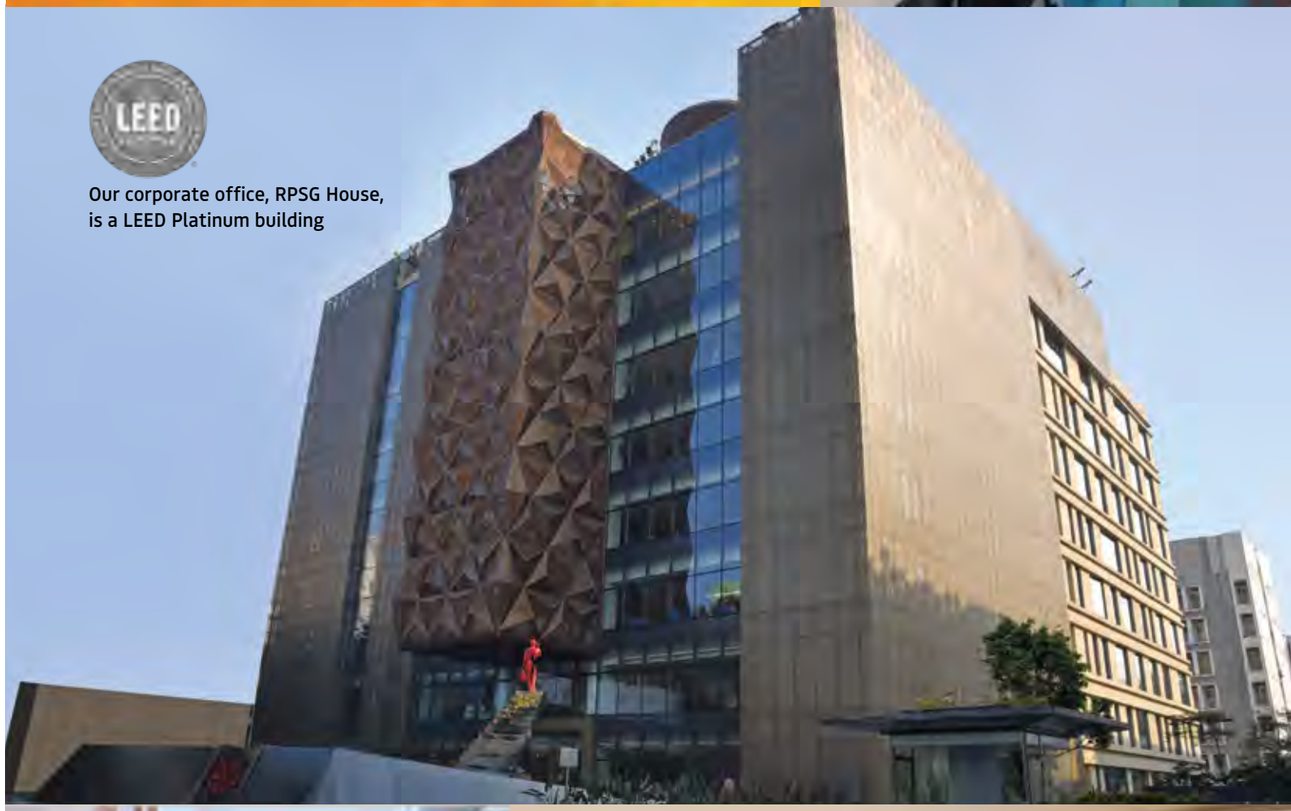
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Notes







Our corporate office, RPSG House, is a LEED Platinum building





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