

22nd February, 2023

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

NSE Code – PCBL

BSE Code – 506590

Sub:- Update – Sustainability Report for the FY 2021-2022

We are pleased to inform you that we have come out with our Sustainability Report 2021 – 2022.

The Sustainability Report is also available on the website of the Company at <https://www.pcbltd.com/responsibility> .

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

Thanking you,

Yours faithfully,
For **PCBL LIMITED**

K. Mukherjee
Company Secretary and Chief Legal Officer

Encl: As above

PCBL Limited

Registered Office: 31 Netaji Subhas Road, Kolkata – 700 001, West Bengal, India

Corporate Office: RPSG House, 4th Floor, 2/4 Judges Court Road, Kolkata – 700 027, West Bengal, India

P: +91 33 6625 1443 | **E:** pcbl@rpsg.in | **W:** www.pcbltd.com | **CIN:** L23109WB1960PLC024602

Note: "PCBL Limited" was formerly known as "Phillips Carbon Black Limited"



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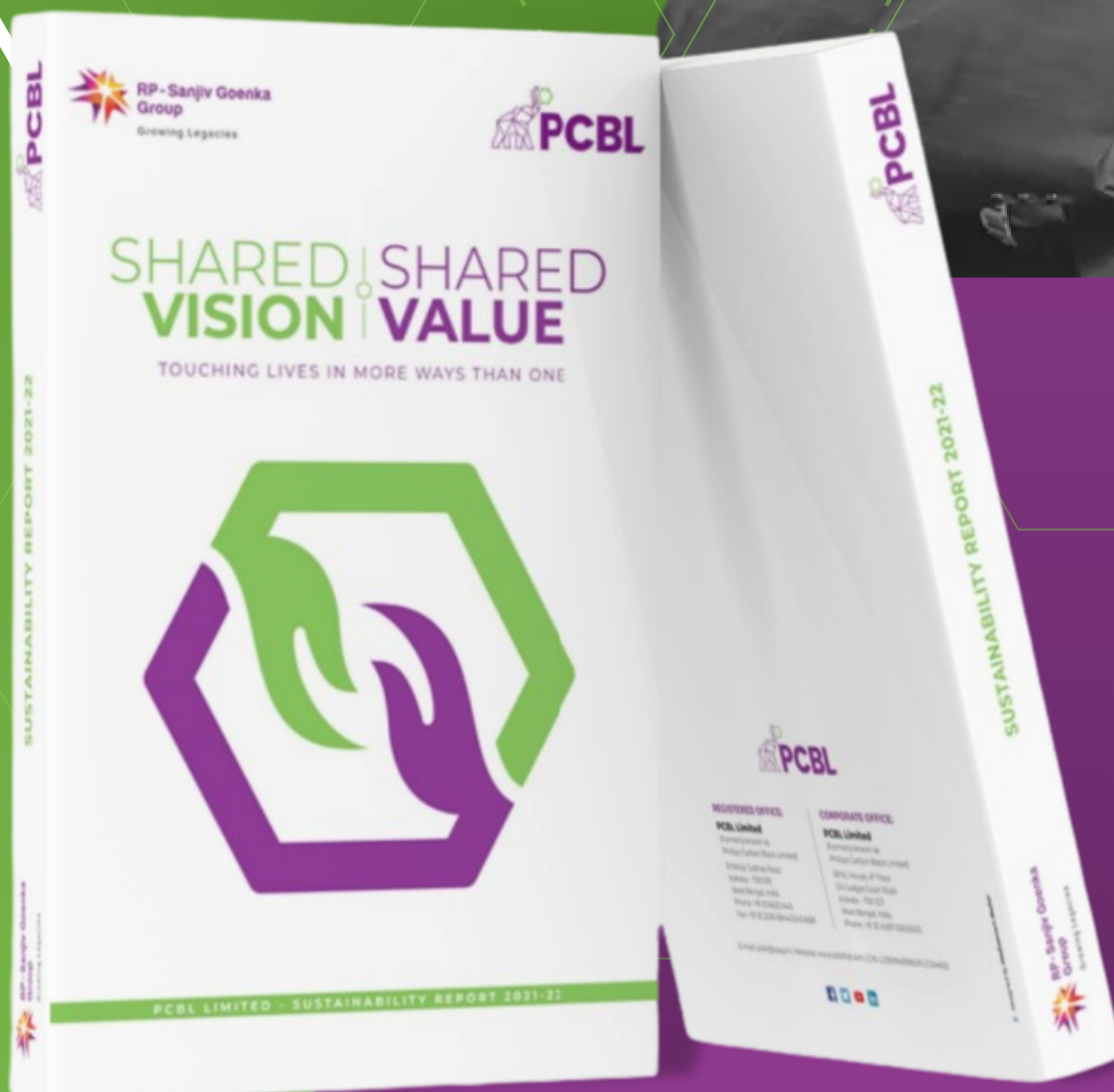
We are pleased to share our Sustainability Report for FY 2021-22, which is in accordance with the Global Reporting Initiative (GRI) Standards and is aligned with the UN Sustainable Development Goals (SDGs).

In our journey towards sustainable development, we have taken several steps towards our Environment, Social and Governance (ESG) objectives during FY 2021-22 and this report gives an overview of the same.

We express our gratitude to all stakeholders for the successful publication of the report.

”

KAUSHIK ROY
MANAGING DIRECTOR



SHARED VISION | SHARED VALUE

TOUCHING LIVES IN MORE WAYS THAN ONE



ABOUT THIS REPORT

We welcome you to our third Sustainability Report that includes key performance highlights in the financial year 2021-22. In this report, we present our approach, efforts, performance and our sustainability priorities. The report is based on the principles and reporting framework of the **Global Reporting Initiative (GRI) standards** in adherence to the **'Comprehensive Option'** and aligned to the **United Nations Sustainable Development Goals (UNSDGs)**. **The organization has made a restatement on page 72 in the current reporting period.**

The report represents our consistent, balanced and accurate representation of the **key material issues** identified and relevant to our business, actions taken, and accomplishments during the financial year **2021-22**. While it emphasizes the above-mentioned, this report also talks about our conventional targets for the future commitment to circular economy and sustainability.

Material issues represented in the report were assessed and identified through both internal and external stakeholder consultations which are based on periodic interactions with several functions of PCBL.

Scope and boundary

The report represents information and data from April 01, 2021 to March 31, 2022. The scope and boundary cover all operations at our four manufacturing units in India – Durgapur, Kochi, Palej and Mundra, and offices in India – Chennai, Kolkata, Delhi and Mumbai. Assumptions and estimates are specified in the report in applicable sections. The financial details have been taken from our published annual report, which can be viewed on our website. This report is based on the inputs of our stakeholders.

Independent assurance

External assurance is pursued through the engagement of independent third parties. Complete external assurance has been conducted for the report by TUV India Private Limited (TUVI), for the applied reporting period – April 01, 2021 to March 31, 2022, as per ISAE 3000 (revised) and GRI Standards: Comprehensive option.

GHG data: PCBL engaged TUV India Private Limited (TUVI) to conduct the independent assurance of PCBL's GHG emission, which includes a 'limited level of assurance' of direct and indirect emissions for the applied reporting period. This assurance engagement has been conducted against the methodology and standards of ISO 14064-1, GHG protocol, ISAE 3000 (revised) and ISAE 3410 (GHGs) for verification of PCBL's GHG emissions.

TUVI is an independent, neutral, third party providing carbon services, with qualified environmental and Greenhouse gas (GHG) verifier. 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.

We are listening

You can reach us:

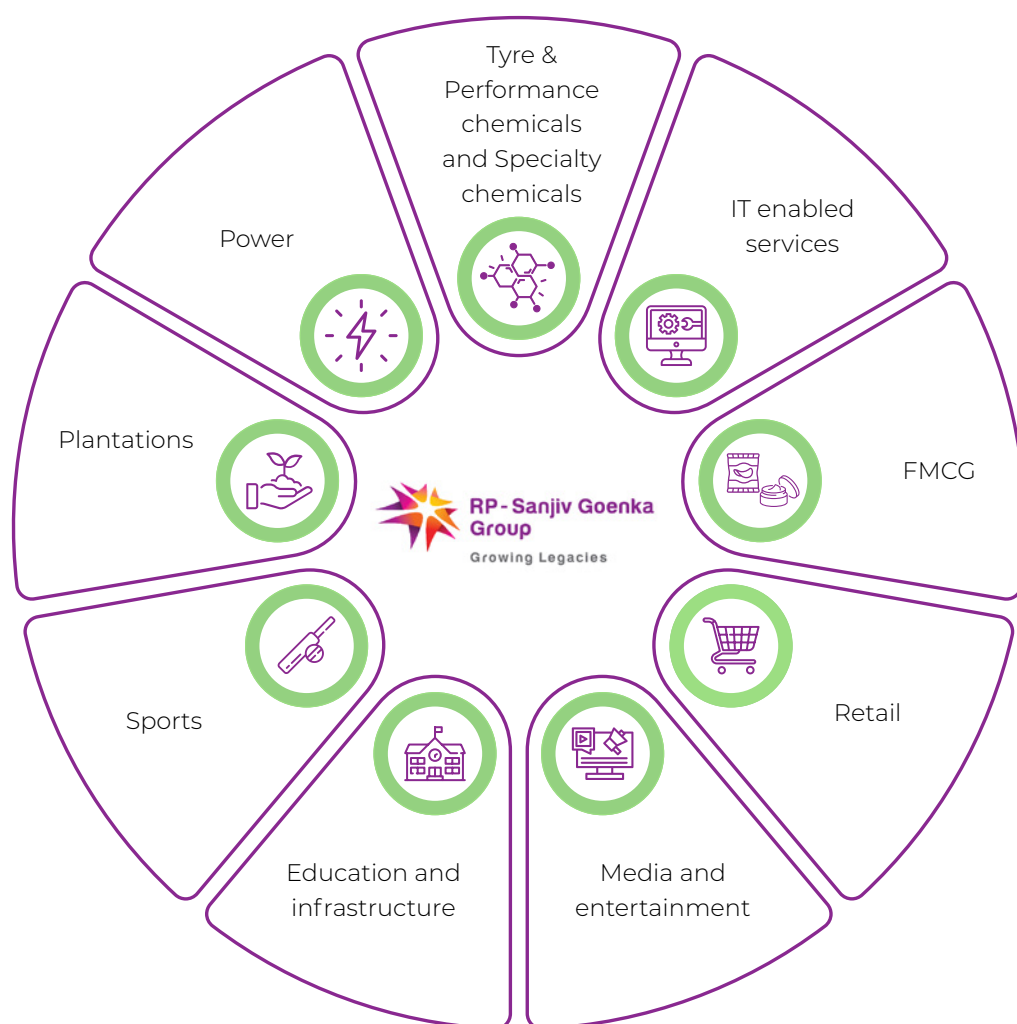
Email: kinshuk.mukherjee@rpsg.in

Phone: +91-33-248 70524

ABOUT

RP-SANJIV GOENKA GROUP

RP Sanjiv Goenka Group is among India's fastest growing conglomerates having significant global presence with ₹51,000 crores of asset base and consolidated revenue of ₹30,700 crores. 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 has an employee strength of 50,000+ and 10,00,000+ shareholders. The Group's businesses comprise:



RPSG GROUP'S VISION

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



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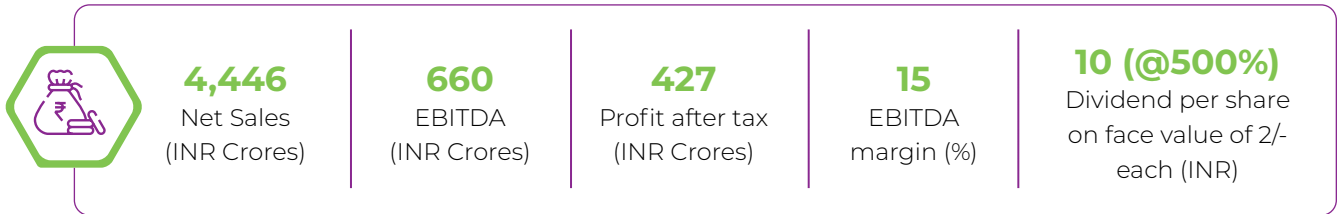
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Our journey

Economic

Performing consistently



Environment

For sustainable living

Our responsibility



Committed to environmental sustainability across business operations to ensure recycling and responsible usage



2,53,872.8 tCO₂e GHG offset during FY22



Recycling wastewater for utilisation in the process



Initiative to ensure green factories and office buildings and reducing the consumption of freshwater



Total green power generation of 19,57,437 GJ



Adherence to international standards such as CDP disclosures, UNFCCC, and UN SDGs



Initiatives such as maximising heat recovery by different inline heat exchangers (APH, WHB & OPH) and other measures on energy efficiency, rainwater harvesting, plantation, etc.



Zero liquid discharge (ZLD)
compliant plants



8,00,549 GJ
of green energy utilisation



91 MW
of green power generating capacity



Additional **24 MW** of green power capacity in Chennai and **7 MW** in Kochi (in progress)



813 KLPD
recycled water used in FY22



LEED Platinum Green Certified
corporate building



7000+
saplings planted



1.76 tCO₂/MT of carbon black GHG emission intensity

Social

Collective growth



All of our manufacturing sites are **ISO 45001:2018** certified



1,869 employees and workers



12,002 total employee training hours in FY22



INR 8.6 crores spent on community development



14+ villages reached through our CSR programmes



During the year, number of customer complaints reduced to **58** from **78** (FY21)



COVID safety protocols followed at all manufacturing sites and offices



199 new employees hired



Engagement platforms such as Leena AI, Sampark, Embark PCBLite for supporting employees

Governance

Supervision of the future



Average experience of Board of Directors is **15+** years



Female Directors: **20%**
Male Directors: **80%**



Zero reports of non-compliance



1,60,000+ shareholders



33+ years - average age of employees



60% independent Directors



A tax control framework in place to manage overall tax matters



Over **27** regularly checked compliance policies in place



30 years average experience of members of management committee



6 Board committees in place



Average age of Board of Directors is **59+** years

CHAIRMAN'S STATEMENT



Dr Sanjiv Goenka
Chairman

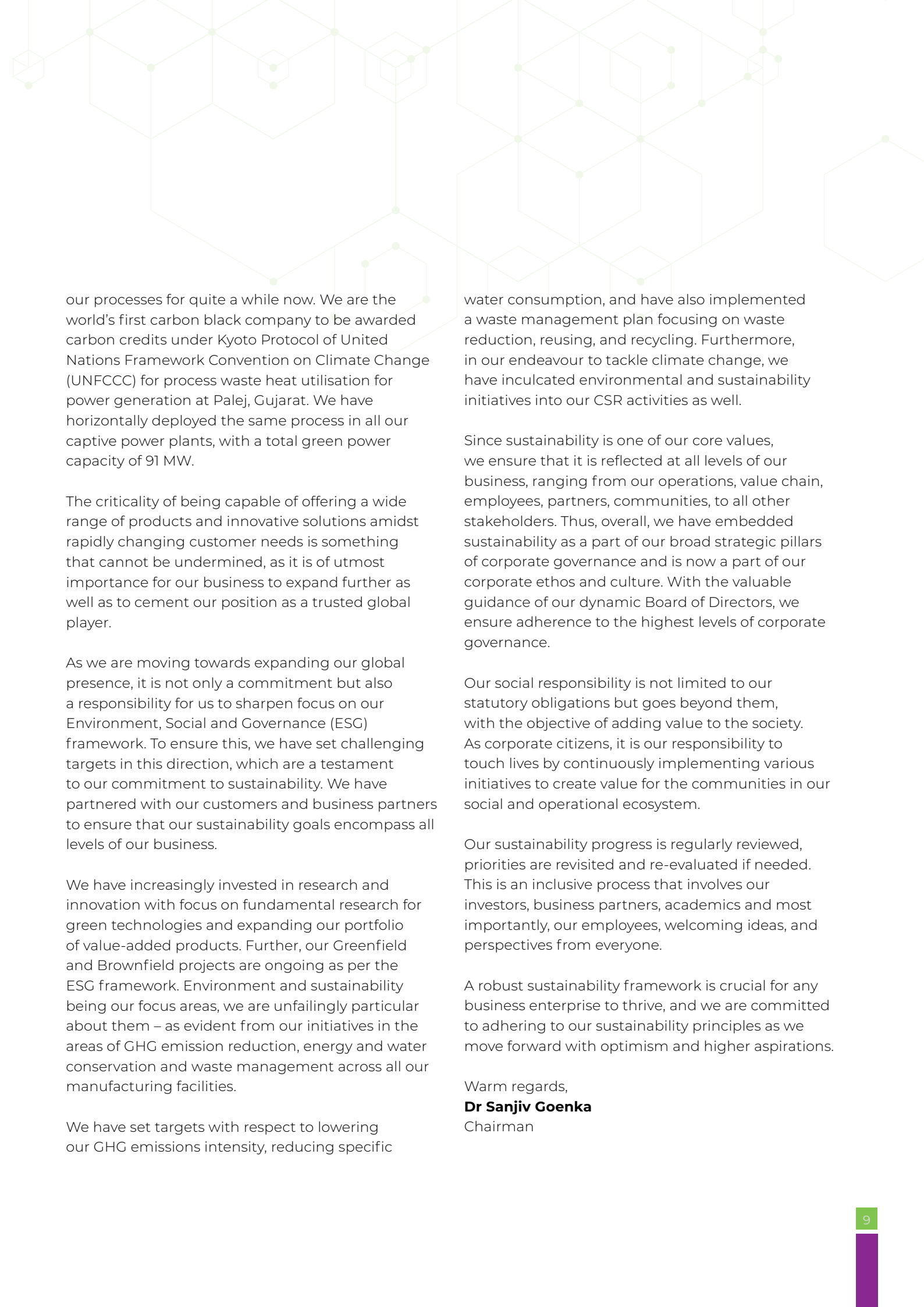
**AS WE ARE
MOVING TOWARDS
EXPANDING OUR
GLOBAL PRESENCE,
IT IS NOT ONLY
A COMMITMENT
BUT ALSO A
RESPONSIBILITY
FOR US TO SHARPEN
FOCUS ON OUR
ENVIRONMENT,
SOCIAL AND
GOVERNANCE (ESG)
FRAMEWORK.**

Dear Stakeholders,

As we live in an era of ever-changing business dynamics, it is imperative for any organisation to look at all the aspects of its business through the lens of sustainability. In alignment with this, we adopted 'Sustainability - be equally responsible for people, planet, profits' as a core value in 2021. This sustainability report captures the various measures and initiatives we at PCBL have implemented to pursue our sustainability goals and provides insight into our future plans regarding fulfilling our commitment to sustainable development.

We are delighted to report that we have made significant progress towards our ESG objectives along with fulfilling our commitments to all our stakeholders as per our overarching vision of embedding ESG objectives into our corporate strategy. As the requirements of our business partners are widening, our offerings have also expanded proportionally to cater to their needs. This has been made possible only through our critical focus on research and innovation – one of the key strategic pillars of our business philosophy. We have developed new and customised performance materials and specialty chemicals to enhance the diversity of our product portfolio. Our Sushila Goenka Research & Development Centre in Gujarat, India, and the Sushila Goenka Innovation Centre in Ghislenghien, Belgium, are involved in fundamental research, feedstock engineering, post treatment, and development of new products.

Our upcoming manufacturing unit in Chennai is being built with cutting-edge technology and will leverage the full potential of Industry 4.0 to be a smart manufacturing unit, thereby offering lean and efficient operations. Further, it will be an IGBC platinum-certified green unit with zero-liquid discharge, rainwater harvesting and water conservation, thus reinforcing our commitment towards reducing the environmental footprint. And we have been embedding sustainability into



our processes for quite a while now. We are the world's first carbon black company to be awarded carbon credits under Kyoto Protocol of United Nations Framework Convention on Climate Change (UNFCCC) for process waste heat utilisation for power generation at Palej, Gujarat. We have horizontally deployed the same process in all our captive power plants, with a total green power capacity of 91 MW.

The criticality of being capable of offering a wide range of products and innovative solutions amidst rapidly changing customer needs is something that cannot be undermined, as it is of utmost importance for our business to expand further as well as to cement our position as a trusted global player.

As we are moving towards expanding our global presence, it is not only a commitment but also a responsibility for us to sharpen focus on our Environment, Social and Governance (ESG) framework. To ensure this, we have set challenging targets in this direction, which are a testament to our commitment to sustainability. We have partnered with our customers and business partners to ensure that our sustainability goals encompass all levels of our business.

We have increasingly invested in research and innovation with focus on fundamental research for green technologies and expanding our portfolio of value-added products. Further, our Greenfield and Brownfield projects are ongoing as per the ESG framework. Environment and sustainability being our focus areas, we are unfailingly particular about them – as evident from our initiatives in the areas of GHG emission reduction, energy and water conservation and waste management across all our manufacturing facilities.

We have set targets with respect to lowering our GHG emissions intensity, reducing specific

water consumption, and have also implemented a waste management plan focusing on waste reduction, reusing, and recycling. Furthermore, in our endeavour to tackle climate change, we have inculcated environmental and sustainability initiatives into our CSR activities as well.

Since sustainability is one of our core values, we ensure that it is reflected at all levels of our business, ranging from our operations, value chain, employees, partners, communities, to all other stakeholders. Thus, overall, we have embedded sustainability as a part of our broad strategic pillars of corporate governance and is now a part of our corporate ethos and culture. With the valuable guidance of our dynamic Board of Directors, we ensure adherence to the highest levels of corporate governance.

Our social responsibility is not limited to our statutory obligations but goes beyond them, with the objective of adding value to the society. As corporate citizens, it is our responsibility to touch lives by continuously implementing various initiatives to create value for the communities in our social and operational ecosystem.

Our sustainability progress is regularly reviewed, priorities are revisited and re-evaluated if needed. This is an inclusive process that involves our investors, business partners, academics and most importantly, our employees, welcoming ideas, and perspectives from everyone.

A robust sustainability framework is crucial for any business enterprise to thrive, and we are committed to adhering to our sustainability principles as we move forward with optimism and higher aspirations.

Warm regards,
Dr Sanjiv Goenka
Chairman

MD'S STATEMENT



Kaushik Roy
Managing Director

WE FIRMLY BELIEVE THAT OUR PEOPLE ARE OUR MOST VALUABLE ASSET, AND WE HAVE INVESTED IN TECHNOLOGY, INFRASTRUCTURE, TRAINING, AND PROCESSES TO BUILD THEIR CAPABILITY AND EQUIP THEM WITH THE REQUIRED SKILLS TO FACE FUTURE CHALLENGES.

Dear Stakeholders,

We are pleased to share with you our Sustainability Report for FY 2021-22, which is in accordance with the Global Reporting Initiative (GRI) Standards and is aligned with the UN Sustainable Development Goals (SDGs). In our journey towards sustainable development, we have taken several steps towards our Environment, Social and Governance (ESG) objectives during FY 2021-22 and this report gives an overview of the same.

A key focus area for us is environmental stewardship, and in this regard, we have taken several initiatives in the areas of improving energy efficiency, emission reduction, reduction in specific water consumption and minimising waste. This year again, we have conducted a carbon footprint accounting across all our manufacturing plants and offices. The GHG emissions covered by this report include both direct and indirect emissions generated by our business. I am elated to report that we have been successful in reducing our GHG emissions significantly as compared to last financial year's emissions. Our current GHG emissions are now below the sector's global average, making us one of the best among our competitors. The ESG score that we have received from CRISIL is a testament of this. This couldn't have been possible without the conscious and unfaltering efforts of the team and our business partners, and I would like to thank and congratulate them for their valuable contribution. This encourages and instils confidence in us regarding our commitment to further reduce our carbon footprint and steadily achieve carbon neutrality in the future.

Further, with objective of extending our sustainability approach across our entire business ecosystem, we provide support to our supply chain partners to mitigate impact on the environment. Supplier audits are conducted regularly to ensure adherence to our policies and procedures.

Our focus on improving our operating ecosystem guides our social investment strategy, with community engagement and infrastructure development serving as key components. Our strategy aims at good health, eradicating poverty, providing quality education, creating equal opportunity, stopping biodiversity loss, creating sustainable livelihoods, and developing community infrastructure.

We firmly believe that our people are our most valuable asset, and we have invested in technology, infrastructure, training, and processes to build their capability and equip them with the required skills to face future challenges. We are always exploring and implementing best practices and systems to create and sustain a safe and exciting workplace. We also ensure that the physical and mental health of our employees is taken care of by regularly interacting with them as well as supporting them with the required amenities.

I take absolute pride in the passion that we, at PCBL, display in our activities and behaviour towards our commitment to sustainable development. Our new brand identity reflects this philosophy and approach as well. It is our resolve to constantly evolve, and I have complete faith that we will set new benchmarks as we move ahead in our journey to achieve our targeted ESG goals.

Warm regards,
Kaushik Roy
Managing Director



PCBL'S VISION

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



Core values



Customer first

Keep customer at the core of every action



Execution excellence

Strive to be the best in everything we do



Credibility

Instil 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



Sustainability

Be equally responsible for people, planet, profits

CHANGE is the only CONSTANT

And change when pointed in a desired direction by aligning it to a vision and a purpose is called evolution. At PCBL, we have been innovating, transforming, and evolving for more than six decades, making us a trusted global player and a pioneer in the industry. Today, we have evolved into an enterprise that is dynamic, young, futuristic, digitally driven and committed to sustainability.

As the next step in our evolution, we aim to explore new possibilities in the world of chemicals. We believe this will further enable us to provide cutting edge solutions to our partners, as well as make our workplace an even more exciting for our people and help us grow in harmony with the environment . It is our resolve to evolve.

Our position



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



Global position among carbon black companies



Manufacturer and exporter of carbon black from India

How we achieved it



91 MW

Green power



75+

Grades (Tyre & Performance chemicals and Specialty chemicals)



6,03,000 MTPA

Total manufacturing capacity (Projection after Greenfield and Brownfield expansion: 7,90,000 MTPA)

OUR COMPANY OVERVIEW

60+ years of advancing with rigour and winning together

With a legacy of more than six decades, PCBL Limited (erstwhile Phillips Carbon Black Limited) has evolved into a global player with a wide product portfolio. PCBL is amongst the pioneering companies in India having customised offerings for applications in tyres, performance materials, and specialty chemicals. . Our pride-enhancing, diversified and loyal clientele includes major tyre manufacturers and chemical customers, across 45+ countries.

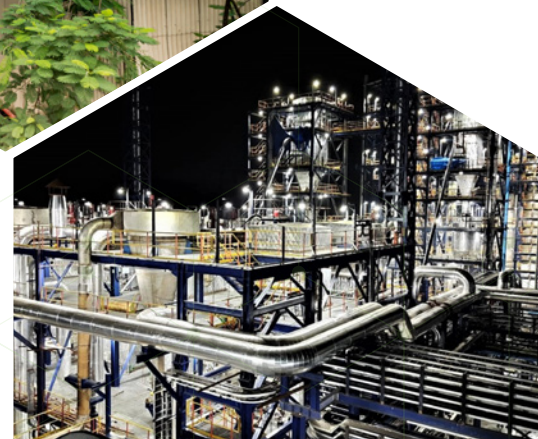
Beginning our journey with a manufacturing capacity of 14,000 MT per annum at Durgapur in 1962, we have grown over the years to a current capacity of 6,03,000 MT annually across four strategically located plants in India. Our plants at Durgapur (West Bengal), Palej & Mundra (Gujarat) and Kochi (Kerala) are backed by cutting-edge technology that helps switch seamlessly between alternative feedstock, make efficient use of resources, deliver a wide selection of grades and accomplish high-quality standards. We are further enhancing our capacity through a Greenfield Project

in Chennai (through our wholly-owned subsidiary) and a Brownfield expansion in Mundra.

As an Innovation driven company, we have invested in the R&D Centre in India and Innovation Centre in Belgium to continuously achieve product and process excellence.

We are responsible corporate citizens and caring for the environment and society is at the core of whatever we do. We have invested in a captive green power generation facility with a cumulative capacity of 91 MW. **We are the world's first carbon black company to be awarded Carbon Credit under the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC).** Our robust policies help us uphold the organisation's highest level of corporate governance.

Today, we are the largest carbon black manufacturer in India and a strong global player with a significant customer base in 45+ countries.





Our value proposition

At PCBL, we have been innovating, transforming and evolving for more than six decades, making us a trusted global player and a pioneer in the industry.

Today, we are dynamic, young, futuristic, digitally driven and committed to sustainability. As the next step of our evolution, we aim to explore new possibilities in the world of chemicals. This will further empower us in providing cutting-edge solutions to all our stakeholders as well as enable us to grow in harmony with the environment.

Our four strategically located manufacturing units follow global standards, helping us fulfil the stringent requirements of our customers. Further, we have implemented improved Quality Management Systems (QMS) at our manufacturing units to reinforce our quality commitment. We have also implemented methodologies and lean manufacturing tools such as DMAIC Methodology, Lean Fundamentals, Kaizen, 8D problem-solving tool/Root Cause Analysis, Focussed Improvement Projects (FIP), Overall Equipment Effectiveness (OEE) and 5S methodology – across all our plants .

In FY21, we launched the 5S methodology across all our four plants. It is a workplace organisation method comprising of five steps: seiri(sort), seiton(set in order), seisō(shine), seiketsu(standardise), and shitsuke(sustain) describing how to organise a workspace for efficiency and effectiveness. We have been continuing with these 5S steps in order to improve cleanliness and orderliness of our workplace.

We focus on building strategies that help us deliver on the aspirations of all stakeholders by putting equal emphasis on our financial and non-financial priorities. Our overarching objective is to strengthen the fundamentals of our Company for long-term value creation. We are putting into action our sustainability policy and governance structure, making sustainability a part of our strategic pillars. This framework helps us deliver impactful results to benefit our stakeholders. Embedding sustainability as a part of our broad strategic pillars entails the following:

-  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

OUR PRODUCTS

Orient Black, is our rubber black brand that is manufactured through the furnace process. A protuberant class of carbon black grades under the brand names 'Orient Black' and 'CarboNext' is used in rubber compounds as reinforcing fillers, to improve rubber compound properties and thereby to provide the ultimate solution in tailoring specific end product requirements. This enhancement of rubber properties is majorly enabled by the physical and chemical characteristics of carbon black, covering Aggregate

Size Distribution (ASD), structure, particle size (surface area), surface activity and porosity among others. Our rubber grades contributes almost 90% to the total sales volume.

We also offer a wide range of specialty grades used in various applications that include films, pipes, fibres, wires and cables, conductive, inks, coatings, paints, batteries, sealants, engineering plastics, and food contact plastics.

Our specialty grades are promoted under the brand name '**Royale Black**' with two premium sub-brands,

Bleumina[®]

is a series of medium colour furnace blacks, offering a distinctive jetness, gloss, superior surface smoothness, immaculate aesthetics and high durability in the final products. The specifications make it easily compatible with a wide range of polymers that includes engineering plastics such as PC, ABS, SAN, ASA, nylon, POM, PBT, PS, PET, PPS, PMMA and other polymers like PP, PE, PVC, TPO, TPE, etc. Some of the key application areas include automobile interiors and exteriors, coatings, consumer electronics, home appliances and other value-added applications.

N_μTONE[®]

is a series of powder carbon black that has reached a global level for its various specialized features that offer improved dispersion in aqueous and non-aqueous medium, better rheological properties, superior colour, good dispersion and excellent gloss. We design each grade specifically to meet the market demand and needs to support various ink applications to meet specific customer needs. Moreover, it is also endorsed to use with different adhesive and sealant applications.

Most of our specialty grades are compliant with various stringent food contact norms like EU 10/2011, AP89 (1), and Swiss ordinance. Grades used in food contact plastics conform with US FDA.

Other offerings

- ◆ Developed a series of PRD022 grades for moulded rubber goods and ultra-high reinforcing applications. These products are at various stages of approval
- ◆ PRD018, a carbon black trial grade offering tyre durability and potential capability of improving rolling resistance



Product applications

We have a comprehensive portfolio to offer, spreading across multiple grades of carbon black as classified by the American Society for Testing and Materials (ASTM) standards in conjunction with customised, high-performance products to provide to the evolving business needs.

Our furnace grades of carbon black include various series from N100 (super abrasion furnace black) to N700 (semi-reinforcing furnace black), characterised by their structure and a diverse range of surface area.

Technical and high-performance rubber goods

- ◆ Anti-vibration grommets
- ◆ Conveyer belts
- ◆ Tubing
- ◆ Adhesives
- ◆ Unvulcanised sheets
- ◆ Seals and gaskets
- ◆ Rubber-to-metal bonded goods
- ◆ Power transmission belts (V belts)
- ◆ Construction
- ◆ Moulded rubber goods
- ◆ Extrusions and profiles
- ◆ Damping elements
- ◆ Hoses and ducting
- ◆ Rubber mats and shoe soles
- ◆ Rubber pads and caps

Tyres

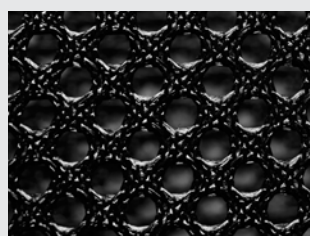
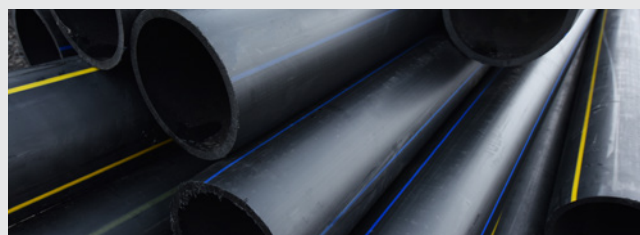
- ◆ Forestry tyres
- ◆ Three-wheeler tyres
- ◆ Cycle tyres
- ◆ Truck and bus tyres
- ◆ Tyre re-treading materials
- ◆ Passenger vehicle tyres
- ◆ Two-wheeler tyres
- ◆ Off-the-road tyres
- ◆ Agricultural tyres

Specialty chemicals

- ◆ Inks
- ◆ Adhesives
- ◆ Paints
- ◆ ESD and Conductive
- ◆ Synthetic fibre and textile fabric
- ◆ Wire and cable
- ◆ Film and sheet application
- ◆ Drip irrigation pipe system
- ◆ Coatings
- ◆ Sealants
- ◆ Batteries
- ◆ Geo-textile/Geo-membrane
- ◆ Food contact plastic
- ◆ Pressure pipe
- ◆ Plastics moulded parts
- ◆ Engineering plastics

Sustainable Products

- ◆ Developed Novel Carbon Black by adopting molecular engineering approach, which is capable to improve fuel efficiency by lowering rolling resistance of tyre
- ◆ Developed Carbon Black with Permissible Level of Polycyclic Aromatic Hydrocarbons (PAHs) to fulfil the global regulatory requirements for end use applications in rubber, plastics etc.
- ◆ Expanded FDA approved Product Portfolio with market relevant carbon black grades including 'Pressure Pipe' applications



Key certifications

Our plant operations are accredited with the following certifications:



ISO 9001: 2015

certification for Quality Management Systems in general



IATF 16949: 2016

certification for Quality Management Systems of automotive organisations



ISO/IEC 17025: 2017

certification of accreditation of QC Laboratories (Palej and Kochi) issued by NABL



WASH certification

on Workplace Assessment for Safety and Hygiene linked with COVID-19 preparedness



ISO 14001: 2015

certification for Environment Management Systems



ISO 45001: 2018

certification for Occupational Health and Safety Management Systems



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

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

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

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 (All amounts in ₹crores, unless otherwise stated)

	FY22	FY21	FY20
Direct economic value generated	4446.4	2659.5	3243.5
Revenue from sales of goods	4,425.0	2654.0	3222.1
Other operating income	21.4	5.6	21.5
Economic value distributed	4180.5	2,474.1	3,082.7
Operating expenses	3,632.1	2038.8	2644.2
Wages and other payments to employees	158.7	132.2	134.4
Payments to providers of capital	221.6	156.5	151.8
(i) Payments to shareholders	188.7	120.6	120.6
(ii) Payments of Interest	32.8	35.9	31.1
Payments to government (Including income tax)	168.1	146.6	152.4
Economic value retained	265.9	185.4	160.8



Accelerating digital readiness

At PCBL, we are making continuous efforts to emerge as a digitally smart organisation while ensuring data and information security, data confidentiality and availability.

We are investing in digital tools that are helping improve overall organisational efficiency on one hand, while improving business performance on the other hand. During FY22 there has been no business, financial or reputational loss due to IT.

Robust and modern IT platforms like SAP HANA ERP in Cloud and related Fiori apps, ERP-integrated SAP SuccessFactors HR Platform and Secure 2FA VPN continue to provide the edge to business from anywhere, in terms of speed, accessibility, data integrity and security.

To adapt to restrictions on travel during the pandemic and to facilitate greater online collaboration among employees, customers and vendors, the WAN (Wide Area Network) bandwidth of the plants and head office has been significantly upgraded. Multi-Platform video-conferencing and online meetings have become the regular mode of collaboration among teams and stakeholders across boundaries.

Despite an acute global shortage of semiconductors, PCBL successfully continued the upgradation/ replacement drive of end-user machines as per planned schedules, to keep the computing environment current, agile and secure, with the latest OS and AD-based governance.

One of the best-in-class authentication, containerisation and patch management platforms as per Microsoft guidelines has been launched across the organisation to deploy governance rules and access management seamlessly across devices and platforms, taking care of patch-related bandwidth choking pains at plants.

Automated tool-based backup is taken for all critical servers at various intervals. Encrypted backups are stored separately and periodically tested as a restore drill. End-user machines' local data backup takes place in an automated manner through Microsoft OneDrive cloud backup. This ensures zero loss of organisational and user data even in case of theft or complete damage to any laptop.

As per the Gartner magic quadrant report of end user security, the organisation has adopted and deployed the top-recommended cloud based Advanced Threat. At PCBL, we are making continuous efforts to emerge as a digitally smart organisation while ensuring data and information security, data confidentiality and availability.

We are investing in digital tools that are helping improve overall organisational efficiency on one hand, while improving business performance on the other hand. During FY22 there has been no business, financial or reputational loss due to IT.

Robust and modern IT platforms like SAP HANA ERP in Cloud and related Fiori apps, ERP-integrated SAP SuccessFactors HR Platform and Secure 2FA VPN continue to provide the edge to business from anywhere, in terms of speed, accessibility, data integrity and security.

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As per the Gartner magic quadrant report of end user security, the organisation has adopted and deployed the top-recommended cloud based Advanced Threat Management Platform (ATP) for all end user devices (official laptops, desktops). Automated Containerisation and End Point Security deployment has been enforced through MDM for any personal mobile/tab if official data access is needed from that device.

In line with the change of our identity, all relevant IT platforms and the corporate webpage (www.pcblltd.com) have been changed with new theme, logo and other changes. The revamped corporate webpage continues to run on a modern platform on one of the best in class public cloud. The serverless architecture ensures lightning fast speed and the capability to handle increased traffic at any time.

To generate automated export documentation (as per country/port-specific requirements) from SAP ERP, a new digital platform of EXIM has been launched, thus significantly enhancing the speed of execution and eliminating human dependence.

Periodic DR drill of the most critical ERP setup mitigates business continuity-related enterprise risks. The DR setup is hosted at a different region of the cloud service provider.

The Company is aware of the current elevated levels of cybersecurity risks across the globe. All critical IT servers in the cloud are protected with best in class UTMs (Unified Threat Protection) Firewalls, which are monitored through Managed Security Services (MSS) of a reputed ISP. The IT team of the Company is equipped with enterprise class licensed remote support software tools to support business users remotely, either at home or office and international users – thus ensuring business continuity during the lockdown and other challenges. During the year, the Company did not incur any major additional expenses or did not need to change any IT setup to handle the COVID 19-related lockdown. In line with the organisational strategy of digital transformation, several strategic IT initiatives have been planned and budgeted for the coming year.

We have fast-tracked the roll-out of various digitisation measures for seamless operations in the world, which has undergone a paradigm shift over the last couple of years.

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, Giti Tyres, 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 developing 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)



Driving sustainable growth

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.

Our other commitments for sustainable growth –

- ◆ Engage with national and local governments and regulators to share our intent, understand the latter's concerns and priorities, and find mutually beneficial solutions
- ◆ Ensure to comply with all applicable regulations wherever we operate and proactively evaluate our performance regularly
- ◆ Aim to give back to society and enhance our positive impact on communities
- ◆ Invest directly in the communities where we operate by supporting education, health and sanitation, community development and environmental sustainability
- ◆ Persistent engagement with our investors, shareholders and lenders for business and management updates
- ◆ Facilitate site visits to keep them updated about the activities at the plants

Resources (as on FY22)

Intellectual capital

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

R&D Centre: Asia

Innovation Centre: Europe

R&D and Technology talent pool: **47**

Number of patents filed (last three years): **4**

Human capital

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

Total employees: **1,135**

Employee remuneration:

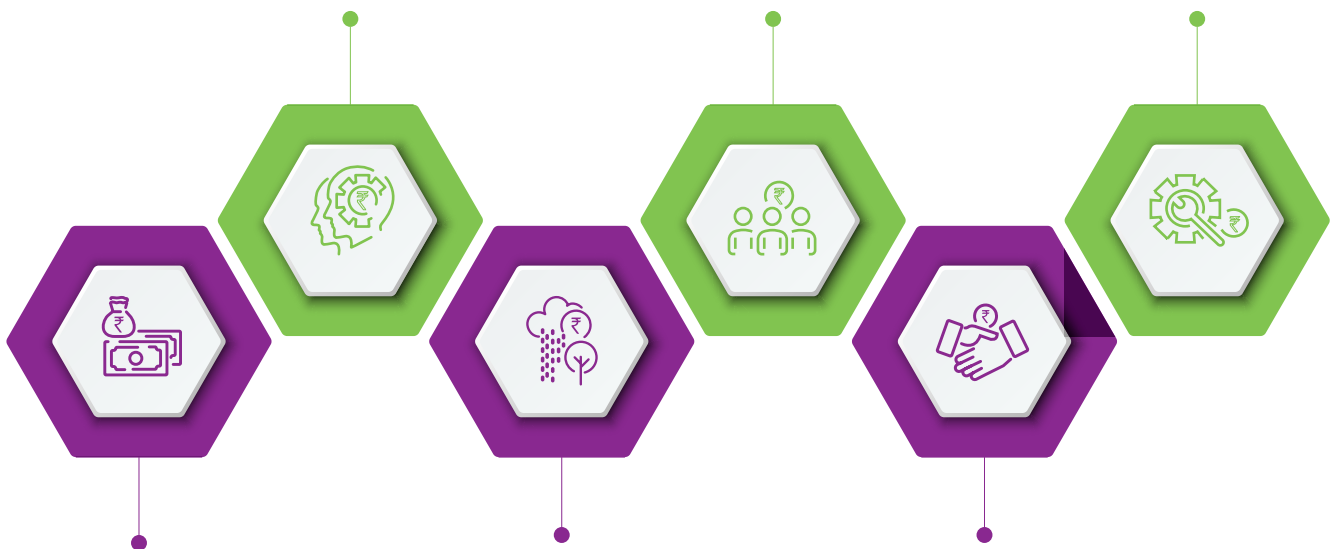
₹159 crores

Manufactured capital

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

Carbon black manufacturing facilities: **4**

Green power capacity: **91** MW



Financial capital

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

Revenue: **₹4,446** crores

EBITDA: **₹660** crores

PAT: **₹427** crores

Natural capital

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

GHG emissions intensity:

1.76 tCO₂e/MT of carbon black

Water recycled or reused: **813** KLPD

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.

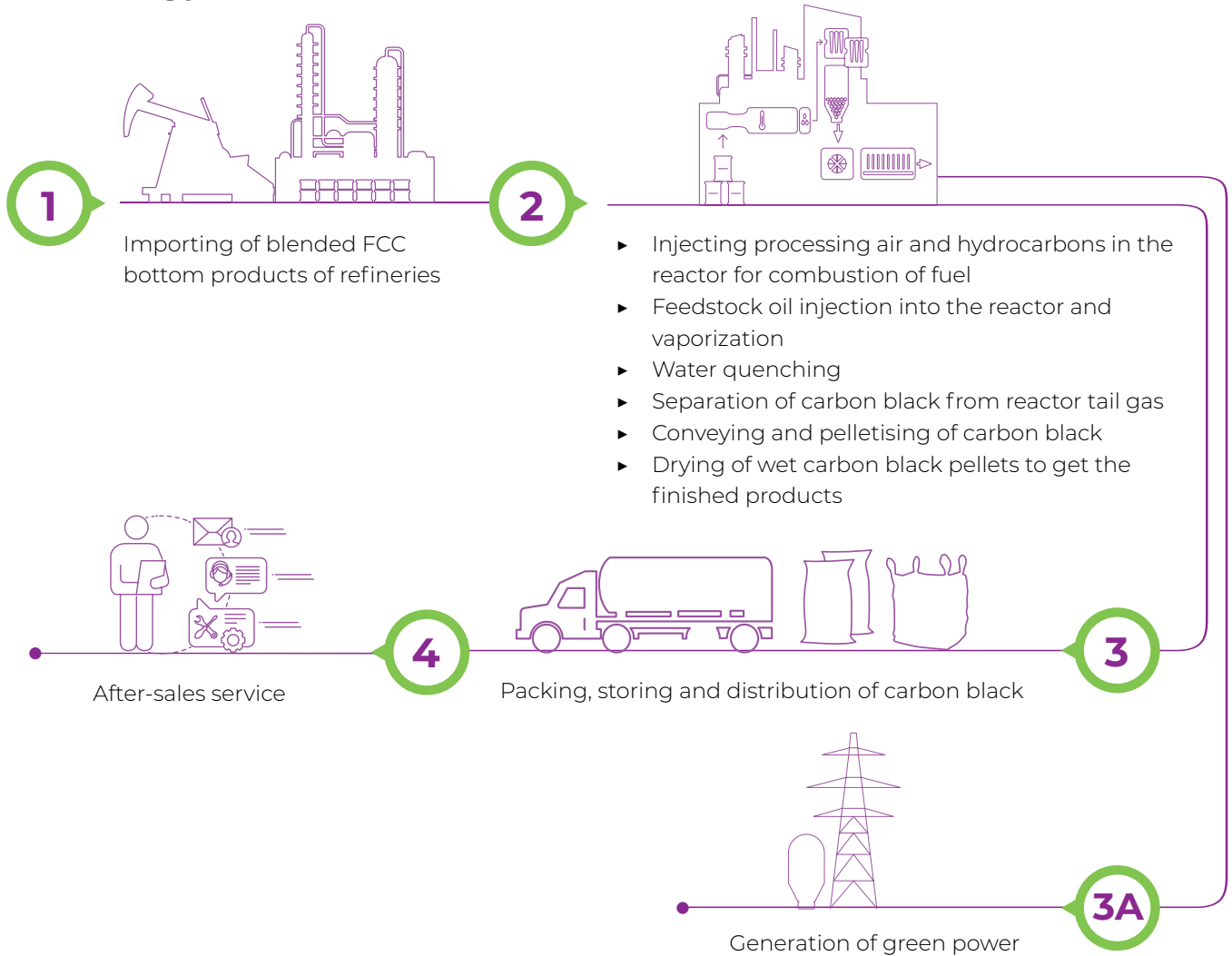
CSR expenditure: **₹8.66** crores

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

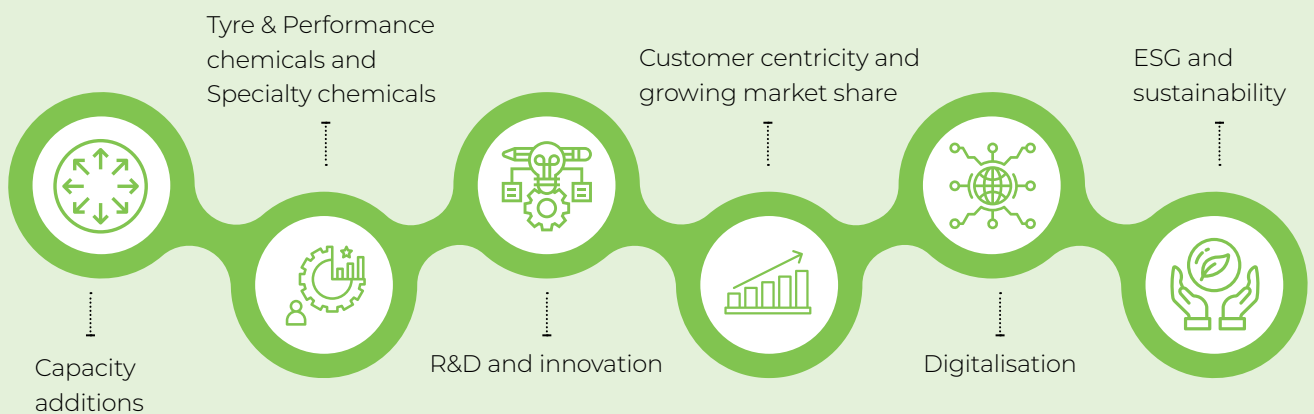
Key industry associations: **8+**

Value creation paradigm

Manufacturing process



Our Strategy



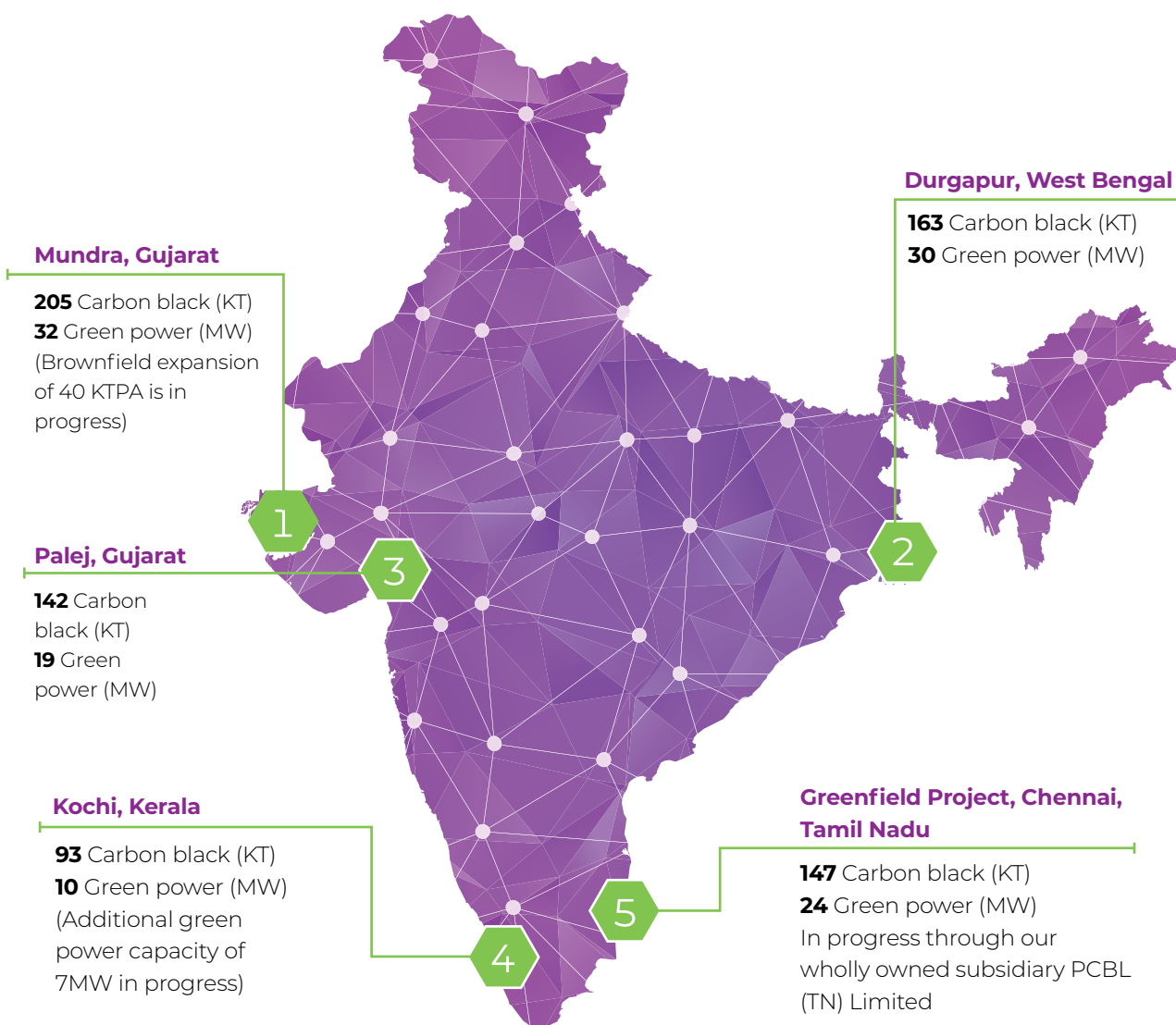
Forging connections beyond boundaries

Our four state-of-the-art manufacturing units are in close proximity to ports and key national markets. On one hand, it gives us the advantage to source imported raw materials and on the other hand, it helps to cater to both national and international markets with ease.

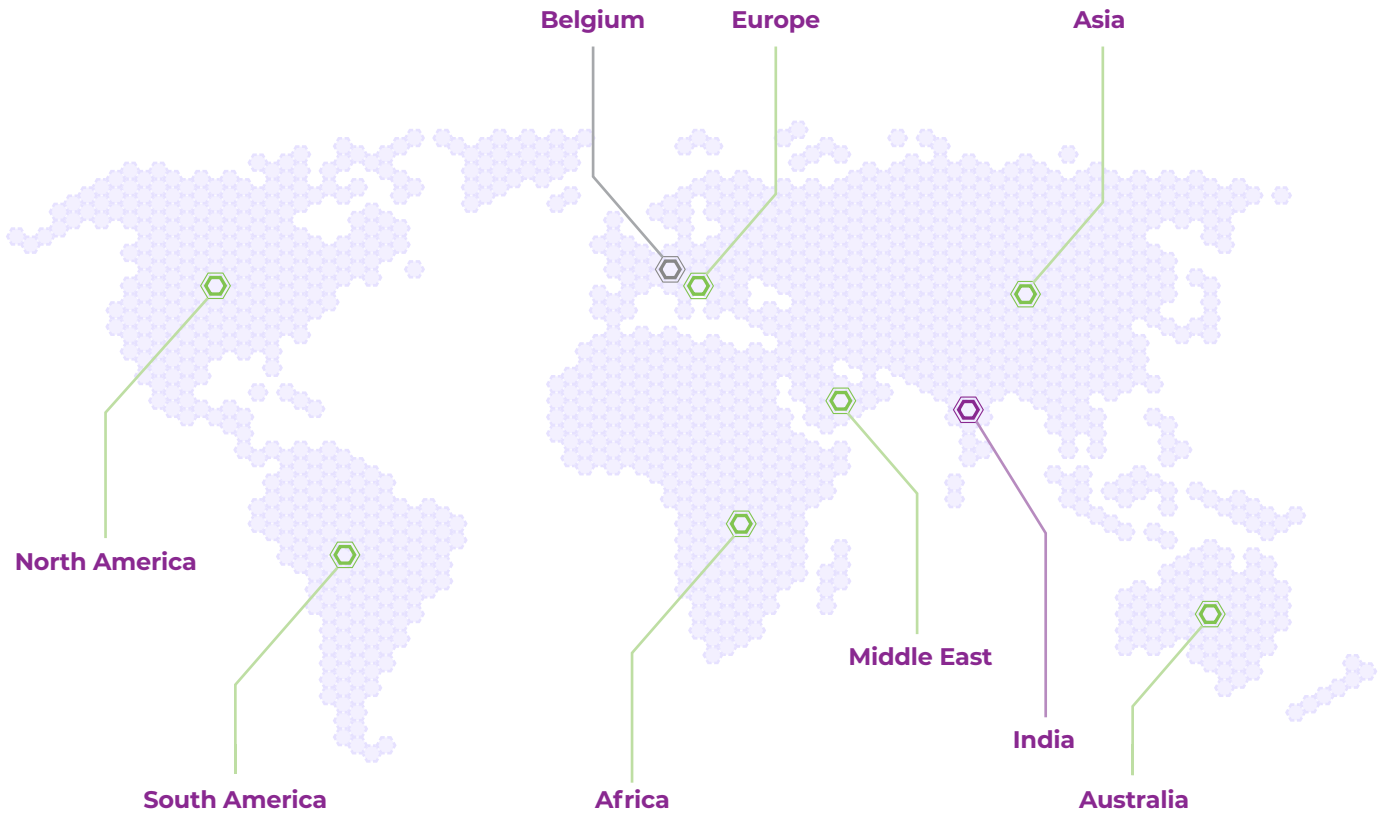
Our diversified presence also reduces the risk of overdependence on any single manufacturing unit at a given point in time.

Our global footprint spans 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 helps us penetrate deeper across geographies and explore new opportunities.

Manufacturing capacities



Global presence



— Sushila Goenka Innovation Center

— Global Market Presence

— Sushila Goenka Research & Development Center

Extensive footprint:

30%

Share of revenue from exports

200+

Strategic supply chain partners

Offices in

6

Countries outside India

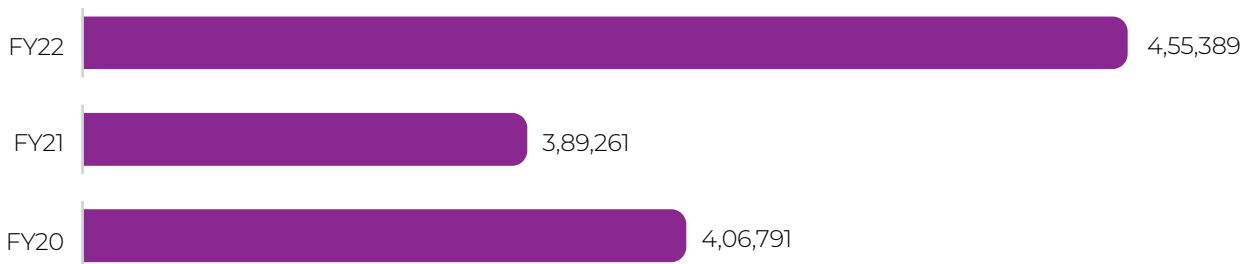
Presence in

45+

Countries

Sales trend

Sales Volume (MT)



ESG STRATEGY





Advancing with responsibility

The world is beset by growing concerns around climate change, widening inequality gaps, poverty, hunger, pandemics, geopolitical conflicts, and others. We believe that it is imperative for the well-being of future generations, to encourage behavioural change in communities as well as ensure the circularity of resources, gender equality, ethics and human rights.

To ensure sustainability, our ESG practices cover every business function. We continue to grow responsibly with a sharp focus on energy and waste management, water stewardship, employee diversity, social impact, innovation and robust governance policies. We do this by ensuring ethical, eco-friendly operations and creating shared benefits for all stakeholders, while ensuring

moral and ethical standards govern every engagement. Our initiatives are directed towards moderating carbon footprint, recycling waste and optimising resource utilisation. We have been focusing consistently on renewable energy, waste management, harvesting rainwater and creating green belts where we operate.

Our overarching objective is to strengthen the fundamentals of our Company for long-term value creation. We are implementing our sustainability policy and governance structure and making sustainability a part of our strategic pillars. This framework helps us deliver impactful results to benefit our stakeholders. Following are the salient features of our Environment, Social and Governance (ESG) strategy:

Environment



- ◆ Commitment to environmental sustainability across business operations to ensure recycling and responsible usage
- ◆ Zero Liquid Discharge (ZLD) compliant plants
- ◆ Recycling wastewater for utilisation in the process
- ◆ Focusing on Green factory and office buildings and reducing consumption of freshwater
- ◆ Initiatives include maximising heat recovery by different inline heat exchangers (APH, WHB & OPH) and other measures on energy efficiency, rainwater harvesting, plantation, etc.
- ◆ Green power generation
- ◆ Adherence to international standards such as CDP disclosure, UNFCCC
- ◆ Certification on ISO 14001:2015 standard on Environment Management Systems

Social

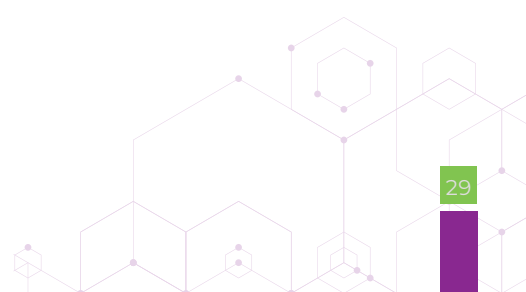


- ◆ Risk based training programmes to improve employee health and safety
- ◆ Proactively working towards the development of underprivileged communities with a focus on education, health and sanitation, environment sustainability and holistic community development
- ◆ Adherence to international standards such as European REACH
- ◆ Equal opportunity employment, small vendor development, rewards and recognition programmes in place
- ◆ Certification on ISO 45001:2018 standard on Occupational Health and Safety Management Systems
- ◆ Roll out an occupational health and safety management program across our plants, identification of work related hazards through HIRA, HAZOP, JSA techniques and initiating actions
- ◆ Community engagement to help combat pandemic through monetary assistance and awareness campaigns

Governance



- ◆ 60% of the Board of Directors are independent
- ◆ To ensure the Board is diverse in terms of skills and expertise in the fields of global business, strategy & planning, leadership, legal & regulatory matters, finance, risk management and relevant technologies
- ◆ Continued focus on designing and improving the flow of activities to ensure economic prosperity and long term value creation for all stakeholders over the foreseeable future
- ◆ To ensure anti-bribery policy, quality policy, sustainability policy, risk management policy, whistleblower policy, vigil mechanisms, prevention of sexual harassment policy and prohibition of insider trading policy are in place





Zero
Liquid discharge from our plants



199
New employees hired



6/10
Independent Directors (two women directors)



8,00,549 GJ
Green energy utilisation



30+ YEARS
Average industry experience of the leadership team



1,60,000+
Shareholders



91 MW
Green power generating capacity



14+
Villages reached through our CSR programmes



33+ YEARS
Average age of employees

Sustainability policy

Ever since 2018, a well-thought-through sustainability policy has driven 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 implementing this policy and reviewing the progress 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 strategize the way forward

Corporate level

At the corporate level, we drive the implementation of our strategy. 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, and human resources.

Actioning our strategies

We provide industry-leading products and solutions catering to a wide cross-section of downstream industries worldwide. By considering the full life cycle of our products and innovating to build sustainable products that impact our day-to-day lives, 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

- ◆ Collaborate with customers and vendors to explore the evolving needs of next-generation 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

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 47 scientists across both centres

Driving capacity addition responsibly

- ◆ Embarked on two expansion projects – a Greenfield Project in Chennai and a Brownfield Project at Mundra, Gujarat
- ◆ Upcoming greenfield plant in Chennai will add 1,47,000 MTPA of carbon black capacity and 24 MW of green power.
- ◆ Upcoming Brownfield Project at Mundra, Gujarat, will add an additional capacity of 40,000 MTPA and will be completed in two phases – the first phase of which is expected to be operational by the end of FY23.

- ◆ Additional green power capacity of 7 MW in Kochi, Kerala, is in progress
- ◆ Overall, the new expansion plan of our Company will lead to a total manufacturing capacity of 7,90,000 MTPA and green power of 122 MW

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

Building capability

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

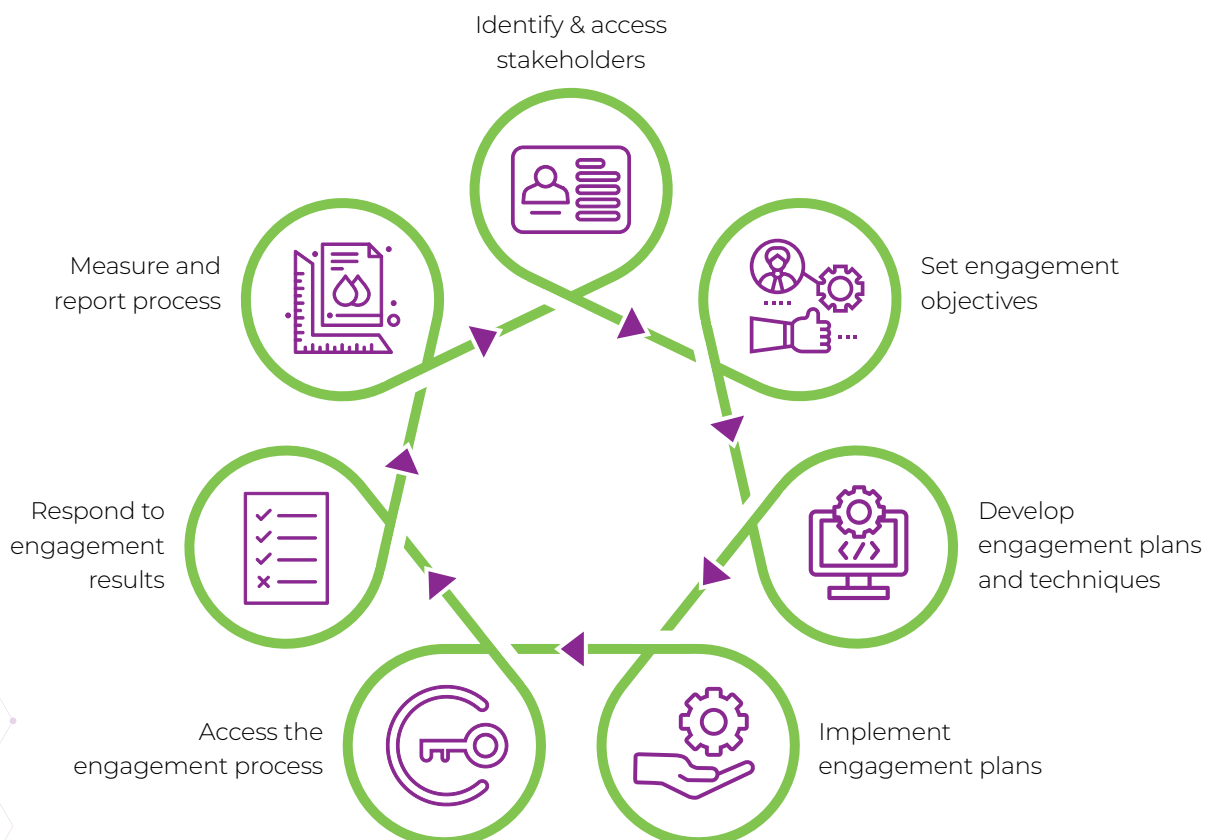
Stakeholder engagement

Transparent communication to resolve challenges

Every organisation relies on its interactions with different stakeholders to create value for all parties, either directly or indirectly. At PCBL, we believe that engagement is all about realising the point of agreement or common motivation that allows different stakeholders to work in unison to accomplish greater good together. We, therefore, ensure ongoing and effective communication with our stakeholders. As businesses worldwide decisively move towards sustainable value creation, we

continue our sincere dialogue with our stakeholders to deliver on their expectations as well as on our Environment, Social and Governance (ESG) priorities. These issues are key to building a long-lasting, value-accretive enterprise.

We have identified and prioritised our stakeholder groups based on how we impact them and how they affect our business operations. Following is the snapshot of our stakeholder engagement process



We have identified six critical stakeholder groups, which have been listed in the table below

Stakeholder Groups: Employees

Our people are at the core of our business. We encourage an open dialogue to allow them to identify and resolve challenges together.



Mode of Engagement	Key Topics
<ul style="list-style-type: none"> ◆ Sampark Live - PCBL Townhall: Conducted once 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 joiners ◆ Ensuring workplace safety ◆ Leena (AI chatbot) to engage with employees and address their concerns ◆ Training Academy of Graduate Engineer Trainees and Management Trainees ◆ Fun at work activities that nurture and showcase the creative skills of PCBLites ◆ Focus group discussions to understand employee challenges and improve workplace experience 	<ul style="list-style-type: none"> ◆ 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

Stakeholder Groups: 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 a seamless supply chain to various other issues, we discuss various solutions. Our objective is to build a relationship of trust and mutual support with all of them.



Mode of Engagement	Key Topics
<ul style="list-style-type: none"> ◆ 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 reports and discuss their targets along with performance 	<ul style="list-style-type: none"> ◆ 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

Stakeholder Groups: 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.



Mode of Engagement	Key Topics
<ul style="list-style-type: none"> ◆ Regular interactions with key account manager ◆ Regular digital customer interface ◆ Collaboration on product innovation ◆ Customer and industry events and exhibitions ◆ Regular customer satisfaction survey ◆ We cover all material topics impacting our customers by reviewing their disclosures in their sustainability reports 	<ul style="list-style-type: none"> ◆ Customised grades of carbon black to meet specific requirements ◆ Sustainable packaging ◆ Product innovation ◆ Quality and service ◆ Responsible sourcing along the supply chain

Stakeholder Groups: 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.



Mode of Engagement	Key Topics
<ul style="list-style-type: none"> ◆ 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 protecting our employees by preserving utmost confidentiality 	<ul style="list-style-type: none"> ◆ Adherence to national and international regulations ◆ Good governance practices ◆ Community engagement ◆ Regulatory compliance ◆ Ethical business conduct ◆ Environmental stewardship ◆ Maintaining safety ◆ Project approvals

Stakeholder Groups: 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.



Mode of Engagement	Key Topics
<ul style="list-style-type: none"> ◆ Periodic need assessment and engagement ◆ Need-based interventions across focus areas: education, health and sanitation, community development, environment sustainability 	<ul style="list-style-type: none"> ◆ Employment and enterprise support ◆ Community health and impact on the environment ◆ Local infrastructure investments

Stakeholder Groups: 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.



Mode of Engagement	Key Topics
<ul style="list-style-type: none">◆ Events, including annual general meeting, results presentations, investors' calls, 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◆ Analysts' congregations	<ul style="list-style-type: none">◆ 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



Material topics

Issues that matter the most to us

With a continuous commitment towards sustainability, we have been working on enhancing its ESG efforts by undertaking a comprehensive and independent ESG strategy and assessment exercise by adhering to certain Key Performance Indicators (KPIs) derived from materiality targets.

We regularly engage with our stakeholders. Their input 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 continue to grow responsibly with a sharp focus on the triple bottom line.

Our ESG practices cover every business function, and we keep a tab on material issues closely related to ESG. The material issues are identified through internal stakeholder consultation and are inclusive of the perceptions of external stakeholders, which are based on periodically interacting with the various functions of PCBL. We modify the list based on the changes in the scenario and emerging challenges.

Key material issues

As a part of our annual exercise, we have reviewed and fine-tuned our materiality factors based on their linkage with our core business and identified the risk and opportunities.

GHG emissions and energy management

Our Operational sustainability may be hampered by the negative impacts created on the environment. The GHG emission reduction will help to minimise the impact on the environment/air quality and improving energy efficiency will reduce the combustion of fuel in the fossil fuel-dominated grid, which, in turn, will reduce our carbon footprint.

Water management

Water is used for various processes in our operations. We take it as our responsibility to reduce freshwater consumption, especially in the water-stress areas where we operate.

Water sustainability is a must for our operations to continue our journey towards sustainable development. Water sustainability is a must for our operations to continue our journey towards sustainable development.

Solid waste management

Waste is generated as part of the carbon black manufacturing process.

Unchecked waste generation and disposal may attract legal/regulatory issues that can directly impact our operations as it directly impacts the environment.

Health and safety

PCBL has a people-first culture and makes every effort to ensure that the work environment is motivating. Health & Safety has been considered for the broader ecosystem than just employees.

Any safety-related incidents would reflect poorly on our reputation of a safe workplace and could impact our operations.

Human rights & community engagement

The role of a socially responsible corporate citizen is to enrich relationships with stakeholders, from suppliers to customers, regulators, investors and the communities where it operates. When businesses respect human rights, they demonstrate their commitment to building sustainable and mutually beneficial relationships with those who influence or are impacted by their operations, including customers, communities, workers, and investors.

Product stewardship

This material topic has been considered to share the responsibility (EPR) with all those, viz. manufacturers, retailers, users, and disposers involved in the product life cycle to reduce the environmental impact of products.

Leadership and governance

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. A robust corporate governance framework ensures effective engagement with our stakeholders and helps us

evolve with the changing times. We have robust cyber security and data governance practices to protect sensitive employee and consumer data.

Our Board of Directors and senior leadership teams at corporate level as well as at plant level are involved in driving our sustainability initiatives across the organization and ensure policy adherence, implementation and monitoring.

Management of material issues and sustainability targets

Setting goals for a sustainable future

We believe it's our responsibility to set an example of best practices, ensure to improve ourselves and provide a greener environment to our stakeholders.

Our ambitions and targets

SI No.	Material Topics	Goals	Status
1	GHG Emissions and Energy Management	Reduce specific power consumption by 10% by FY30, from the baseline year FY21	Gathering momentum
		Increase in percentage of renewables in off-battery limits energy consumption by 10% by FY30, from the baseline year FY22	Monitoring has been started to communicate the progress in the next report as FY22 has been taken as base year
		Reduce GHG intensity by 15%, by FY30, from the baseline year FY21	On track
		Minimum 5000 saplings plantation every year	On track
2	Water Management	Reduce specific water consumption by 20% by FY30, from the baseline year FY21	Gathering momentum
3	Solid Waste Management	Reduce waste to landfill by 15% by FY25, from the baseline year FY22	Monitoring has been started to communicate the progress in the next report as FY22 has been taken as base year
		Increase use of recycled plastics (plastic pallets, etc.) by weight, used in packaging, by 10% by FY25 and by 20% by FY30, from the baseline year FY22	Monitoring has been started to communicate the progress in the next report as FY22 has been taken as base year
4	Health and Safety	Achieve zero Lost Time Injury Frequency Rate (LTIFR) by FY25	Increased in FY22 ; corrective action taken
		Cover 100% of our employees including permanent, contract and casual, for safety training by FY25	On track

SI No.	Material Topics	Goals	Status
5	Human Rights and Community Engagement	100% coverage of employees under PF, Health Insurance, Retirement, Maternity/Paternity benefits on continuous basis	On track
		Train 100% of employees and workers on human rights issues and policies of the entity by FY23 and continue the process	On track
		Conduct regular training on security breaches, prevention of sexual harassment (POSH) awareness, anti-corruption and anti-bribery topics, covering 100% of employees, by FY23	On track
		Resolve 100% of grievances received within 30 days from the date of the registered complaint (Sexual Harassment, Discrimination at workplace, Child Labour, Forced Labour/Involuntary Labour, Wages, Other human rights related issues)	On track
		Assessment of all the plants and offices (by entity or statutory authorities or third parties) on Sexual Harassment, Discrimination at workplace, Child Labour, Forced Labour/Involuntary Labour, Wages, Other human rights related issues, every year, effective from FY23	Monitoring shall be started to communicate the progress in the next report as FY22 has been taken as base year
		Increase the percentage of permanent female employees by 20% by FY25, from the baseline year FY22	Monitoring shall be started to communicate the progress in the next report as FY22 has been taken as base year
		Target 30% of total CSR spends for identified vulnerable groups, effective from FY23	Monitoring shall be started to communicate the progress in the next report
		A minimum of two projects by each unit every year for development of community through education, hygiene, road and basic infrastructure in the community	On track
		Conduct social impact assessments (SIA) of CSR projects undertaken by the organisation based on applicable laws, from the year FY23	Monitoring shall be started to communicate the progress in the next report

SI No.	Material Topics	Goals	Status
6	Product Stewardship	Achieve zero percent of product revenues that are subject to lawsuits due to health concerns, effective from FY23	On track
		Achieve zero percent of products sold that are banned in developed countries, effective from FY23	On track
		Increase research & development (R&D) spending on Green/Sustainable products by 20%, by FY25, from the baseline year FY22	Monitoring shall be started to communicate the progress in the next report
		Initiate life cycle assessment (LCA) of our products portfolio from the year FY23 and cover 25% of our products in LCA by FY25	Monitoring shall be started to communicate the progress in the next report
		Include voluntary product recall in standard operating procedures - Quality Assurance (SOP-QA) effective from FY22	Initiated
7	Leadership and Governance	Certify all operational sites with an information security management system (ISMS), certified to ISO 27000 (or other equivalents/similar standards) by FY25	Monitoring shall be started to communicate the progress in the next report
		Since FY20, a systematic credit check and due diligence of new vendors who are associated with PCBL is in place. For the third-party intermediaries, governance and sustainability part will be included in their contracts & during the renewal of contracts of existing third-party intermediaries, w.e.f. FY23	Monitoring shall be started to communicate the progress in the next report
		Structured format will be implemented for compliance to whistle blower policy. w.e.f. FY24	Initiated
		A Digital Learning Ecosystem will be continued	On track
		Group Level Academy for Leadership Development of Global Standard will be launched in FY24	Initiated
		100% of employees to receive Code of Ethics training	On track
		100% of employees to be regularly trained on anti-corruption and anti-bribery topics	On track
		100% of employees to receive Prevention of Sexual Harassment (POSH) awareness training	On track
		100% of employees to receive training on Insider Trading Regulations	On track
		100% awareness among employees on security breaches through e-learning programmes about e-mails and other information technologies following best practices, globally	Awareness on security breaches through e-learning programmes about e-mails on track- Initiative taken for awareness on other information technologies following best practices, globally and monitoring shall be started to communicate the progress in the next report

In addition to the above-mentioned targets under key Material Topics, we have also set targets on the indicators identified under “Sustainable Procurement” as follows:

Targets for Sustainable Procurement:

- ◆ Increase sourcing of input material (by value) from within and neighbouring districts by **10%**, from the baseline year FY22
- ◆ Increase direct sourcing of input material (by value) from MSMEs/small producers by **10%**, from the baseline year FY22
- ◆ To get **90%** (by value) of suppliers' adherence to the Suppliers Code of Conduct, by FY24
- ◆ To include environmental, labour, human rights and ethics requirements in **100%** of the supplier contracts by FY24
- ◆ Train **90%** of our critical suppliers across all locations on sustainable procurement, by FY24
- ◆ Ensure **50%** of critical suppliers are screened through sustainability assessment, by FY24
- ◆ Ensure **50%** of critical suppliers are assessed or audited on CSR issues, by FY24
- ◆ Increase purchase of recycled input materials by **15%** (by value), by FY24, from the baseline year FY22
- ◆ To include social and environmental clauses in **90%** (by value) of critical suppliers' contracts by FY24.
- ◆ Train **50%** of our value chain suppliers (customers and suppliers) on nine principles of BRSR* (Business Responsibility and Sustainability Report) by FY25 .

Challenges faced in achieving our targets:

While it is our earnest endeavour to achieve all our ESG ambitions and targets within our scheduled timelines, we face some difficult headwinds in that journey. The following are some of the challenges we face in achieving our targets:

1. Higher GHG Emissions in carbon black manufacturing: Approx. 88% is the carbon availability in feedstock; out of which 53-55% is converted into physical Carbon Black, remaining quantity goes out as carbon containing gases along with some other gases with higher heat value; this waste heat is utilized in the generation of power with GHG emissions in the form of CO₂. Increasing yield efficiency will give more product and produce less CO₂ and thus indirect impact is lower power generation.
2. High Energy consuming equipment - blowers, compressors which account for 70-80% of power requirement.
3. Higher water consumption in carbon black manufacturing process.
4. Involvement of significant workforce in the manufacturing process
5. Monitoring, controlling and elimination of Fugitive emission

Multiple actions are being taken to improve operational efficiencies e.g., yield improvement, exploring new technologies and new feedstock for carbon black manufacturing for reduction in GHG emission, air cooled vs. water cooled condensers and addressing Near miss & redressal within 24 hours.

*Refer to our Annual Report 2021-22 for nine principles of BRSR



ESG risks and opportunities

We are now reviewing our ESG strategy by balancing business needs with sustainability needs and fine-tuning future Key Performance Indicators (KPIs). To achieve the goals, the Company is identifying remedial action plans for environmental, social and governance (ESG) specific issues, Risks and Opportunities.

The following ESG Risks and Opportunities were identified in the context of Industry and Business dynamics:

ESG Risks



'Buy Local' Risk (Market & Business Risk)

- ◆ Increasing consciousness of the carbon footprint of travel & logistics leading to customer preference for 'greener' options (ceteris paribus) closer to demand centres could impact the global market (catered from India)
- ◆ Procurement of Raw Materials (mainly CBFS) locally - to reduce GHG emission under scope 3 and logistics cost

Mitigation Plan

- ◆ Reviewing the feasibility of distributed manufacturing facilities near the customer locations
- ◆ Act proactively to develop local suppliers



Going Green Risk (Transition Risk)

- ◆ Mandate for green technology adoption with time bound action plans can become a norm
- ◆ Ongoing transition plans of auto companies
- ◆ Cost of capital

Mitigation Plan

- ◆ More focus / research on green technology



Future Focus Risk (Technology, R&D)

- ◆ R&D investments are comparatively low in the context of a rapidly changing environment & current challenges

Mitigation Plan

- ◆ Optimize R&D expenditure with transparent strategy / agenda



'Key Raw Material' Risk (Supply Chain)

- ◆ Inadequate CBFS availability across the world and dependence on a few suppliers
- ◆ As CBFS is low priority for refineries, suppliers unlikely to be on board with the "Supplier sustainability policy"

Mitigation Plan

- ◆ Proactive developments of alternate feedstock sourcing
- ◆ Push the suppliers for adherence to supplier sustainability policy



Perception Risk

- ◆ Carbon black as a 'problem' product, the narrative around carbon

Mitigation Plan

- ◆ Moving from Carbon Black to Chemicals



Regulatory Risk

- ◆ Intrinsic nature of the Industry is high emissions across the supply chain & therefore liable to more scrutiny, legislation
- ◆ Tighter norms will be applicable in near future for air, water pollution & solid waste management
- ◆ Systems and processes for capturing quality and comprehensive data which stands up to audit scrutiny

Mitigation Plan

- ◆ Adherence to regulatory norms



ESG opportunities



Future Market Opportunity: Electric Vehicles (EVs)

- ◆ Fundamental shifts in the nature of the market for mobility, with electric vehicles taking center stage and increasing awareness on safety.
- ◆ Opportunities: (a) Faster EV tyres wear out vis-à-vis conventional tyres (b) Lithium batteries in EVs use Carbon Black



Future Market Opportunity: Circular Solutions

- ◆ Extracting oil from natural and synthetic rubber and using it as Feed Stock (FS) for Carbon Black (CB) production
- ◆ Designing sustainable material which can be used in new tyres, plastics, and rubber compounds at tyre End-of-life (EOL)



Bio alternatives to Feedstock

- ◆ Accelerated pace critical to fructify early experiments
- ◆ To accelerate efforts to look for Sustainable Carbonaceous Material designed to re-enter the economy as new tyres, plastics, or rubber compounds



Renewable sources of energy

- ◆ Renewables in all areas of energy consumption: Fuel, Data storage, Offices



Engagement/collaboration with upstream & downstream value chain partners (and experts/ institutes) to deliver the sustainability agenda

- ◆ To realise ambition on circularity, alternatives to Feed Stock, alternate advanced materials
- ◆ Extended supply chain (beyond employees & workers) for improved deliverables
- ◆ This leadership approach will also help enhance the corporate brand (Pro-active vs reactive approach)



New technologies which dramatically reduce emissions

- ◆ Incremental reductions of 10-15% vs fundamental shifts (e.g. New technology – 98% reduction)
- ◆ Simultaneous exploration of multiple technologies
- ◆ The R&D centre in Belgium is well-positioned to drive the new technology (and Circularity) agenda



Distributed manufacturing: Multiple benefits

- ◆ Distributed manufacturing will reduce Scope 3 emissions, improve market access, reduce cost & help diversify the vendor base
- ◆ Exploring acquisitions globally

Action Plan

- ◆ R&D projects to address the opportunities in EV tyres & Lithium batteries market
- ◆ Feasibility study on Circularity
- ◆ Engagement and collaboration with upstream and downstream value chain partners
- ◆ Exploring new technologies

ENVIRONMENTAL STEWARDSHIP

Sustainable Development Goals



As one of the international leaders in the business of Tyre & Performance chemicals and Specialty chemicals, with operations, employees, and customers around the globe, it is our responsibility to safeguard the environment. We intend to continue our efforts on our environmental stewardship that help us lead the business with minimal impact on the environment.

Management approach

Operational sustainability may be hindered by the negative impacts created on the environment. Our approach to reducing greenhouse gas (GHG) emissions helps minimise environmental and air quality impact. Water is one of the resources we consume for various processes in our operations. We have reduced our freshwater intake, especially in water-stressed areas. We have implemented a waste management plan focusing on reduction, reuse, and recycling.

Our environmental management system is ISO 14001:2015 certified. Our best-in-class management allows us to manage our energy needs, water and waste. We have reduced fossil fuel intake by balancing it with a certain amount of self-generated power and this is done by diverting our waste heat and gases

released during our carbon black production process to our co-processing power plant.

All our plants are Zero Liquid Discharge (ZLD) compliant, where our wastewater is treated, recycled and reused internally. In addition, we abide by all local, national and international laws and regulations, pertaining to the environment.

A detailed contingency plan has been put in place that helps us respond to any unforeseen environmental disasters.

Materials management

As carbon black manufacturers, the sources of our raw materials include carbon black feedstock (CBFS) and other associated process materials such as required lubricants, caustic flakes, potassium acetate, potassium nitrate and sodium lignosulfonate. Our raw materials and other process-related materials are procured from external suppliers.

As our commitment to a greener future, we have been sourcing some of our raw materials through renewable sources such as molasses and sugar.

Materials from non-renewable sources

Materials	Metric Tonnes		
	FY20	FY21	FY22
Caustic flakes	43.5	77.2	35.0
Potassium acetate	29.9	18.4	26.1
Potassium carbonate	79.6	111.3	98.3
Potassium nitrate	62.8	69.7	70.8
Sodium lignosulfonate	55.3	2.2	48.2
Oil (PFS + SFS)	6,12,280.1	6,90,587.7	8,44,836.0
Packaging materials	29,067.9	31,891.9	34,119.3

Materials from renewable sources

Materials	Metric Tonnes		
	FY20	FY21	FY22
Molasses	2391.2	2184.8	3,226.6
Sugar	261.3	251.6	321.4
Packaging materials (wooden pallets, paper bags, corrugated sheets)	1,576.6	1248.8	1319.8

Financial year	Total renewable materials	Total non-renewable materials
2020	3,972.4	6,41,642.5
2021	3,685.2	7,22,780.9
2022	5,413.6	8,79,272.9

Action on climate change

Our presence in the manufacturing sector demands a surfeit of electricity and we perceive it in two ways. As mentioned in the above management approach, we divert our waste heat and gases to our co-processing unit to generate electricity and other fuel types that can be used in our manufacturing plants apart from consuming electricity from the grid. The organisation is keen on mitigating the negative impacts of business activities such as manufacturing carbon black, transportation of material, employee commuting/business travel, etc.

We ensure we share our vision and values with our stakeholders and vendors. Our approach towards a green supply chain is one such instance. Our identified measures to attain a green and sustainable supply chain include

- ◆ Encourage our suppliers to identify and reduce their scope 1 & 2 emissions
- ◆ Encourage to strive towards continuous improvement and process efficiencies
- ◆ Reduce hazardous and toxic materials which would impact the environment
- ◆ Encourage and support with handling toxic waste as per regulatory compliances

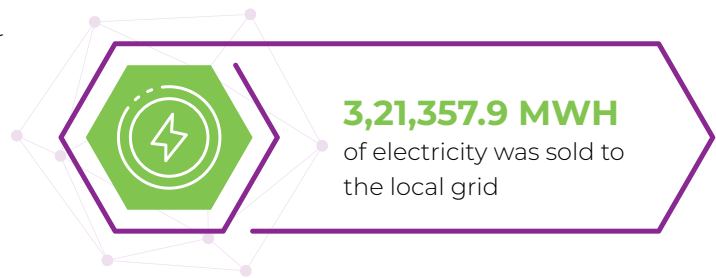
We also help our suppliers to identify alternatives to waste disposal techniques and encourage them to reduce dependency on paper and transition towards digitalisation.

Management approach

We are committed to reducing our GHG intensity (tCO₂e/MT) by 15% by 2030, from the baseline year 2021. One of our approaches is sourcing some of our electricity requirements from green power plants. Our other initiatives include monitoring and accounting for our GHG emissions and corrective actions on our short- and long-term targets, which are to reduce our emissions, improve energy efficiencies and use process emissions (off-gas) for power generation.

In addition, we thrive on reducing our dependency on conventional sources of energy and thus, we are actively working on transitioning towards renewable energy and sources as applicable.

We have developed a new reactor design installed at three of our manufacturing locations, improving quality consistency and lowering CO₂ emissions per tonne of carbon black produced. Our co-generation power plant generates power from tail gas, produced during carbon black production, and waste heat recovery from tail gas helps to replace fossil fuel combustion to some extent. Excess electricity, after meeting our requirements, is sold to the local grid. This initiative is the key driver of our energy savings and environmental benefits.



Some of our other initiatives include

- ◆ Substitution of conventional electric lights with solar-powered lights at our residential colony of Durgapur unit on a pilot basis
- ◆ Distribution of solar-powered LED streetlights in Puthencruz Panchayat, Kochi, as a part of the FY 2021-22 CSR initiative

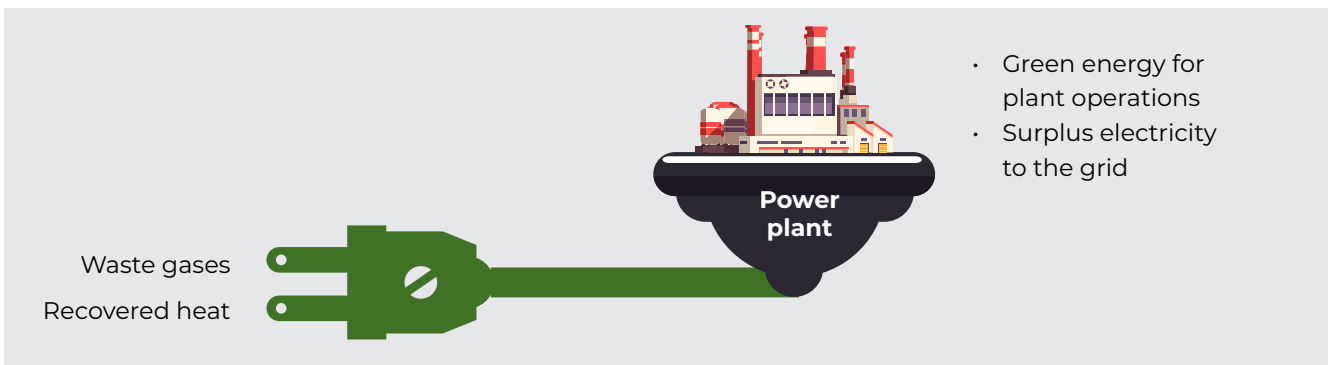
Apart from our own, we also extend our support to our suppliers by treasuring, encouraging, and supporting their sustainable journey. Some of our recommendations include transitioning towards renewables, improving energy efficiency and reducing dependency on unconventional energy sources. This initiative and support are part of our sustainable policy.

Energy consumption within the organisation

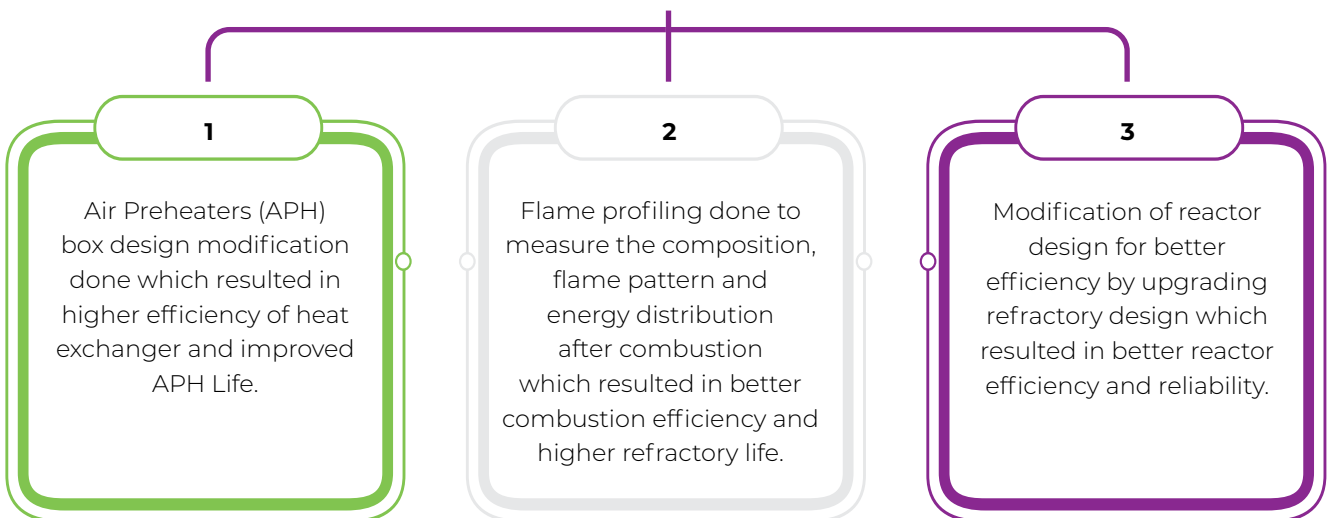
Fuel type	Units	FY20	FY21	FY22
High speed diesel	MJ	-	12,30,840	8,05,680
Electricity	GJ	7,12,108	6,79,882	8,14,774
Steam	MT	21,77,167	20,58,532	24,30,411

Breakdown of our energy management during the reporting period

FY22	Units	Quantity
Electricity generated	GJ	19,57,437.1
Green electricity consumption	GJ	8,00,548.5
Imported electricity consumption	GJ	14,225.7
Electricity exported	GJ	11,56,888.7



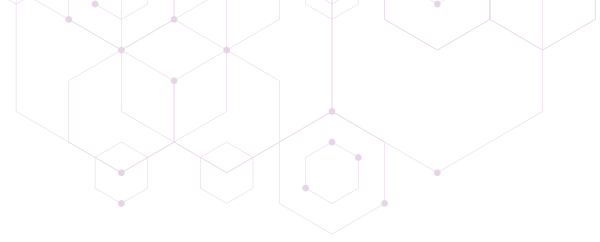
Initiatives to optimize our energy use



A total of INR 20.1 crores was spent as a CAPEX on energy conservation initiatives in the FY22

We set ourselves a target to reduce specific power consumption by 10% by FY30, from the baseline year FY21

We aim to increase our renewables in off-battery limits energy consumption by 10%, from the baseline year FY22, by FY30



Energy intensity

Our energy intensity covers both non-renewable and renewable energy sources within the organisation, including all plants and offices in India. Electricity and diesel fuel oil are considered for energy intensity.

Year	Energy intensity in MJ/MT
FY20	2,066
FY21	1,770
FY22	1,780

Our management system is **ISO 14001:2015** certified

Energy consumption per unit of revenue for FY22 (in GJ/INR) reduced by 28% from FY21

Emissions

At PCBL, we are conscious of the impact of non-compliance to the set emission norms. Therefore, our stringent policies and measures ensure conformance to all the rules and procedures laid down by the Central and State Governments to keep the environment clean.

have installed highly efficient filter bags [membrane-coated Polytetrafluoroethylene (PTFE) bags] at the by-product collection areas, helping to capture even fine dust particles, thus, improving the plant environment. Bags are replaced regularly to ensure the extended life of the bag filter.

Management approach

A Continuous Emission Monitoring System (CEMS) is installed for all stacks at three of our plants and at Captive Power Plant (CPP) at Durgapur. However, for other stacks at Palej and Mundra, stack monitoring (SOx, NOx, PM) and tests are conducted by authorised third-party agencies at regular intervals. As per the state's pollution control boards, our authorized third-party agencies monitor SOx and PM only at our Durgapur and Kochi plants. The reports and results are submitted to the Pollution Control Boards as per applicable requirements.

18% reduction in GHG intensity from FY21, including scope 1, 2 & 3

We have shifted towards selecting raw materials with minimal sulphur content, helping us to reduce our SOx and other criteria pollutants. In addition, we

We have reduced our GHG emissions intensity

FY21	FY22	Units
2.14	1.76	tCO ₂ e/MT

PCBL has undertaken several renewable energy projects that have helped to reduce consumption of conventionally produced electricity ultimately leading to reduction in GHG emissions



Added 7 MW co-generation power plant at our Palej manufacturing plant to our existing 84 MW plants across all our other manufacturing plants



Exported 11,56,888.7 GJ of green energy to the grid in the FY22



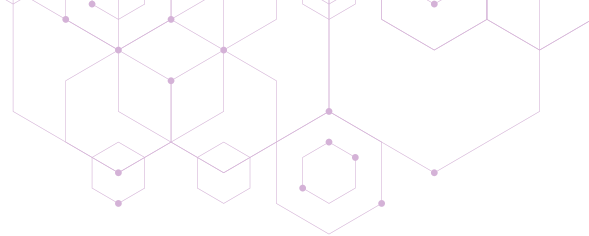
Performed carbon footprint assessment as per ISO 14064-1:2018 standards, in FY22 to understand our energy consumption patterns and developed mitigation plans to enhance our efforts towards environment management



We are in the process of installing another 7 MW green co-power generation plant in our Kochi manufacturing plant



Offset of **2,53,872.8 tCO₂e** in FY22, due to our co-generation power plants



Emissions from our operations

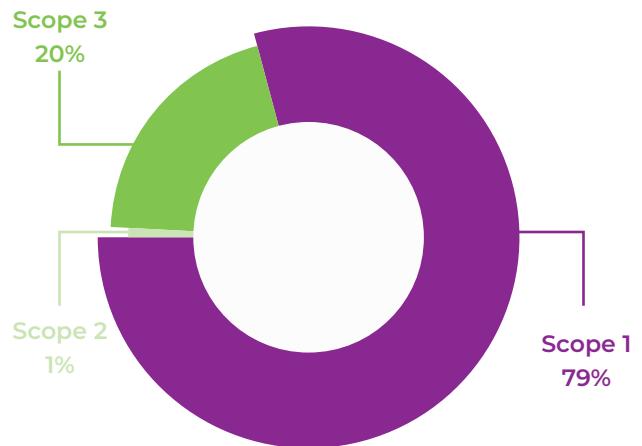
Scope 1 emissions are from our direct fuel consumption sources such as combustion of fuel gas for generation of power, diesel generators located at all manufacturing plants and offices in India, LPG used in canteens, light diesel oil (LDO) used for igniting the reactor for operations, refrigerant R22 for AC, CO₂ based fire extinguisher and fuel consumed by the company owned vehicles.

Most of the electricity demand, essential for our daily operations, is met by our green co-processing power plants.

However, we import some of the power from the grid for our daily operations, during instances such as the shutdown of our co-processing power plants. Thus, we can reduce our impact on the environment by reducing scope 2 emissions.

Scope 3 emissions are from our upstream and downstream operations, i.e., transportation of carbon black feedstock (CBFS) and other raw materials required for manufacturing and transporting finished carbon black product via road transport and seaways. Furthermore, we have been able to quantify emissions from our employees' commutes via company-provided vehicle and business travel under scope 3 emissions.

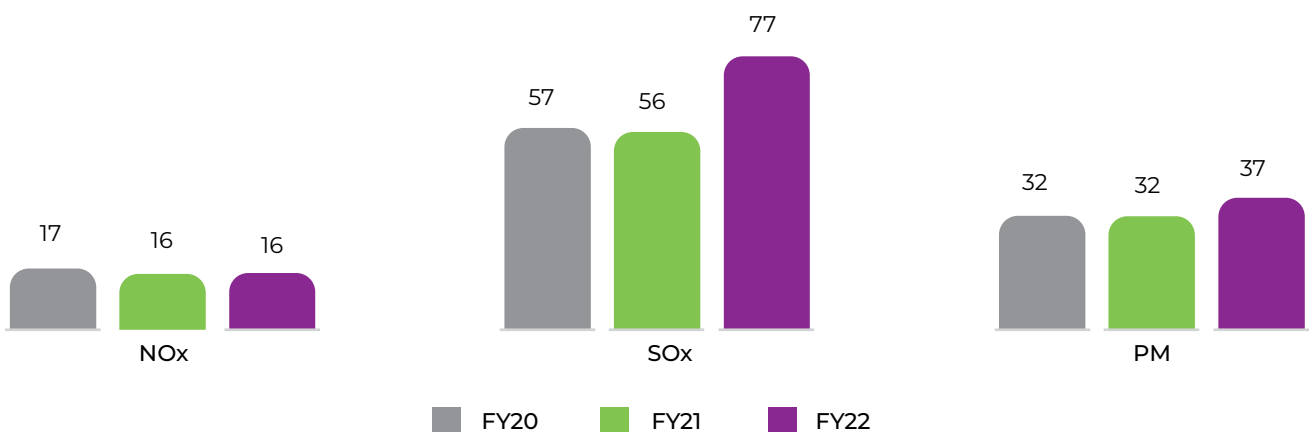
Total emissions in FY22 (tCO₂e)



Emissions	FY21	FY22	Units
Scope 1	5,48,525	6,35,210	tCO ₂ e
Scope 2	1,730	3,502	tCO ₂ e
Scope 3	2,73,824	1,62,851	tCO ₂ e

Other significant air emissions

Emissions (mg/Nm³)



Robust process technology driving excellence



Deployed new reactor design at our manufacturing plants for improved quality consistency and lowering CO₂ emission per tonne of carbon black produced.



Introduced a new oil preheater design to improve waste heat recovery for improved energy efficiency.



Introduced air preheater (APH) management programme to improve heat recovery, thus making plants more energy efficient.



Coordination with procurement team for feedstock to further economise purchase and for greater use of local and alternative suppliers.

Water

Water is at the core of sustainable development and businesses can play an essential role in mitigating water-related risks. Understanding water consumption patterns and developing action plans to reduce consumption helps to mitigate the water risk.

Water is an integral resource in our line of business due to its diverse use in our daily operations. Some of our water needs are fulfilled by consuming surface or groundwater and third-party sources such as municipal water supply if required. All our manufacturing plants in India are zero liquid discharge (ZLD) compliant and we have adopted other initiatives focusing on reducing, reusing and recycling water to strengthen our commitment to water conservation. We reuse our wastewater in our processes and all our plants have ETP facilities.

Management approach

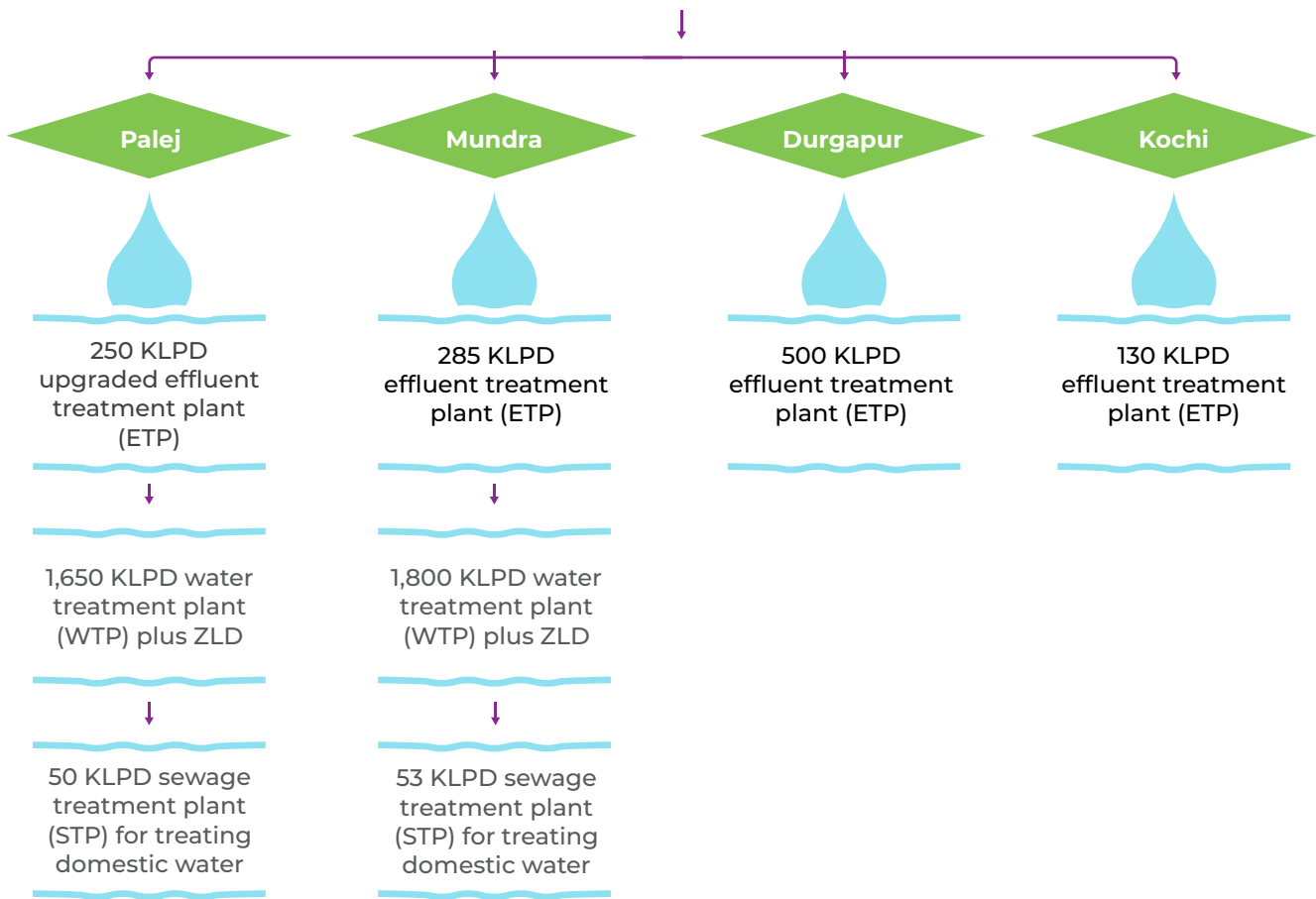
Water is used for several processes in our daily operations. Thus, we take it as our responsibility to reduce specific water consumption by 20% by FY30, from the baseline year FY21, especially for our Mundra and Palej manufacturing units in Gujarat, which are located in the water stress areas. We focus on

zero water discharge by adopting measures such as monitoring water consumption in various processes at the operational level, exploring water-recycling opportunities to save freshwater consumption and replenishing groundwater through the utilisation of harvested rainwater for horticulture. We have maintained zero liquid discharge, validating our focus on water sustainability. We use recycled water in the scrubber and mixture, which has resulted in zero discharge of waste from our factories.

**CONSTRUCTED
RAINWATER TANK WITH
A CAPACITY OF 1,600
KL AND COMPLETED
PHASE-1 OF RAINWATER
PIPELINE ROUTING AT
KOCHI UNIT**

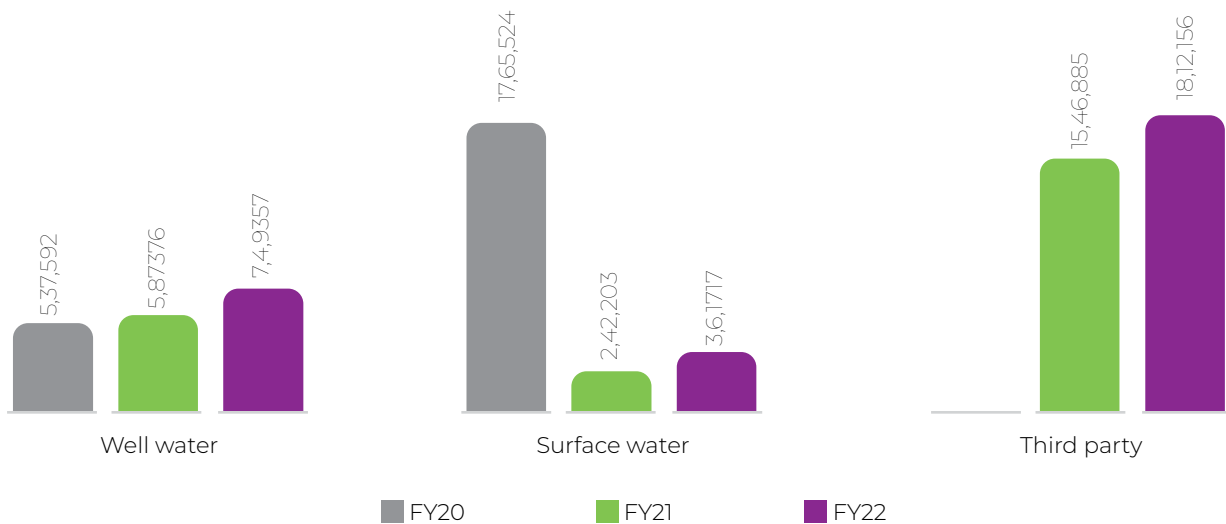


Water management process at our four manufacturing units



Total water withdrawal by all manufacturing plants

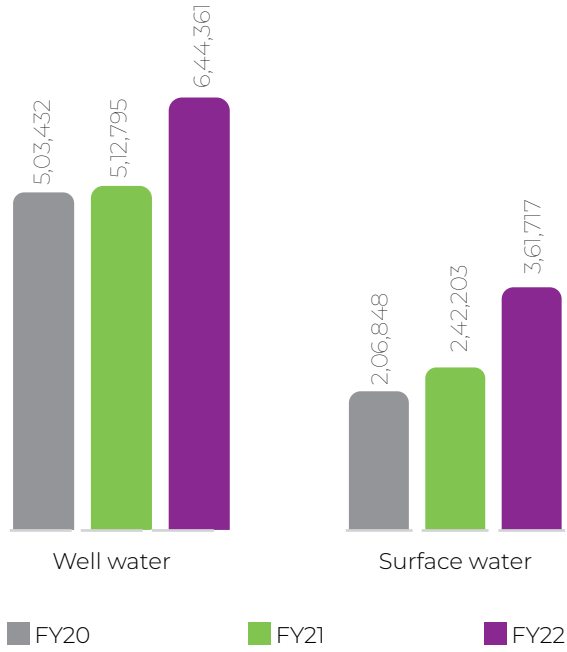
Withdrawal at source (kl)



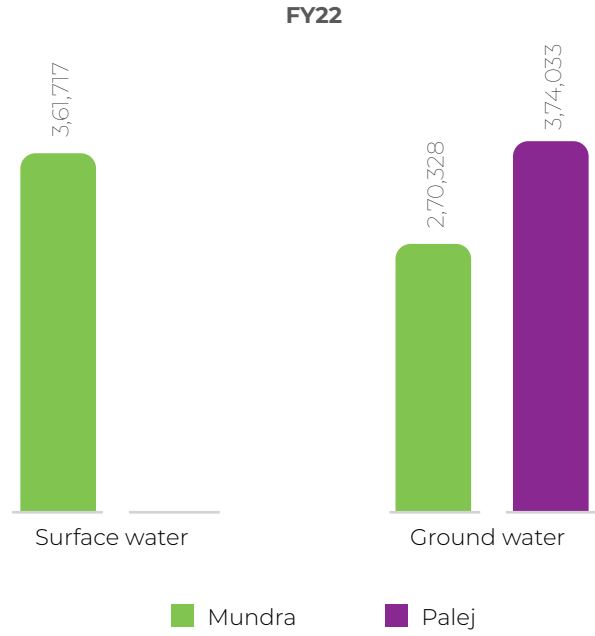
*Water meter at supplier end of Durgapur unit was out of order for two months in FY22. During the mentioned period, meter reading of inlet water at PCBL end was considered.

Total water withdrawal by all plants located in water-stress areas

Withdrawal from water stress areas (kl)



Water withdrawal (kl) in water stress areas

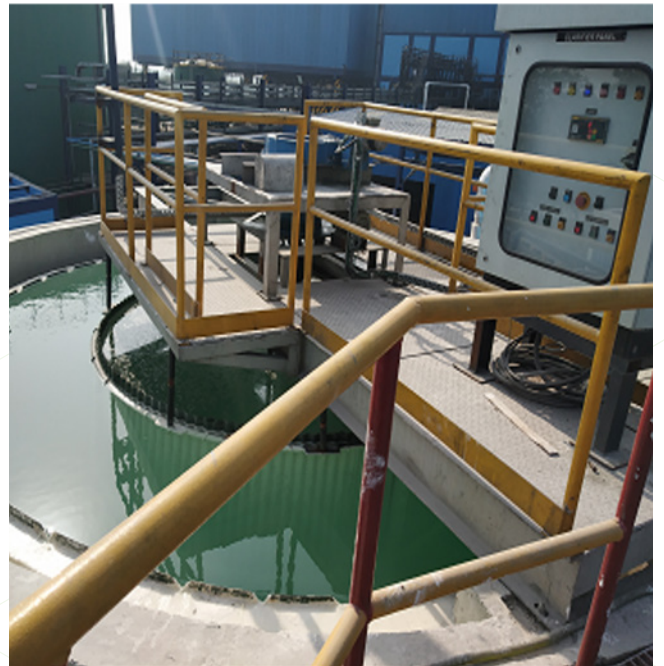


Total water withdrawal from water stress areas

FY20	FY21	FY22
7,10,280 kl	7,54,998 kl	10,06,078 kl

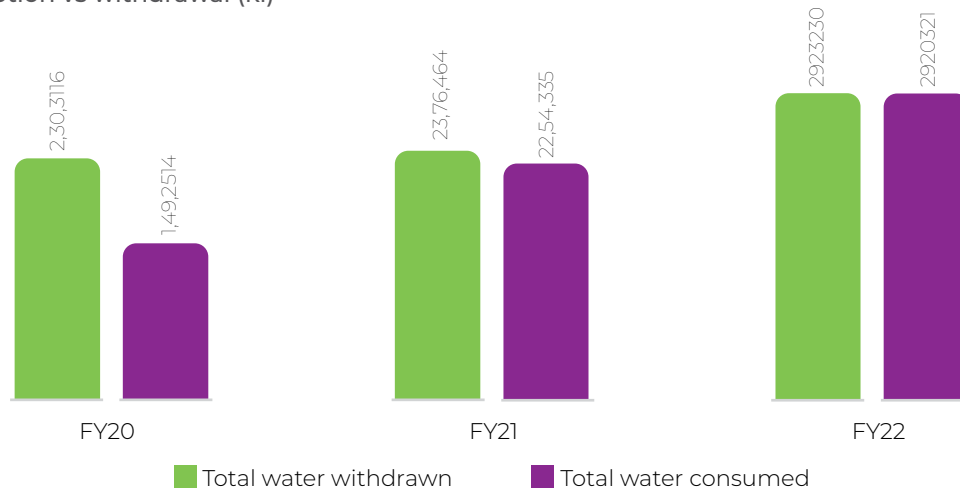
Total water consumption by our manufacturing plants located in water-stress areas

Mundra	Palej
6,30,240 kl	3,74,003 kl



Total water consumption vs withdrawal

Water consumption vs withdrawal (kl)



*Proper water consumption monitoring could not be performed in FY20 due to COVID-19 Pandemic restrictions and lockdowns

Most of our manufacturing units recycle the water through the effluent treatment plant (ETP). Along with treating generated wastewater, we have also invested in setting-up rainwater harvesting systems at some of our manufacturing plants for a stable supply of freshwater. During the year under review, we have harvested ~48620 kl of rainwater by taking up an FIP (Focussed Improvement Project) in our Kochi unit. This has helped us reduce fresh water consumption and dependency on river water during the monsoon. This has also led to financial savings of around INR 8.94 lakhs (during the FY22 monsoon

period). We have planned to set up more rainwater harvesting pits at our other manufacturing plants in FY23.



Water management

Durgapur

Replaced raw cooling water pumps with undersized pumps to ensure less wastage of water and improved efficiency. Furthermore, we have installed a side stream filter to limit blow-down water for the cooling tower.



Kochi

Reusing ultra-filter reject water and introducing side stream filtration for cooling towers helped us to reduce blow down and save water.

Increased our water treatment plant's output before regeneration (OBR) from 20 hours to 35 hours, enhancing effluent treatment capacity and better quality of the output recycled within the plant.

Our additional efforts to introduce a chlorine dioxide (ClO₂) generator and improved raw water quality helped us reduce water treatment regeneration, resulting in a 10% savings in overall water consumption.



Mundra

We utilise some of our industrial wastewater for boilers and cooling towers and the rest is treated at our in-house effluent treatment plant (ETP), which is further consumed for gardening and plantation within the premises.

Mundra being located in the water-stress area, we have further installed well-injection technology

where the treated and filtered surface rainwater is injected back into the ground, helping to recharge the groundwater levels. In addition, Piezometer is used regularly to observe groundwater conditions.



Palej

Our Palej manufacturing plant has a sewage treatment plant (STP) installed with a 50 KLPD capacity. Treated water is used internally for gardening.

The effluent treatment plant (ETP) has been upgraded to 250 KLPD. The recycled water is used as a feed for the water treatment plant, where the raw water is converted into reverse osmosis (RO) purified and demineralised water. In addition, it is used in specialty lines and CPP auxiliary processes.



Waste

As a carbon black manufacturer, waste generation is inevitable in our line of business. However, being an organisation passionately committed to sustainable development, PCBL relentlessly works to reduce waste generation at the source and ensure its proper disposal at all times.

Our 3R approach (reduce, reuse and recycle) is the foundation of PCBL's operating philosophy. We focus on reusing or recycling our waste to the utmost extent, supporting our intent to reduce the environmental impact and save on operational costs.



We continuously strive to :



Reduce the quantity of waste we generate at the source by adopting adequate measures.



Ensure appropriate disposal mechanisms of the waste generated, in line with regulatory bodies.



Explore possibilities to recycle and reuse generated waste.

Management approach

We solicit the best available techniques and real-world practices in and around our operations and assets to manage waste and minimise our impact on the ecosystems. To address the same, several FIPs (Focused Improvement Projects) have been commenced across all of our manufacturing units,

with cross-functional teams deploying DMAIC methodology to reduce the waste to landfill by 15% by FY25, from the baseline year FY22.

Efforts to categorize waste into hazardous and non-hazardous; then further classification of both by the type (e.g. plastic, insulation, ETP sludge, WTP sludge, e-waste, used batteries, used oil, etc.) is done to ensure proper mapping and accounting of all the waste that is generated through the various operations.

As our approach towards waste management during the financial year 2022, we monitored the number of different types of wastes generated like ETP sludge, cotton, rubber gloves, bags (jumbo and paper), etc. Further, we mapped the amount of waste generated and created a baseline. As an action plan, we have mandated all our operational sites to work towards identifying and implementing a waste management plan focusing on waste reduction, reuse and recycling.

In addition to keeping track of our waste generation, we have also defined proper disposal methods for each type of waste which are aligned with the guidelines of Pollution Control Boards (PCBs) & other Government regulatory bodies.



Benefits and improvement areas identified under the above-mentioned ongoing waste reduction drive:

1. A study conducted, as a part of FIPs, at one of our plants not only led to process improvement and reduction of carbon black leakage by 69% on a month-on-month basis but also led to monthly savings of approx. INR 4.3 lakhs. Observations were made for a period of four months. Similar savings were observed at our other locations. This helped us to reduce the effluent treatment plant (ETP) sludge generation. However, validation of the savings is in progress.
2. Several collection units such as a tray collection system for cleaning mixture, a material collection system to clean bag filters, and APH and dyke arrangements to contain spills and for easy collection - have been installed across the plants.
3. Spill prevention, control, and countermeasure (SPCC) plans were put in place at tanker unloading areas to prevent, recover and reuse the spilled oil.
4. PPE (masks, hand gloves, etc.) was also a waste generation source. We have contained it by maintaining a PPE distribution logbook to optimise the resources. Additionally, using recycled gloves was another prospect identified – the vendor selection and development process is in progress.
5. Damaged paper bags were identified as another cause of solid waste. Further, we have identified and characterised the reasons for bag damage and addressed the root causes for the waste generation of bags. Moreover, damaged jumbo bags were substituted for corrugated sheets, which led to approx. Financial savings of approx. INR 1.7 lakhs on an annual basis at our Palej manufacturing plant. However, validation of the savings is currently in progress.
6. As a continuous improvement process to reduce solid waste at the source, various efforts and actions were conducted via techniques like Fault-Tree Analysis to determine the sources and causes. As a result, focused actions were implemented to reduce solid waste.
7. Apart from deploying technological advancements, we also emphasised on creating awareness among all our employees regarding waste generation and disposal, and its impact on health, safety, and environment. To achieve this, various virtual and classroom training sessions were conducted for the employees and workers during the year.



Reduce waste diversion to landfill by **15%** by FY25, from the baseline year FY22



Increase recycled plastics usage (plastic pallets etc.) by weight used in packaging by **10%** in FY25 and **20%** by FY30 from the baseline year FY22





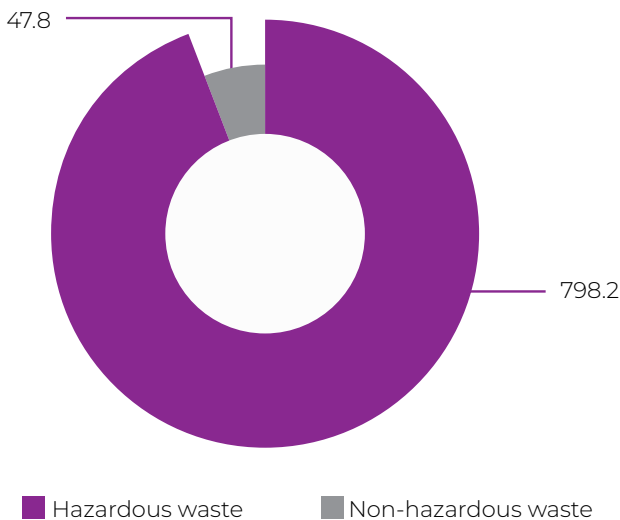
Waste Generation and Disposal Data, FY22

Waste Description	Waste Generated (MT)	Waste Disposed (MT)
Used oil	7.3	8.8*
Used batteries	3.1	3.0
ETP sludge (chemical sludge)	70.7	77.3*
Oily sludge emulsion	1.7	0.0
Discarded drum/ barrels/ containers/ bags/ liners	18.0	10.4
Spent ion exchange resin	5.8	5.8
Oily cotton waste/ leather hand gloves/cotton hand gloves	10.2	9.5
Bag filter (Discarded filter media)	6.6	6.0
ZLD salt from WTP	69.2	17.5
Sludge from WTP	569.6	439.2
Plastic waste	46.6	46.2
E-waste	4.4	6.4*
Bio-medical wastes	0.0	0.0
Process residues and waste	16.2	16.2
Waste insulation material	16.8	16.8
Net total	846.0	663.0

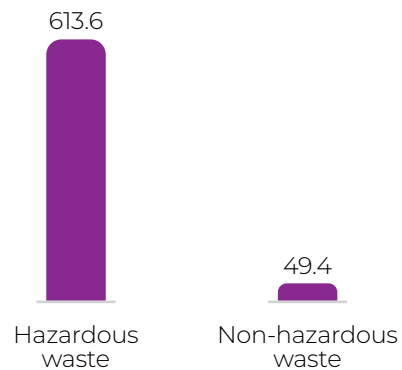
*Disposal quantity is higher than the generation quantity because waste disposal in FY22 includes waste generated from previous financial year(s) which was not disposed of within that particular financial year(s) and was carried forward to FY22.

Optimisation of the process has improved the loadability of bulk bags. Thus, it helped us to reduce 144 truckload transports and avoided **7.6 MT** of plastic in FY22

Waste generated in FY22 (MT)

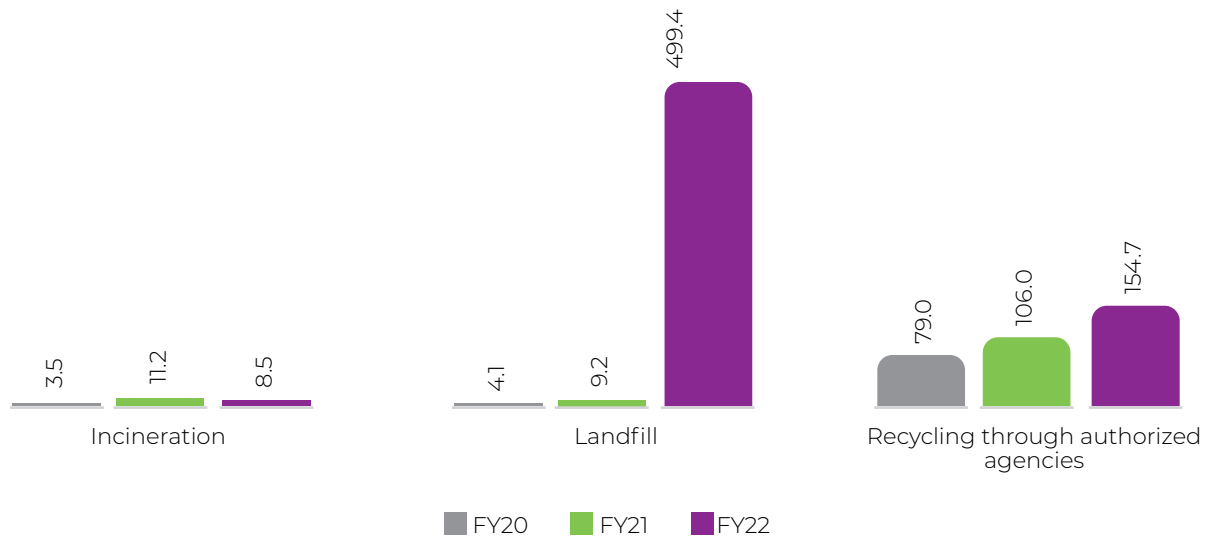


Waste disposed in FY22 (MT)



*Categorization of waste has been done as per Consent to Operate (CTO) given to individual manufacturing unit by State Pollution Control Board.

Waste diverted to disposal



*During FY21, waste disposal to landfill increased due to:

- Treatment, Storage and Disposal Facility (TSDF) for Mundra unit was closed for around one and half year as a consequence of local government's notifications against the operation of that particular TSDF. Further, a new agreement was made with another authorized TSDF site to continue the operations.
- Waste generation due to the operations of newly installed Water Treatment Plants (WTP) and Zero Liquid Discharge (ZLD) plants at Mundra and Palej increased the quantity of the landfill.

Supply chain relationships

Domestic suppliers, comprising 95% of our supply-chain strength, contribute 30% of the procurement cost. International suppliers account for 5% of the supply chain, contributing 70% of the procurement cost.

Our strategy of locating manufacturing facilities near port areas helps us transport and switch to alternative feedstocks, depending on the production requirement, without interruption. This also reduces freight costs and minimises wastage, such as diesel fuel.

We primarily use high-quality CBFS (Carbon Black Feedstock) such as Fluid Catalytic Cracking (FCC) bottom oil, Ethylene bottom oil, and Anthracene oil to develop various grades of rubber 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 expenses. We have a prudent inventory management mechanism that ensures seamless operations across all our plants. Our incoming raw materials pass through stringent quality checks.

Management approach

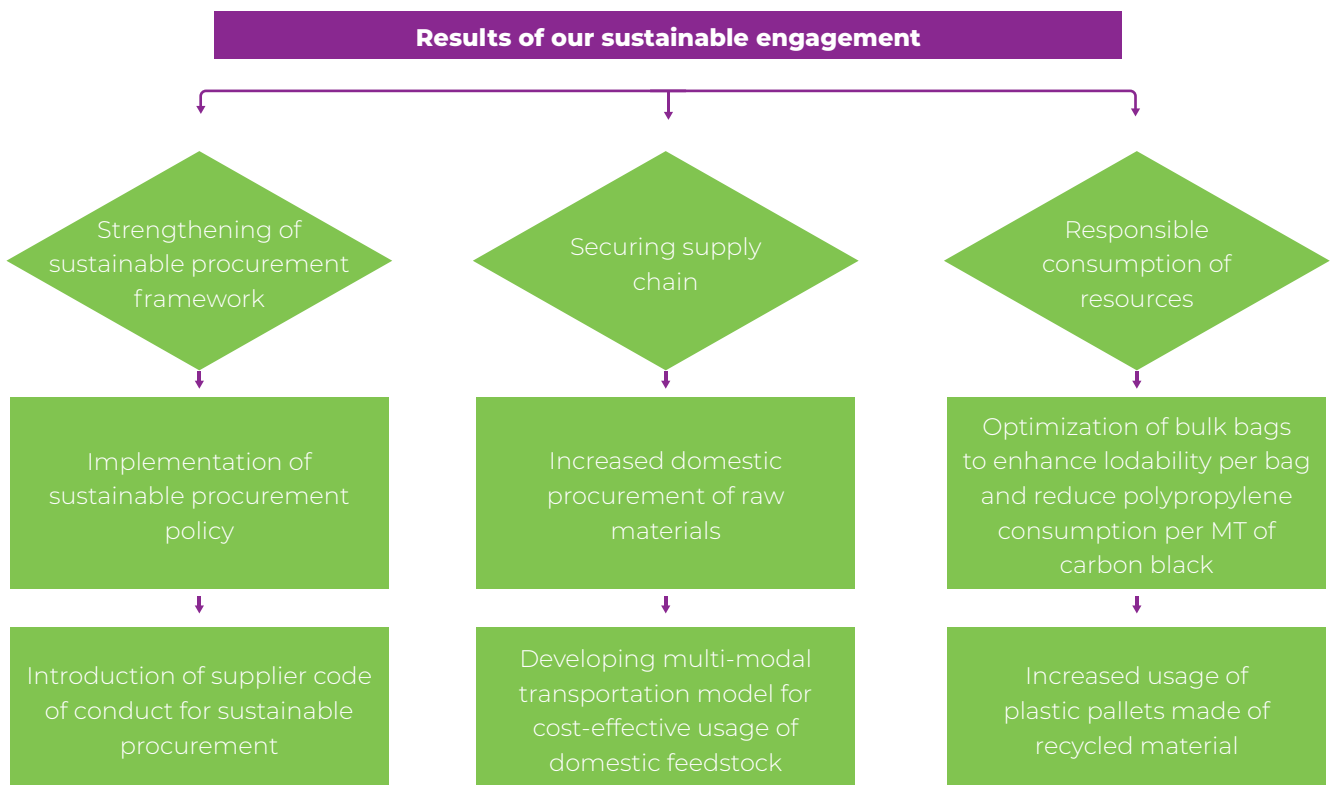
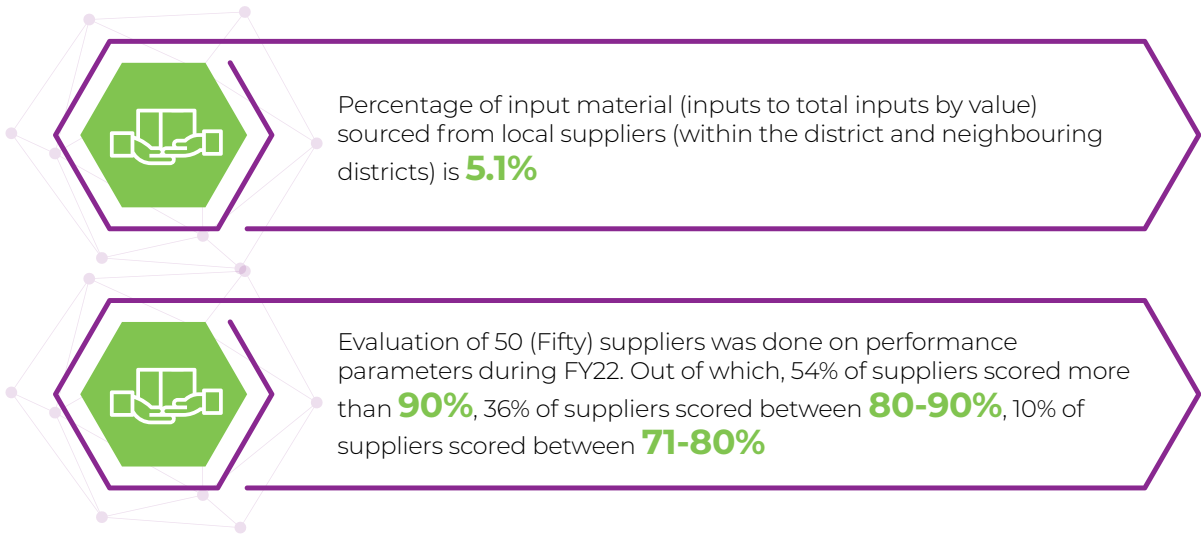
PCBL lays great emphasis on supply-chain for sustainable development. We depend on our suppliers for an uninterrupted supply of feedstock required in the production process. Therefore, disruption in the supply of materials from the major suppliers would adversely affect our operations. Consequently, we believe that timely assessment of suppliers is crucial. Further, we work closely with our suppliers to develop solutions and steadily enhance quality standards.

Due to our dependency on our suppliers for providing essential raw materials and other services for daily

operations and production at all our manufacturing plants, sensitising them to environmental issues is paramount. Considering that their processes also negatively impact the environment, we consider it our responsibility to work with them to encourage them to adopt sustainable practices. In line with our Sustainability Policy and Sustainable Procurement Policy, we have adopted a procurement process

integrating ethical, environmental, and social priorities. Supplier audits are performed regularly to ensure suppliers' adherence to our policies and procedures.

We are engaged with our critical supply chain partners on both social and environmental aspects. 36% of our critical suppliers were assessed on social and environmental criteria during FY22.



We have defined and set a few targets to ensure seamless operations that help strengthen our business sustainability.

1. Screen new key suppliers every year on ESG criteria from the financial year FY23.
2. Assess and identify critical suppliers who could be problematic to our operations and business by FY24.
3. Continuous engagement with our key suppliers to collectively improve their sustainability performances.

Sustainable supply chain process

Parameters considered during supplier assessments

Environmental



- ◆ Awareness trainings for supply chain stakeholders to implement systems and processes on responsible use of resources
- ◆ Conduct audits to monitor regularly on
 - ▶ Reduction in emissions
 - ▶ Reduction in the use of any hazardous or toxic materials
 - ▶ Reduction in use of energy, water, waste, etc.

Social



- ◆ Adoption of robust and relevant management practices in order to comply with applicable health and safety laws, rules, regulations and industry standards
- ◆ Training to supply chain stakeholders and encouraging them to conduct trainings and awareness activities for employees on health and safety
- ◆ Encourage stakeholders to take responsible 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

Governance



- ◆ Ensure to do business with stakeholders who comply with 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 and implement anti-bribery policies
- ◆ Ensure to do business with stakeholders:
 - ▶ Who do not employ child and/or forced labour
 - ▶ Who comply with labour laws such as minimum wages, etc.
 - ▶ 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.

We measure the performances of our major suppliers on both environmental and social aspects. Categories of suppliers whose performance is measured are:

- ◆ Raw material suppliers
- ◆ Packaging suppliers
- ◆ Suppliers of high-value items such as refractory items, etc.

Performance feedback is communicated to the suppliers regularly for their development purposes and performance evaluations are based on the quality of the products, ESG adherence and performance, on-time delivery and services.

We have taken 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 CO₂ and other greenhouse gases, SO_x, NO_x and particulate matter. Post identification, we encourage them to make efforts to reduce emissions and explore opportunities to reduce water consumption.

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.

Waste management - We handle hazardous waste under professional guidance and do not allow hazardous waste outside our premises without proper approval; we encourage our suppliers to follow the same procedure and dispose the waste through authorised waste processors.

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 and paper bags, which are stacked on wooden and plastic pallets. 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 optimized the process and increased the load ability of our bulk bag to reduce GHG emission and use of plastic.

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

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.

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.

Engagement with suppliers - We conduct annual meetings with major raw material suppliers, Small and medium-sized local businesses who serve as vital players in our company's progress.

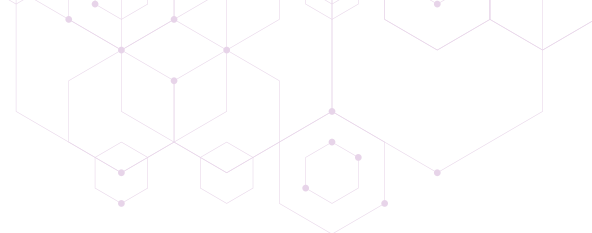
We have initiated a pilot project of coastal movement of material (through ships) for domestic supplies in place of some of the road transport as a contingency plan, for reducing transportation cost and reducing GHG emission. By doing so there was a reduction of GHG emissions by:

FY21	FY22	Unit
355	356	tCO ₂ e

STRENGTHENING SOCIAL ROLE

Sustainable Development Goals





Health and safety

Health and safety is one of the key material topics for us. It has been considered for the broader ecosystem than just employees. We focus on providing a safer workplace and environment, reducing the probability of injuries and hazardous material exposure, and raising health and safety awareness among employees, contractors, vendors and communities. Focus on health and safety has been deeply ingrained in our culture. Any mishap on the plant sites would have an impact on our operations. It is our responsibility to ensure a safe working environment and promote employee wellness. Our goal is to ensure the safety of our employees, contractors and visitors at all times. We also strive to assist employees in leading a healthy lifestyle through various initiatives and benefits.

Management approach

Our environmental, health, and safety (EHS) management system, covering both employees and contractors, ensures that we continually place a high priority on health and safety. The PCBL Safety Committee is in charge of overseeing the health and safety concerns at the highest governance level. The Committee evaluates the plant's safety performance and takes appropriate steps with the Management's approval. The Chairperson of the Company heads the Committee, thus highlighting the focus and importance placed on EHS initiatives, actions and learnings for the Company. Workers also participate in safety committee meetings, where they can discuss workplace safety issues.

We have a people-first approach and strive to create a stimulating work environment. We have standard operating procedures (SOP), Standard operating conditions (SOC), work instructions, and several process-oriented training and assessment tools. Any safety-related accidents would reflect poorly on our reputation as a safe workplace and could impact our operations. The Committee is critical in defining expectations and ensuring adequate resources are available to accomplish our aims and objectives. We validated the effectiveness by conducting an assessment of KPIs on safety, with the participation of both management and workers' representatives.

In addition, we have also set a long-term goal of achieving zero injuries at our facilities. We have developed a continuous improvement plan for

personal safety and aim to achieve this goal by FY25. We hold ourselves accountable through our EHS policy to reflect our company values and consistently improve our operations. The Policy establishes several critical goals for our continuous safety improvement, including:

- ◆ Protecting the safety and occupational health of all our stakeholders
- ◆ Protecting the environment
- ◆ Ensuring the security of people, communities and assets

OHS management system

The primary objective of the OHS management system is to provide a safe and healthy work environment to prevent accidents and occupational health hazards and comply with all applicable legal and other requirements, including workplace assessments for safety and hygiene. Process safety has been ensured through an integrated management system for evaluating processes that may result in catastrophic occurrences such as fires, explosions, or toxic releases. We have built an internationally accredited occupational health and safety system and the same has been implemented at all material locations. The system was developed considering the regulatory requirements of the Factories act, 1948, the Petroleum Act 1934, The Environment (Protection) Act 1986, The BOCW Act 1996 (building and other construction workers), the NFPA (National fire protection association) Rules, and the NBC (National building code of India). We have also conducted awareness campaigns regularly, such as No Tobacco Day, blood donation camp, World Yoga Day, etc., promoting the importance of healthy living among workers and employees.



In addition to complying with local labour laws and safety production rules, we have established safety and health policies, objectives and standard procedures and; organised educational training and activities. All of our plants are ISO 45001:2018 certified. The management system covers all workers, activities, and workplaces. We have maintained the risk register, aspect-impact analysis registers and operational control procedure in accordance with ISO standards. Contract workers are also expected to adhere

to the EHS management system while working at our facilities. As part of the contractor safety management, workers are also provided with plant and equipment safety training. We have qualified and skilled personnel in charge of the OHSMS. We also have certified first aiders in our plants who can provide first-aid treatment in the event of an incident. During the last three years, there have been no reported cases of work-related ill-health.

Safety data for employees	FY20	FY21	FY22
Description	No.	No.	No.
The number of fatalities as a result of work-related injury	0	0	0
The rate of fatalities as a result of work-related injury	0	0	0
The number of high-consequence work-related injuries (excluding fatalities) LTI: Lost Time Injuries	2	0	0
The rate of high-consequence work-related injuries (excluding fatalities) LTIFR: Lost Time Injury Frequency Rate	0.88	0	0
The number of recordable work-related injuries	0	0	0
The rate of recordable work-related injuries TRIR: Total Recordable Incident Rate	0	0	0
The number of hours worked	22,83,440	22,92,200	24,64,480

Safety data for workers	FY20	FY21	FY22
Description	No.	No.	No.
The number of fatalities as a result of work-related injury	0	0	0
The rate of fatalities as a result of work-related injury	0	0	0
The number of high-consequence work-related injuries (excluding fatalities) LTI: Lost Time Injuries	0	1	4
The rate of high-consequence work-related injuries (excluding fatalities) LTIFR: Lost Time Injury Frequency Rate	0	0.33	1.34
The number of recordable work-related injuries	0	1	34*
The rate of recordable work-related injuries TRIR: Total Recordable Incident Rate	0	0.07	2.27
The number of hours worked	30,10,520	30,66,000	29,93,000

*Total recordable injuries increased in FY22 due to the increase in First Aid injuries during our Greenfield and Brownfield Projects.



Hazard Identification and Risk Assessment (HIRA)

Risk assessment is critical to the business since it proactively prepares us to prevent any adverse repercussions of various safety-related concerns that may otherwise influence our operations, performance, and global reputation, among other things. Our risk-mitigation strategies involve analysis of hazards and their impacts, and training all employees to ensure they are fully informed of workplace dangers and can take preventive measures. We identify our risk through Hazard Identification and Risk Assessment (HIRA), HAZOP (Hazard and Operability Study), and JSA (Job Safety Analysis) techniques.

We have a learning event reporting system where employees can report work-related risks or potentially hazardous circumstances. This mechanism identifies the next steps that the site, organisation, or corporation must undertake to mitigate risk and create further improvements in safety culture, safety audits, and safety training. For example, oil splashing is one of the leading causes of injuries and illnesses at PCBL. We have installed deep trays to prevent spills. One of our engineering control strategies is to replace loose, flexible hose pipes with a permanent line. We have displayed the related Material Safety Data Sheet (MSDS) to address this issue.

We have a dedicated hazard identification and risk analysis team for each process and a full suite of fire hydrant systems, smoke detectors, and CCTV cameras installed across the plants. We also raise safety awareness among our personnel through learning activities. The medical staff conducts routine health examinations of our workers to ensure their physical and mental competence for working in confined spaces, at heights, or with heavy equipment. A cross-functional incident investigation team is formed to investigate the incident when it occurred and follows a systematic process to determine the underlying cause and take corrective action. The EHS Team and Unit Heads examine the findings and the learnings are shared for horizontal deployment after approval.

Furthermore, the Company provides a comprehensive range of medical and healthcare services to its employees at the plant, for instance - stationing emergency vehicles to tackle any unprecedented incidents which may occur. In addition, we have taken comprehensive insurance coverage, which includes fire hazards and theft in offices, warehouses and factories and provide medical benefits for employees and transit insurance.

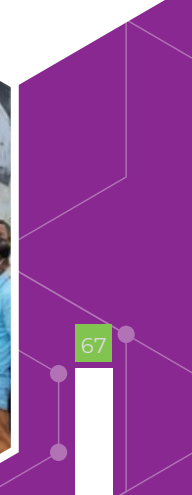
Worker training

Regular training is provided on topics such as staff health, safety and product quality. Training is given in local languages by our competent trainers to ensure the workers thoroughly understand the content. The following EHS subjects are included in the training calendar:

- ◆ Working in confined spaces, working at height, lock out tag out (LOTO), forklift operations, material handling
- ◆ Behaviour-based safety (BBS)
- ◆ Personal protective equipment (PPE) and general safety awareness
- ◆ Safety training for the plant and equipment. (Toolbox talks are provided on a daily basis as well).

Our response to COVID-19 pandemic

In response to the COVID-19 emergency readiness, the EHS medical and administrative teams devised strict guidelines for the safety of the plant. Stringent measures were deployed at plant entry and exit with robust preventive disinfection protocols to prevent the disease's spread. In addition, strict adherence to SOPs for maintaining the highest level of health and hygiene and preventing disease spread in our manufacturing plants, regional offices and corporate offices were ensured. Vaccination drives were also held at all functioning locations for our employees and their families.



Responsibility towards people

Great people build great companies. In order to maintain and further develop our diverse and distinctive culture, our talent strategy aims to attract and retain top individuals who are ambitious, enthusiastic, and all-around exceptional. We invest across a wide range of training and talent-development programmes to promote the values of diversity, respect and foster a sense of belonging and leadership.

Management approach

We have always prioritised our people, even during the COVID-19 pandemic and have undertaken many initiatives to safeguard our employees' physical and mental well-being throughout the year. We attempted to foster a culture of continual learning among our employees through through learning and engagement programmes. Our people policies enable us to focus on building the necessary business competencies for the present and future requirements within a rapidly changing landscape. It articulates our focus on a broad range of practices, including:

- ◆ Employee capability building
- ◆ Digitalization
- ◆ Adherence to human rights
- ◆ Talent development and succession planning
- ◆ Diversity and inclusion

Our employee-oriented policies assist us in creating an inclusive and empowering atmosphere that

fosters psychological safety and a sense of belonging, enabling our people to make decisions and carry them out without fear. Our policies promise dignity and respect for all employees. At PCBL, we endeavour to identify, prevent and mitigate any human rights violations resulting from, or caused due to, business activities. We continue to evolve our practices and advance our efforts to respond promptly to violations for appropriate corrective action.

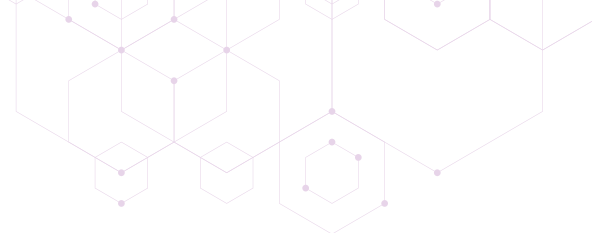
Hiring talents

PCBL has always placed a high priority on employee development as we believe that our employees are our most valuable asset. Highly motivated employees personify the Company's values, assure continuing performance, and set the groundwork for a long-term and expanding business. We recognise the value of human capital and its crucial role in generating value for our businesses and a successful corporate ecosystem.

To ensure employees have their basic needs met to live healthy and productive lives, we offer comprehensive benefits programs such as life insurance, healthcare, parental leave and retirement provision. This applies to all our full-time employees at all functional and employee levels, designed to meet or exceed what is required and standard for the countries in which we operate. PCBL provides healthcare, life and accidental insurance, disability, and retirement plan to all its employees.

Details of new joiners

Sl. No.	Category	FY20			FY21			FY22		
		<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
1	Head Office	6	34	4	4	10	1	4	21	3
2	Durgapur	13	13	1	9	7	0	9	10	1
3	Kochi	17	18	0	19	3	0	21	6	0
4	Palej	51	36	0	34	17	1	61	19	0
5	Mundra	30	15	1	23	16	2	29	15	0



Workforce turnover age-wise (including VRS, retirement and death)

Sl. No.	Category	FY20			FY21			FY22		
		<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
1	Head Office	1	12	2	1	10	2	2	17	3
2	Durgapur	3	12	0	4	15	4	3	10	2
3	Kochi	13	15	5	10	9	3	11	3	1
4	Palej	13	9	7	17	21	5	28	21	5
5	Mundra	13	12	2	17	19	3	19	15	0

We provide ample notice period to employees before implementing any significant operational changes that could substantially affect them. We have 30 days' notice period till manager grade and 90 days' notice period for senior managers and above at the time of cessation of employment. We also offer seven

days of paternity leaves and six months (26 weeks) of maternity leaves. In FY22, maternity leaves were availed by three employees. Our return to work and retention rates for both males and females who took parental leaves during FY22 are 100%.

Number of employees entitled to parental leave		Number of employees that took parental leave in FY22		Number of employees who returned to work after parental leave ended		Number of employees who returned to work after parental leave ended who were still employed 12 months after their return	
Male	Female	Male	Female	Male	Female	Male	Female
796	48	44	3	44	3	44	3

Respecting employee diversity

The Company is cognisant of the employee work environment and is committed to creating a gender-friendly work environment. With a diverse and inclusive environment, women fully utilise their abilities in the workplace.

We believe that an inclusive work atmosphere allows everyone to feel valued and supported, making it simpler to identify the best approach to work,

enhance everyone's expertise area, and progress together. As an equal-opportunity employer, we do not tolerate discrimination in any form. We adhere to all the labour legislations and recognise and support the right to collective bargaining. We sign legally binding collective bargaining agreements to ensure we operate fairly and consistently with all our employees. If a conflict arises, we have communication and conflict resolution methods to allow our personnel to express their concerns.

Workforce turnover gender-wise (including VRS, retirement and death)

Sl. No.	Category	FY20		FY21		FY22	
		Male	Female	Male	Female	Male	Female
1	Head Office	10	5	10	3	16	6
2	Durgapur	15	0	22	1	15	0
3	Kochi	31	2	22	0	15	0
4	Palej	24	5	42	1	48	6
5	Mundra	27	0	39	0	34	0

Details of new joiners

Sl. No.	Category	FY20		FY21		FY22	
		Male	Female	Male	Female	Male	Female
1	Head Office	33	11	10	5	22	6
2	Durgapur	26	1	16	0	20	0
3	Kochi	34	1	19	3	27	0
4	Palej	81	6	50	2	77	3
5	Mundra	46	0	41	0	44	0

A broad talent pool is essential to offer various viewpoints, encouraging better judgement and results. We have been making several efforts to foster a diverse workplace and as a result, women are

now more frequently represented in enterprises. At PCBL, we support women in leadership positions in our manufacturing sites because we think gender diversity benefits the Company.

Board diversity:

<30 years		30 - 50 years		>50 years	
Male	Female	Male	Female	Male	Female
0	0	1	1	7	1

Employee diversity:

Category	<30 years		30 - 50 years		>50 years	
	Male	Female	Male	Female	Male	Female
Employee level	No.	No.	No.	No.	No.	No.
Senior Management	0	0	8	2	23	0
Middle Management	1	1	127	13	23	1
Junior Management	258	13	342	16	14	2

At PCBL, we do not differentiate employee compensation based on gender or any other factor at any location of operation. Remuneration is based solely on merit depending on the level, grade, number of years of experience, skills, competence and performance of the individual. Our teams are

fortunate to have some of the most dedicated female employees. We have consistently been working on ensuring women get equal opportunities across levels. With our steady efforts, we are striving to get more women on board.

Comparison of remuneration/salary/wages

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	8	₹ 12,05,30,000	2	₹ 21,45,000
Key Managerial Personnel (KMP)	3	₹ 15,41,10,000	0	0
Employees other than BoD and KMP	793	₹ 7,20,000	48	₹ 6,81,000
Workers (Non-management personnel)	291	₹ 4,00,000	0	0

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 workforce. In addition, if conflicts occur, we have communication and conflict resolution measures for our employees to communicate their concerns.

Our human capital

We believe that having a diverse workforce and a welcoming environment fosters a better culture, decision-making, and organisation. Our workforce is a group of individuals with diverse cultural and national backgrounds. They share a passion for our business, communities, customers and one another. We are acutely aware that our employees are an enabling force essential to competitive differentiation.

Our success depends on attracting, recruiting, retaining, and developing a diverse and talented global workforce that enjoys work and is proud to be associated with PCBL.

Attracting, developing, advancing, and retaining employees who are representative of the communities in which we operate has been and will continue to be important. We focus on senior leadership representation because we know that if we do not have diverse representation at the top, we will be unable to attract and retain the varied mix of individuals we seek all across the organisation. In addition, senior leadership is responsible for setting the standard and direction for recruiting, retention, and career advancement throughout the organisation.



Total permanent employees (Management personnel)

▶ **844**



Female
48



Male
796

Permanent workers (Non-management personnel)

▶ **291**



Male
291

Contractual workers

▶ **734**



Female
15



Male
719

*Headcount as on 31st March 2022 has been considered for reporting total number of employees and workers

Digital enablement in employee engagement

Virtual communication and collaboration tools were used for providing training to our employees. For example, we have determined employees' emotions and moods using the Leena AI chatbot. Leena is an autonomous conversational AI-backed platform that helps enterprises achieve a better employee experience. This enables the leadership team to receive real-time insights and a greater grasp of the Company's overall mood, employee motivations and challenges, thereby allowing them to communicate with its people in a more personalised manner.

We also provide regular communication between leadership and employees on a quarterly basis through Sampark Live, a digitally enabled communication platform where all of the organisation's internal stakeholders interact, share information, recognise efforts and address difficulties.

In light of the potential for digital technology to revolutionise organisations' value chains, we have invested a lot in developing our digital capabilities. At every touchpoint of the employee lifecycle, Leena AI's artificial intelligence and natural language processing capabilities also offer an interactive experience. These investments made it possible for us to engage with employees with greater responsiveness and agility. Leena AI gives them a forum to express their opinions, offer feedback, and assist them in communicating with the officials over topics like manager behaviour, work team behaviour, workplace safety, career growth, and employee sentiment in order to keep them engaged. With respect to the attrition rate in the past years, the trend of overall rate of resignation is declining.

Attrition data

Attrition rate (in %)	FY20	FY21	FY22
	17.0%	18.0%*	15.7%

*Attrition rate for FY21 has been rectified in this report due to change in calculation boundary.

The number of employees (15 personnel) who left the organization involuntarily were excluded while calculating the attrition rate in FY21.

The SOP for calculation of attrition has been revised by the HR team i.e., 'Attrition rate shall be calculated based on the percentage of employees who left the organization during the financial year, either voluntarily or involuntarily (excluding Retirement and Death).'



Furthermore, we hope to build an evolved and inclusive organisation, beginning with the induction of new employees. Embark PCBLite is a digital induction programme for new recruits that includes real-time sessions and built-in online modules. The programme takes them through an immersive experience that introduces them to the Company, our values and principles, as well as our ways of working so that they can better assimilate and build satisfying careers at PCBL. We also have an HRMS platform through which employees can access and update personal and professional details on their online accounts. With various HR digital initiatives, we will strive to push the same agenda in the future.

Human rights

Advocating for Human Rights has always been a focus at PCBL, and we do so by upholding the greatest standards of human behaviour and respecting the dignity of everyone involved with us. Any violation of human rights is not accepted, and we strongly condemn activities such as discrimination, forced and coercive labour, and child labour within and beyond PCBL's boundaries. We have Human Rights Policy, on which training and awareness is provided to the entire workforce. This policy was rolled out to provide clear guidance to employees in treating everyone with respect and assessing performance irrespective of race, religion, caste, gender, age, disability or any other characteristics. There were no incidents of violations involving rights of indigenous people.

Human rights policy is available in public domain and accessible to all stakeholders in which following points are addressed:

- ◆ Compliance with labour laws
- ◆ Improving awareness of workforce on their rights
- ◆ Ensuring diversity and equal opportunities
- ◆ Indiscrimination
- ◆ Prevention of sexual harassment
- ◆ Prohibiting child labour, forced labour
- ◆ Ensuring healthy and safe workplace
- ◆ Adherence to internationally proclaimed human rights

We are committed to creating a work environment free from all forms of harassment, including verbal, physical, psychological, and sexual. We have put in place appropriate processes and systems to ensure that such issues, if they arise, are effectively addressed. We strive to maintain a safe and secure workplace culture for our women employees. The company has a five-member POSH committee consisting of three female employees and two male employees selected by the Chief – HR and it is headed by a female employee as chairperson. The committee will have the power to co-opt any employee as deemed fit to facilitate the process of enquiry.

We have a strong documented grievance redressal mechanism which ensures principle of natural justice. Whistle blower policy is in place and the rights of workforce, including the information on their benefits are displayed at a conspicuous place with a certified standing order.

Opportunity of being heard is always solicited from the delinquent person before taking any disciplinary action. Any grievances arising out of or in relation to employment may come directly or through forum, to be settled amicably/discussions/escalations to the concerned stakeholders.

Furthermore, we uphold the laws of the country to ensure an ethical working environment and society free of child labour. We abide by the Child and Adolescent Labour (Prohibition and Regulation) Act of 1986. In addition, child labour, forced or compulsory labour are prohibited by PCBL's Code of Ethics and Supplier Terms and Conditions. We are aware that non-compliance with human rights regulations by supply chain partners may have a material impact and we support and encourage our supply chain partners to abide by human rights laws and adopt the best available practices in this area. In FY22, 15 % of security personnel were given formal training on human rights policies and procedures. Further, we also state that in case of Policy violation, we will take strong action against the specific business partner, including terminating the agreement. Through our second-party due diligence screening system, zero incidents of child labour, forced or compulsory labour were identified at our vendors who were assessed for the same, during FY22.

Learning and development

We at PCBL strive to ensure that all team members have the skills and capabilities, and support our employees with ongoing development programmes they can avail to deliver on our sustainable growth strategy. As a result, we have been able to attract, retain and advance a diverse and talented team by providing meaningful career opportunities, embracing inclusive and accessible learning and development opportunities, and equitable talent practices.

In order to encourage learning at anytime and anywhere, employees are provided with best-in-class learning and development support that combines

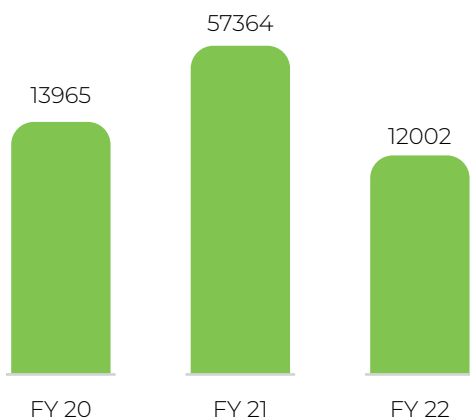
classroom, online coaching, mentorship, and on-the-job training. We have hired experts who coach and guide our employees based on their professional needs. We also provide access to personalised, curated, and intentional developmental experiences throughout the employment life cycle to foster a culture of continuous learning. Our learning network provides welcoming, inspiring, meaningful, and inclusive self-service, on-the-job, leader-led, and peer-to-peer development experiences. We have created a learning environment that empowers our teams to do their best work while also promoting our Company's purpose through onboarding, functional training, mentorship and leadership programmes.

Training hours as per employee categories

Category	Units	FY20		FY21		FY22	
		Male	Female	Male	Female	Male	Female
		No.	No.	No.	No.	No.	No.
Senior Management	Number	14	1	15	2	31	2
	Manhours	27.0	0.0	6.0	0.0	155.0	0
Middle Management	Number	131	8	123	13	151	15
	Manhours	546.0	66.0	1826.0	51.0	1057.0	97.5
Junior Management	Number	591	36	586	35	614	31
	Manhours	10977.0	2349.0	47202.0	8279.0	10178.0	514.5

*Training hour in 2020-21 was increased due to classroom and on the job training of GET and MT for one year; in the year 2019-20, no recruitment of GET/MT was done due to Covid-19, and the training of 2021-22 batch of GET/MT has been extended to 2022-23 due to Covid-19

Training hours



*Training hours in 2020-21 was increased due to classroom and on the job training of GET and MT for one year



	FY20	FY21	FY22
Average training hour per employee	17.88	74.11	14.22

We also conduct various skill-building workshops for employees to acquire the knowledge they need for effective business operations. These include:

- ◆ **Pragati** - This workshop is conducted to help employees align with the organisation's vision and impact them at the feeling, thinking, and reaction levels to improve their organisational bonding.
- ◆ **PCBLite leader workshop** - Head of Departments (HoDs) and functional heads are trained to handle people processes effectively and efficiently.
- ◆ **Fundamentals of the carbon black industry** - A two-day workshop designed to help new recruits understand our industry and operations
- ◆ **Values and competency workshop** - This workshop is conducted on RP-SG Group Competencies and aligns our people with our Group's core values

Our training initiatives

PCBL has always prioritised training and development. For example, we explored many online/digital programmes to ensure the availability of world-class online training content for our employees to facilitate diverse learning opportunities.

Nirantar Gyan Vardan Program (NGVP) - Learning from experts

We determine the training needs based on the analysis performed through discussions with the unit and functional leaders. We also identify the subject matter experts for various functional areas where we can convert 'tacit knowledge' into 'explicit knowledge'. Through these training sessions, we impart knowledge about subject matter content on equipment knowledge, maintenance activities, best practices and other relevant subjects. The effectiveness of the training is also tracked through the participants' feedback and online test scores from pre and post-training.

Training Academy- Developing the future leaders

We educate our campus-hired graduate engineer trainees (GETs) and management trainees (MTs) about our business in order to create a knowledge-rich in-house talent pool. The year-long training programme is based on the 70:20:10 learning principle. This training academy has been in operation since 2008 and is led by the Principal, Training Academy, and Reporting Manager. Employees also go through rigorous five-month on-the-job training at their respective locations. Feedback is obtained from respective managers and mentors and discussed with the Principal of the Training Academy. The Principal then distributes the compiled feedback to the trainees for improvement.



B2MOM - Grooming our employees for leadership

We have implemented a Performance Management System (PMS) to improve team performance and development. In addition, the coaching culture is further driven through the process of big idea, business theme, methods, obstacle, and measures (B2MOM).

First, the business leaders create the big idea and business themes; then, they design their B2MOM strategy, delegating responsibility to team members. We encourage our employees to maintain a feedback journal to record big and small achievements. Based on this, we schedule a meeting with the member and the team leader to ensure transparency and employee motivation. As a result of such initiatives, our management goal of directly linking a team's objectives with the reward system is being met with higher accountability and performance excellence.

Certified General Management Programme (CGMP) - fostering the development of leaders

We continued our work with the International Management Institute in Kolkata to create a Certified General Management Programme (CGMP). The programme is intended to develop and groom our high-potential employees identified through Talent Review System for holistic business skills.

Following that, they are moved to IMI Kolkata to complete a 15-month Certified General Management Programme. During each quarter, participants attend rigorous 15-day classroom session that includes professor-led lectures, interaction with industry experts from within and outside PCBL, a paper-based credit-oriented exam system, virtual discussions with professors during onsite, and works on the PCBL Live Project under the supervision of capable mentors and guides.

Participants who complete the programme are awarded the Management Course Certification by IMI, Kolkata. Following the programme, career development plans are discussed and identified. Development Action Plans (DAPs) are developed in accordance with our strategic plan to assist these individuals in progressing as business leaders within PCBL.



Community engagement

Community engagement and infrastructure development are critical components of our social investment strategy, which focuses on improving people's living conditions. We take pride in formulating and implementing policies that increase efficiency while simultaneously catering to the interests and values of the people who live in the geographical locations we serve. In alignment with the SDG 1, 3, 4, 5, 9, 10 and 15, we focus on good health, eradicating poverty, quality education, equal opportunity, halting biodiversity loss, sustainable livelihoods and community infrastructure.

Management approach

As corporate citizens, we think social involvement outweighs financial investments. Our contributions are grounded in sustainable development and positively promote community development. Our initiatives are overseen by a board-level Corporate Social Responsibility (CSR) committee. The RP-Sanjiv Goenka Trust and other entities qualified as implementing Partners work closely with us and supports the Board and the CSR Committee in identifying areas of CSR activities. Furthermore, stakeholder consultations are held at regular intervals to ensure that initiatives are undertaken to address the specific needs of community members and that the collective approach ensures the long-term viability of all projects.

By leveraging our assets, resources, and unique competencies, we can enormously affect both communities and our organisation. We collaborate with community partners to develop measurable, outcome-based programmes and activities. We have a policy that focuses on utilising the entire scope of the Company's resources to increase access to basic facilities for the underserved population. The Company's goal has always been to contribute to the long-term growth of society and the environment and make the world a better place for future generations. This Policy applies to all CSR initiatives and activities undertaken by the Company to benefit all segments of society.

CSR expenditure

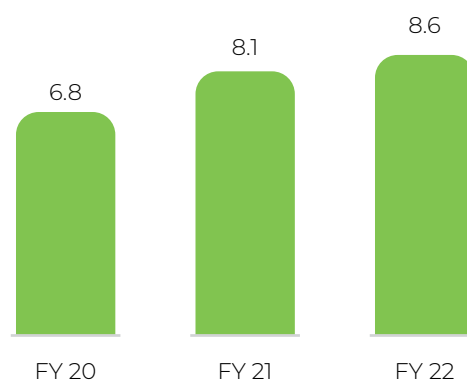
This section outlines the major categories of our CSR budget's expenditure in FY22. We carry out our CSR projects in accordance with Section 135 of the Companies Act of 2013, and we go above and beyond to achieve long-term transformation for the communities.

CSR committee

We regularly evaluate the initiatives falling under the broad category of CSR initiatives. The Committee formulates and recommends a course of action to the Board. It specifies the activities to be carried out by us, recommends the amount of funds to be spent on CSR activities, monitors the CSR Policy, and reviews the implementation of projects and programmes carried out by the Company during the year. To assess the impact of projects, reports are sought from implementing agencies wherever they operate. Internal projects are also examined and managed regularly. Furthermore, each project has a specific committee that ensures the project's effective implementation.

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. The Committee meets at regular intervals to review the work and undertake strategic decisions.

CSR expenditure (in Crore)



CSR Committee Composition

Mr. Kaushik Roy	Chairman
Mr. Shashwat Goenka	Member
Mrs. Rusha Mitra	Member

Our core areas

We are relentlessly strengthening a sustainable ecosystem around our manufacturing units through strategic need-based interventions in the areas of education, health, sanitation and environmental sustainability to ensure the holistic development of the surrounding communities. The community's needs are assessed through regular interactions with various stakeholder groups. Our mantra constantly guides us, 'TOUCHING LIVES IN MORE WAYS THAN ONE,' while caring for the communities. Creating shared value is at the heart of our business strategy. It is how we operate, building long-term value for society and shareholders at a meaningful scale. We aim at co-creating value by seeking a clear understanding of how the operations and products are interconnected with the evolving aspirations of the stakeholder fraternity.

The Company aspires to positively impact the community through the values and principles inherent in the Group by fostering inclusive growth in sectors such as education, art, healthcare, sports, environmental sustainability and conservation and

so on. Along with sustained economic performance, environmental and social stewardship is essential to overall business growth. Throughout its long history, the Company has maintained its heritage of community service and attempted to reach out to the needy to empower their lives and give holistic development. We have so far impacted 14 villages across Durgapur, Kochi, Mundra and Palej. Our focus areas are increasing access to health, education, environmental sustainability, community development and holistic development, focusing on underprivileged people living around our manufacturing units and other establishments.

Promoting education

We believe that youth is the future and are directing our efforts to support underprivileged individuals in reaching their full potential. Effective, high-quality education provides opportunities for young people, but school systems only sometimes receive the support they need. As the leaders of tomorrow, we have made significant contributions to the construction and development of school infrastructure, computer literacy programmes, tuition facilitation, free school-aid materials, and donations to food distribution and cultural activities at schools. It has always been our firm belief that education has the power to transform communities. To this end, we are setting up an IB school in Kolkata, which is planned for completion by next financial year.



Promoting rural development

Many communities where we work have inadequate basic infrastructures, such as buildings, roads, and public services. We discover to improve local buildings and infrastructure through constant engagement with local residents, focusing on the most urgent needs. We undertake initiatives to

strengthen rural infrastructure to empower these communities. Some of the areas we contributed are:

- ◆ Provide financial assistance to projects in underserved areas
- ◆ Facilitate rural transportation
- ◆ Promote agricultural and rural development



- ◆ Provide funds for village development and provide streetlights in rural areas
- ◆ Constructed roads in rural areas surrounding our plants and contributed rations and food to underprivileged people in rural areas. We also helped with the development of roads in Durgapur.
- ◆ Donated relief materials for both COVID and cyclone Yaas.

We have also contributed to the civic work and development of surrounding villages, which has directly helped uplift the villages.



Promoting sports

Sport has the power to transform people's lives. It can be one of the great drivers of gender equality by instilling in women and girls the values of teamwork, self-reliance and resilience. Women in sports defy gender stereotypes and social standards, serve as inspiring role models, and promote equality between men and women. We have contributed CSR funds for developing sports infrastructure to encourage women to participate in the development of sports in Palej (Gujarat) and Durgapur (West Bengal).



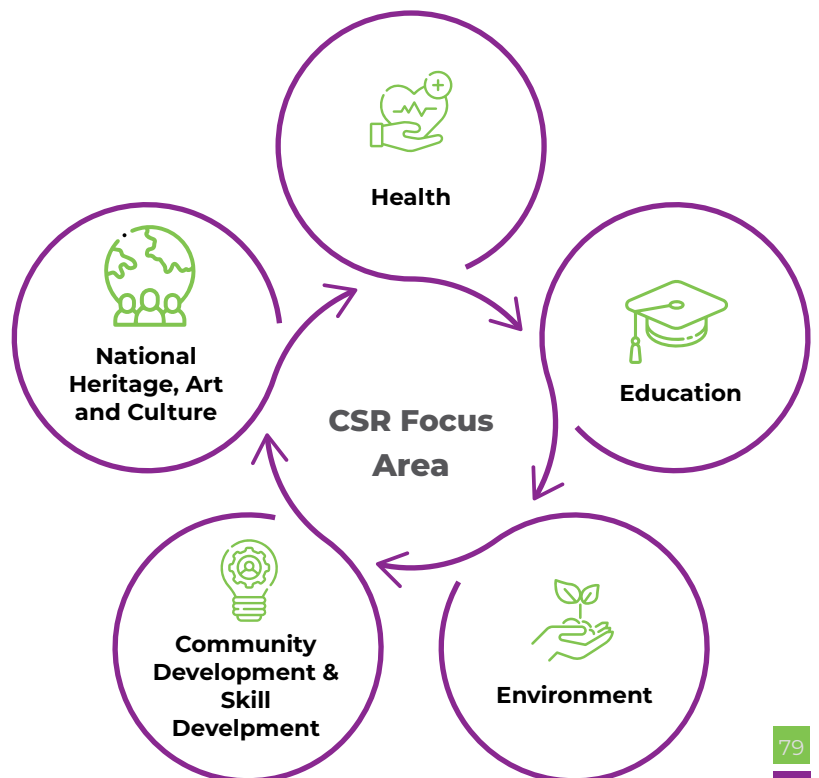
Environmental sustainability

We have incorporated environmental sustainability into our CSR operations to combat climate change. We undertook significant measures toward implementing sustainability practices, such as funding an eco-ambulance and constructing and commissioning an oxygen plant in Bharuch, Gujarat. We also contributed to cow fodder production and establishing and developing a green belt around our factory in Kutch, Gujarat.



Community development

We implemented Swachh Bharat activities emphasising sanitation infrastructure building and general awareness generation. As a result, we have built individual houses, contributed to hospital infrastructural development, provided medical aid to the local communities, and set up pulse polio immunisation campaigns for children from adjacent villages, among other things.



Creating value for our customers

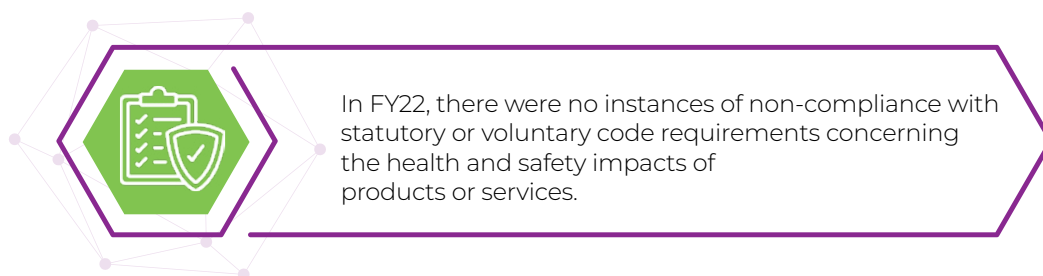
We are at the forefront of providing our customers with solutions that enable their sustainability progress. We are fully aware of our obligation to our customer's health and safety and are committed to closely observing this development. Our initiatives ensure minimal impact of our products on our stakeholders and the environment.

Management approach

Material handling, storage, and disposal are all managed in accordance with sections 7 and 13 of the safety data sheets (SDS). Guidelines and user information are available for products we use for their handling and storage, also, to protect our customer's health and safety. To ensure local and

global manufacturing laws and standards, we have conducted a remote plant audit by one of the world's largest tyre manufacturers. Officials from five countries reviewed our manufacturing practices in the audit.

Our approach at all times is customer-centric, from design to execution. Our products provide health, safety, environmental and other sustainability benefits to our customers and value chain, exemplifying our vision of providing cutting edge solutions. As responsible manufacturers, we recognise our responsibility to provide detailed information about our products' health, safety and environmental aspect.



Platforms for customer engagement



Direct

Following a customer-centric approach, we always connect with customers to understand their requirements while developing new products in consultation with the appropriate departments.



Supply chain partners

We rely on our supply chain partners to assess and evolve to the imminent requirements of niche markets or geographies. Supply chain partners are the means of access for us to connect with micro-level customers and meet their demands with our cutting-edge technologies.



Global conferences

Attending conferences and exhibitions conducted worldwide is one of our approaches to strengthening our relationships with existing customers. Furthermore, we communicate the changing nature of our business to prospective clients.

Throughout the pandemic, we cautiously approached our customers and communicated with them regularly to strengthen our relationship. Despite the external world's challenges, we remained agile and constantly supported the needs of its trusted and valuable partners. Our digital focus allowed us to serve our customers even during the most challenging times and maintain our retention rate. We provide solutions to our customers through on-time delivery, prompt response to product concerns, consistency in product performance, benchmarking products to global standards, regular customer interactions, and effective virtual communication infrastructure. In addition, we have implemented digital e-invoice and attended our customer's new launch (Apollo Vredstein) virtually to increase customer engagement.

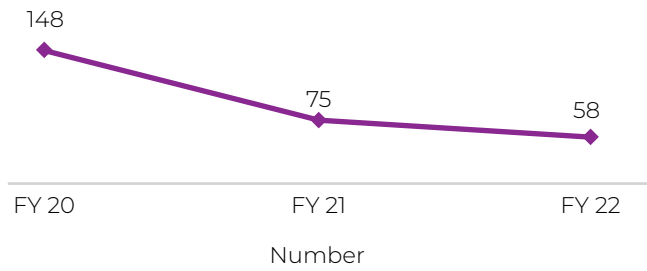
Customer satisfaction remains our top priority at PCBL. Every year, we conduct a customer satisfaction survey using a multidisciplinary approach and various feedback mechanisms, as listed below:

- ◆ Customer satisfaction is tracked through surveys and regular feedback through the online portal
- ◆ Analysis of customers' 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

Managing customer grievances

Our customer support team handles customer complaints through our customer relationship management platform (SAP). Any complaint lodged by a customer is registered in the SAP system by regional marketing managers. The technical service team coordinator contacts the Plant's cross-functional team to determine the problem's root cause and implement appropriate mitigation measures. Post determination of the root cause identified at the plant level, the complaint is closed in the SAP system and the root cause analysis (RCA) report is sent out to customers through the marketing team. Additionally, any action plan implemented at one plant is replicated throughout the organisation, safeguarding the effectiveness of corrective actions, which are reviewed through internal audits and customer feedback. Our customer complaints have decreased due to our ongoing efforts and with such constant efforts, our customer complaints have declined for the past three years.

Customer Complaints



We also sign a Non-disclosure Agreement (NDA) with our customers to protect the privacy of customers and their data or information shared with us. We have zero complaints on breaches of customer privacy and losses of customer data during FY22.

Tapping into new markets and customers for growth

Domestic market

- ◆ Our focus on the mechanical rubber goods (MRG) segment resulted in increased volume sales.
- ◆ Our focus on the retail segment, resulted in higher margins
- ◆ Strategic partnerships with key non-tyre customers

- ◆ Submission of proprietary grade samples to selected tyre customers

International markets

- ◆ We made breakthroughs in new grades and locations for reputable customers such as Bridgestone Tyres, Giti Tyres, Toyo Tyres, Continental Tyres, and Petlas Tyres
- ◆ During the reporting year, we ventured into less pursued markets in Latin America and Africa
- ◆ We also improved our position in Europe and North America with our consistent efforts to venture into new markets

Research and innovation

At PCBL, innovation is considered as a critical driver for technical and business growth and the research and development (R&D) team serves as a seeding ground for innovation. Over the past few years, we have deepened our research focus by making forward-looking investments in the development of infrastructure, human resources, and processes, strengthening capabilities in product application, process efficiency, product customisation, and above all, sustainability.

Our focus on innovation enabled us to create a competitive product portfolio that accelerated business growth continuously. Some of the initiatives that our R&D is engaged in, are mentioned below:

Short to mid-term

- ◆ To explore sustainable and environment-friendly Carbon Black Feedstock (CBFS) with minimum sulphur content and other contaminants to augment the manufacturing of sustainable, high-worth carbon blacks and to ensure the minimisation of the generation of pollutant gases like SO_x and NO_x
- ◆ To establish cost-effective, high-performing advanced carbon black platforms to strengthen fuel economy, lower greenhouse gas emissions from automobiles, tyre weight reduction, and improve the durability of the tyre to reduce solid wastes

- ◆ To develop carbon black's compliance with various regulatory norms through judicious selection of CBFS and by adopting appropriate physicochemical process parameters

Long-term

- ◆ To synergise carbon blacks to suit energy storage applications, including batteries, super-capacitor, etc., to compensate for fossil fuel use and advanced ink applications, including water-dispersible inks

Our innovative initiatives have helped to improve the performance of existing grades, develop novel grades, and deepen our understanding of Carbon Black Feedstock (CBFS) features. Thus, helping us to create high-quality products.

The Sushila Goenka Research and Development Centre in Palej, Gujarat, India, and the Sushila Goenka Innovation Centre in Ghislenghien, Belgium, are two of our global Research & Development centres. Our in-plant QC labs, along with the Sushila Goenka Research and Development centre at Palej, India, have been recognised by the Government of India's Department of Scientific and Industrial Research (DSIR). Our Research & Development activities are supported by a pool of experienced and qualified product and process scientists and

engineers and extensive infrastructure, equipment and facilities for developing feedstock and new carbon black. Optimisation and evaluation of colloidal properties, morphological characteristics, elemental and microscopic analysis of carbon blacks, assessing the physiochemical, rheological, thermal, mechanical, dynamic-mechanical properties and colour performances of rubber compounds, plastics compounds, inks and coatings, and so on are also goals of the research.

Process improvement

- ◆ Introduced specially designed potassium burner to avoid nozzle damage at our plants and thereby consistency in quality and reduction in waste
- ◆ Introduced a hot air line alongside a bellow design change to prevent damage to the bellow and improve heat recovery
- ◆ Implemented a newly designed atomised burner to improve carbon black feedstock atomisation, and thereby improvement in yield, consistency in quality
- ◆ Implemented rectification of pelletiser pin design to improve the quality of the carbon black pellet and reduce defect
- ◆ Installed decanter systems to carbon black feedstock purification and thereby consistency in quality
- ◆ Installed a high-capacity conveying fan to resolve issues of downstream conveying and improve productivity

Key achievements during the reporting year

We have used our 'Competitive Intelligence' study to determine the scope and opportunities for improved customer engagement, white space mapping, market-driven research, innovation and intellectual property protection. Our Research & Development practises are notable for strategic

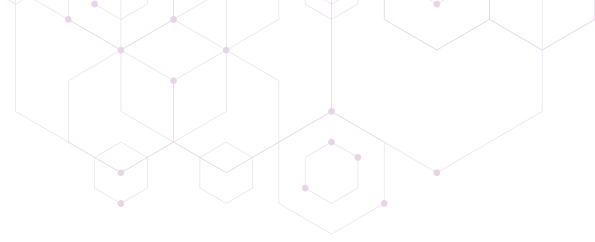
innovations catalysing the Company's 'New Product Development Roadmap' in carbon black, other carbonaceous materials, and (CBFS).

- ◆ We have developed specially modified carbon black grades (PRD018) that improves fuel efficiency and enhances durability of tyres
- ◆ Our Research & Development team has also developed a proof of concept (PoC) to reduce aromatic contamination of carbon black to meet environmental regulations
- ◆ Inhouse development of low surface area and medium to high structure carbon black grades (CarboNext 10 and CarboNext 20) that is low in carbonaceous contaminants for using mechanical rubber goods (MRGs), extruded rubber profiles. PCBL Limited also developed carbon black of high surface area PRD022 (A-F) for high performance tyre applications
- ◆ Developed and introduced surface functionalised carbon black (NuTone 21) for polyurethane coating
- ◆ Bleumina@219BP grade was introduced as a regular product after resolving colouring issues.
- ◆ Modified ASTM rubber grades developed as PoC for sustainable mobility
- ◆ Our Research & Development team undertook various initiatives to reduce our dependency on imported grades for plastics, masterbatches, inks, and coating businesses
- ◆ We are focussing on new and renewable sources of Carbon Black Feedstock (CBFS) for meeting present and future demands of environmental norms
- ◆ Our Research & Development team is developing the next generation of advanced filler technologies to boost sustainable mobility and for the decarbonisation of carbon black to add value to product acceptance

GOVERNANCE

Sustainable Development Goals





Corporate governance

Our corporate governance system guarantees that stakeholder expectations are managed effectively and enables us to adapt to changing circumstances. Our management intends to identify risks that could have a negative impact on achieving our strategic objectives and to effectively manage, monitor, and report those risks using our **Enterprise Risk Management (ERM) framework**. In addition, our teams strive for complete compliance with all relevant legislation. As a result, we are steadily expanding our market share, earnings and profitability. We are dedicated to responsible growth through innovations, technological developments, and a wide range of product portfolios with best-in-class offers.

Our shareholders were updated on corporate governance long before the legislation required the same. As a result, the highest standards of corporate behaviour and working have been constitutionalised in our processes.

Management approach

We have been built on the basis of good corporate governance. After more than six decades of delivering innovation and promoting sustainable growth across the industries in which we are active, our strategy is

laser-focused and underpinned by comprehensive preparation that is focused on implementation. The basic philosophy of Corporate Governance in our organization emphasizes on highest levels of transparency, accountability, awareness and equity in all respect of its operations. 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 Independent Directors and constitution of the committees. We also have both internal and external auditors in place in order to be compliant with the statutory regulations.

We place a high priority on fostering a diverse and energetic work environment, supporting honesty in all of our dealings, empowering, protecting the integrity and ensuring the safety of our people.

Robust corporate governance has also enabled us to acquire and maintain the trust of our employees, clients, business partners and all other stakeholders. In addition, we ensure that all our business operations comply with moral standards, corporate rules and applicable laws and regulations. As a result, we steadily increase our operational capacity while upholding the highest ethical standards.



Board of Directors



Dr. Sanjiv Goenka

Chairman



Pradip Roy

Non Executive
Independent Director



Kaushik Roy

Managing Director



Rusha Mitra

Non Executive
Independent Director



Preeti Goenka

Non Executive Director



R K Agarwal[§]

Non Executive
Independent Director



Shashwat Goenka

Non Executive Director



T C Suseel Kumar[#]

Non Executive
Independent Director



Paras K Chowdhary

Non Executive
Independent Director



K. Jairaj^{*}

Non Executive
Independent Director

[§]Mr. R K Agarwal has been appointed as a Non-Executive Independent Director in the Board of Directors of the Company to hold office for the first term of 5 (five) consecutive years w.e.f. 26th July, 2021

[#]Mr. T C Suseel Kumar has been appointed as a Non-Executive Independent Director in the Board of Directors of the Company to hold office for the first term of 5 (five) consecutive years w.e.f. 27th October, 2021

^{*}Mr. K Jairaj has been appointed as a Non-Executive Independent Director in the Board of Directors of the Company to hold office for the first term of 5 (five) consecutive years with effect from 8th March, 2022

C Chairman

M Audit Committee

● Nomination & Remuneration Committee

M Member

● Stakeholders Relationship Committee

● Corporate Social Responsibility (CSR) Committee

● Risk Management Committee

f 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

Governance structure and composition

With their experience and expertise, our robust and active Board of Directors ensures the highest level of corporate governance. They come from various backgrounds with a lot of expertise and offer the senior management the proper direction when needed.

Being at the centre of the Company's corporate governance practice, the Board is ultimately in charge of managing, directing, and performing the Company's operations, as well as ensuring the enterprise's long-term success as a whole and safeguarding the interests of all of its stakeholders. Executing the Company's activities effectively and efficiently is entrusted to the Board, which has the ultimate authority over the management.

The Company's Board comprises a mix of executive and non-executive directors. Ten members make up our Board of Directors, including six independent directors. In addition, there are women directors on the Company's Board. Our Board's expertise and knowledge span across a wide range of industries, including global business, strategy, planning, leadership, law, finance, the environment, social responsibility, governance, risk management, and pertinent technology. The Board meets at least once in every three months to assess our performance and share their insights.

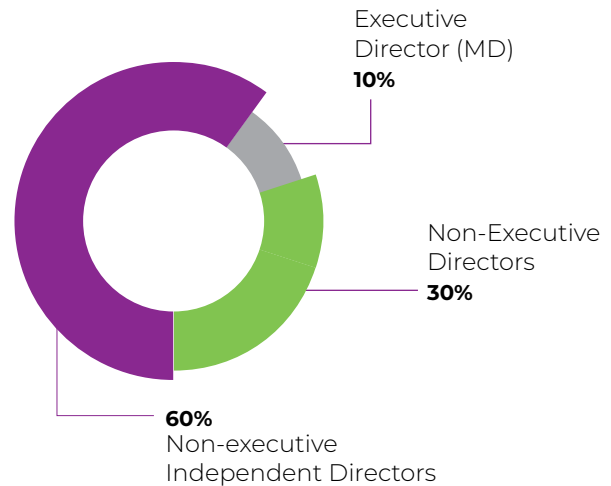
Composition of the Board of Directors of the Company as on March 31, 2022:

Non-executive directors	3
Executive director, who is the managing director of the Company	1
Non-executive independent directors	6
Total	10

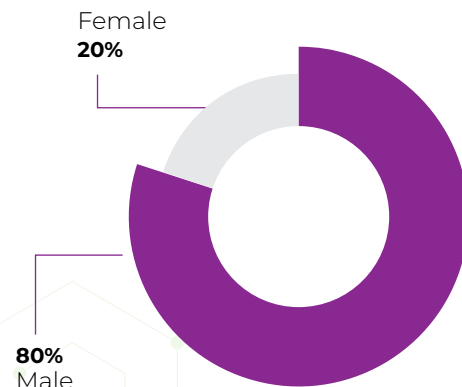
The MD, leadership team and functional heads are a part of the management committee, which plays a major role in developing and implementing strategies, policies, and goals related to economic, environmental, social and governance topics. The Board of Directors approves the strategies, policies and goals. The chair of the highest governance body is a non-executive director in the organisation.

Demographic cross-section of the Board

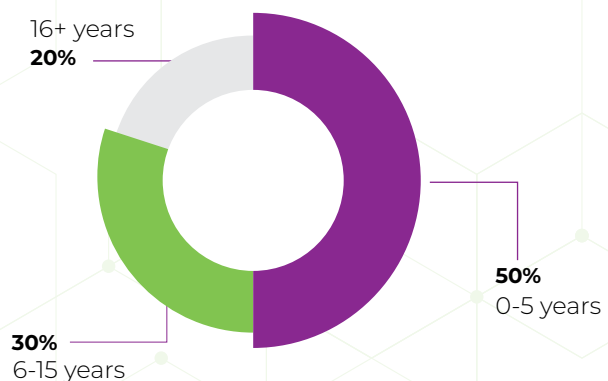
Composition of the Board (%)



Diversity of the Board (%)



Tenure of Directors (%)





Board Attendance

The Board of Directors met 8 times during the financial year ended 31st March 2022, the details of which are depicted below:

Date-wise attendance

Date	Board strength	No. of Directors present
8th April, 2021	8	5
21st April, 2021	9	8
26th July, 2021	9	9
27th August, 2021	8	8
22nd October, 2021	8	5
27th October, 2021	8	8
20th January, 2022	9	9
9th February, 2022	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	8	6	Yes
Mrs. Preeti Goenka	8	6	Yes
Mr. Shashwat Goenka	8	6	Yes
Mr. O.P. Malhotra*	3	3	Yes
Mr. K.S.B. Sanyal*	3	3	Yes
Mr. Paras K. Chowdhary	8	8	Yes
Mr. Pradip Roy	8	8	Yes
Mrs. Rusha Mitra	7	6	Yes
Mr. R K Agarwal	5	5	N.A.
Mr. T C Suseel Kumar	2	2	N.A.
Mr. Kaushik Roy	8	8	Yes

*The term of office of Mr. K S B Sanyal and Mr. O P Malhotra, as Independent Directors of the Company has come to an end on 29th July,2021 and consequently they have ceased to be the Independent Directors of the Company with effect from close of business hours on 29th July, 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 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 are placed before the Board for review, at regular intervals. Currently, there are six committees of the Board.



Audit Committee



Nomination and Remuneration Committee



Stakeholders' Relationship Committee



Corporate Social Responsibility Committee



Independent Directors' Committee



Risk Management Committee



Audit Committee

This Committee is tasked with supervising our financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient, and credible.



Nomination and Remuneration Committee

This Committee has the responsibility of identifying persons qualified to become Directors or hold senior management positions, formulating criteria for determining qualifications, devising a policy on Board diversity, recommending to the Board, all remuneration payable to senior management, specifying the manner for effective evaluation of the performance of the Board, its Committees, and Individual Directors and reviewing its implementation and compliance.

In compliance with the requirements of the Act and Rules made thereunder and pursuant to Regulation 19 of the SEBI Listing Regulations read with Schedule II Part D to the said Regulations, the Board of Directors has a Nomination and Remuneration Policy for its Directors, Key Managerial Personnel, Functional Heads and other employees of the Company.



Stakeholders' Relationship Committee

This Committee is primarily bestowed with the responsibility of identifying shareholders' grievances and reviewing the measures undertaken for the redressal of these grievances.



Corporate Social Responsibility Committee

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



Independent Directors' Committee

This Committee is bestowed with reviewing the performance of Non-independent Directors and the Board as a whole, reviewing the performance of the Company's Chairman, considering the views of Executive and Non-Executive Directors, and assessing the quality, quantity, and timeliness of the flow of information between management and the Board in order for the Board to perform its duties effectively and reasonably.



Risk Management Committee

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

Board Responsibility

The Board Committees provide the Board with a place to address particular issues that require specialised knowledge. Members of the Committee discuss significant issues and submit proposals for the Board's approval. The Company's Board Committees were established to aid in the functional organisation of the Board and the understanding of each member's specialised responsibilities. These Committees keep an eye on the Company's daily operations, streamlining, monitoring, and offering the appropriate direction.

The entire Board of Directors will assess independent Directors, which will include:

- ◆ The Directors' performance
- ◆ The Directors' adherence to the SEBI Listing Regulations' requirements for independence and their separation from management

Our business processes are centred on sustainability, and we run our businesses ethically. 2018 saw the implementation of our Sustainability Policy, which was authorised by the Board of Directors. Additionally, the Board's CSR Committee routinely assesses the success of our efforts and gives general direction and guidance for executing this policy.

The management committee, which meets quarterly and is charged with getting the initiatives carried out in accordance with the Policy, includes the Managing Director (MD), the leadership team, and the Functional Heads. In addition, the MD is in charge

of informing the Board CSR Committee about the implementation of CSR projects or programmes undertaken by the Company.

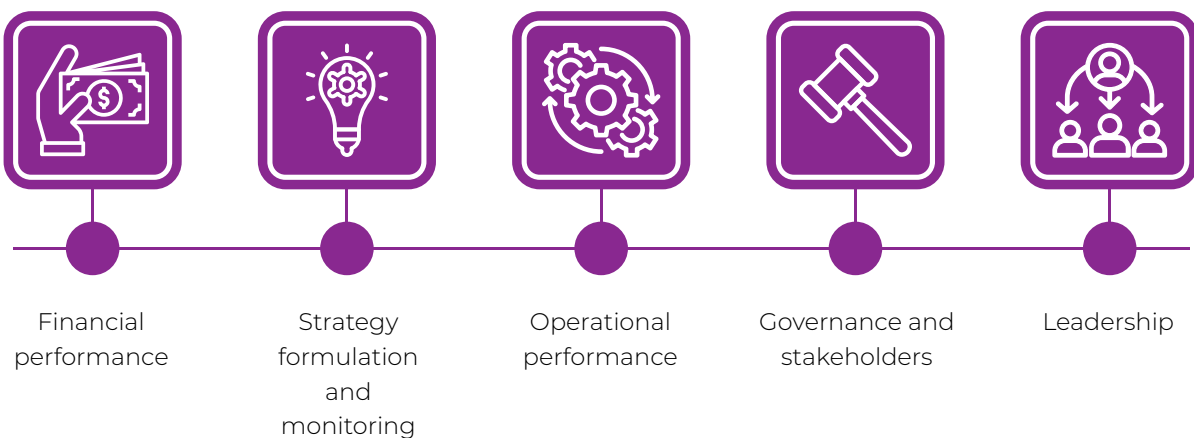
The Board approves the Company's sustainability report following approval by the MD, Company Secretary and Chief Legal Officer, the leadership team, and Head-Manufacturing Excellence, EHS and Sustainability.

The Board reviewed and approved the quarterly and annual results, the business plan for 2021-22, and the Annual Report of PCBL along with the financial statements in order to ensure that they are fair, balanced, and understandable. The Board also discussed and implemented the simplification of the corporate and operating structures as a part of formulating and monitoring strategy and discussed operational performance via detailed reports.

As a part of governance and stakeholders, the Board received regular reports from the Chair of each committee, reviewed our corporate governance framework in light of governance and regulatory developments, reviewed investor feedback, employee engagement and customer satisfaction survey results, feedback and inputs from key stakeholders, and also reviewed our principal policies.

The Board considered and recommended changes to the leadership team and considered succession and talent management plans, including initiatives to improve diversity ratios.

Board Activities



Management Committee Members (MCM)



Kaushik Roy

Managing Director
Years of experience: **31 years**



Vijay Joshi

Chief – Operations
Years of experience: **33 years**



Raj Kumar Gupta

Chief Financial Officer
Years of experience: **24 years**



Gautam Kalia

Chief – International Markets
Years of experience: **26 years**



Kaushik Mukherjee

Company Secretary &
Chief Legal Officer
Years of experience: **30 years**



Dr. Mosongo Moukwa

Chief – Global R&D
Years of experience: **31 years**



Sabyasachi Bhattacharya

Chief – HR & IT
Years of experience: **31 years**



Girish Singh

Chief – Projects
Years of experience: **46 years**



Jiten Keluskar

Chief Procurement Officer
Years of experience: **31 years**



Mainackya Ghosh

Chief – National Markets
(Rubber Blacks)
Years of experience: **23 years**





Risk management plan

Our risk management plan is designed to quickly detect risks to us or threats to our business and guide us to act quickly and strategically in an emergency. The capacity to always retain a complete grasp of the dangers faced by the Company and organisation is a crucial component of future-proofing. Accordingly, a thorough system of risk management is in place.

The Risk Management Policy allows the Company to proactively manage uncertainties and changes in the internal and external environment to limit negative effects and seize opportunities.

The Board's Risk Management Committee half-yearly reviews risks arising from economic, environmental, social and governance topics as part of the risks and associated management plan. The Board takes the following steps as 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

A Company must inform the Board members about risk assessment and mitigation techniques in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The risk-management plan for the organisation is framed, carried out, and overseen by the Board.

The terms of reference of the Risk Management Committee are compliant with Regulation 21 of the SEBI listing regulations. The Risk Management Committee is responsible for the examining of the monitoring and reviewing of the risk management plan as well as any additional duties that may be appropriate, including one that explicitly addresses cyber security.

In compliance with the Act's requirements and the SEBI listing regulations, the company established a thorough risk assessment and minimisation procedure. This procedure is examined to ensure that the executive management controls risk using a well-defined framework. This procedure is periodically reviewed by the Risk Management Committee and approved by the Board.



Risk management

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, social and governance topics. The Risk Management Committee comprises the following members:

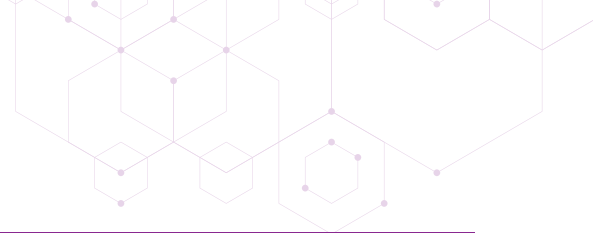
Name	Category	Position held	Number of meetings attended
Mr. Kaushik Roy	Managing Director	Chairman	2/2
Mr. Paras K Chowdhary	Non-Executive Independent Director	Member	2/2
Mr. Pradip Roy	Non-Executive Independent Director	Member	2/2

We remain informed of the dynamic changes to the risk umbrella. The following is the risk management plan followed by the Board:

- ◆ **Identification and assessment approach -** Anticipating and estimating the probability of occurrence, severity, category and rating of the risk
- ◆ **Prevention and control strategy -** Articulating measures to avoid the occurrence of the risk, limit its severity and reduce its consequences
- ◆ **Monitoring -** Inspecting the effectiveness of controls, responding to the results and improving the approach
- ◆ **Reviewing and reporting on the risk -** Management review at appropriate intervals (at least once a year)

Economic risks

Definition	Mitigation strategy
<p>Economic risk</p> <p>A prolonged slowdown in the global and Indian economy may adversely impact our business prospects.</p> <p>Likelihood of occurrence: Medium</p>	<ul style="list-style-type: none"> ◆ Our senior leadership team maps emerging trends, changes in regulations and the economic environment to course-correct business strategies ◆ Impact assessment studies are conducted, whenever considered necessary
<p>Country risk</p> <p>Risks associated with an investment in any country arising out of uncertainty in political, economic, exchange rate or technological investments, which could result in losses.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none"> ◆ 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



Definition	Mitigation strategy
<p>Investment risk</p> <p>Timely completion of projects and ensuring projects stay within the budget CAPEX that may impact cash flow or increase the debt burden.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none"> ◆ 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
<p>Supply chain risk</p> <p>Disruption in the supply of materials from the major suppliers would adversely affect operations. Further, volatility in crude prices may affect both raw material and end product prices, impacting profitability.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none"> ◆ We maintain a 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 prices and undertaking specific cost-reduction initiatives ◆ A significant portion of our volume is sold based on a formula-driven price adjustment mechanism, which allows customers to recover the changed raw material cost
<p>Downstream risk</p> <p>Any slowdown in downstream industries may jeopardise the Company's growth.</p> <p>Likelihood of occurrence: Medium</p>	<ul style="list-style-type: none"> ◆ We mitigate the risk by diversifying our product portfolio, ensuring a widespread geographic footprint and a large customer base
<p>Rate risk</p> <p>The sale of power also contributes a significant proportion to our total revenues, and any change in power tariff may also affect our profitability.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none"> ◆ We foster strategic bilateral power purchase agreements for short, medium and long term
<p>Competition risk</p> <p>Competition from industry peers poses a threat to our market share and profitability.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none"> ◆ Gathering feedback and organising review meetings help us ensure customer satisfaction ◆ We are strengthening market intelligence and product differentiation
<p>Operational risk</p> <p>Due to high automation in the production process, any breakdown in a machine could affect the entire operation.</p> <p>Likelihood of occurrence: Medium</p>	<ul style="list-style-type: none"> ◆ 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

Definition	Mitigation strategy
<p>Financial risk</p> <p>Fluctuation in interest rate impacts our profitability. Further, the inability to manage working capital effectively and ensure adequate liquidity is another risk. We are also subject to non-payment risks from our debtors, adversely impacting profitability. Further, failure to comply with the conditions of our borrowing arrangements could impact our credit ratings.</p> <p>Likelihood of occurrence: Medium</p>	<ul style="list-style-type: none"> ◆ To cushion ourselves from the interest rate risk, we maintain an optimal mix of fixed and floating borrowing rates. In addition, 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 the sale of power. Further, to avoid defaulting on any of our payments, we carefully monitor our key debt covenants
<p>Currency risk</p> <p>Depreciation of the Indian rupee against foreign currencies impacts profitability.</p> <p>Likelihood of occurrence: Medium</p>	<ul style="list-style-type: none"> ◆ 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
<p>Product development risk</p> <p>Forays into new products in which we have limited experience and expertise may affect successful implementation and adversely affect business performance.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none"> ◆ Our R&D capabilities are assessed, and product gaps are 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's requirement and helps the customer ◆ Before developing the product, informal market research is carried out to estimate the demand
<p>Technology risk</p> <p>The risk of technology obsolescence puts us at risk of failing to comply with quality standards and efficiency.</p> <p>Likelihood of occurrence: Medium/low</p>	<ul style="list-style-type: none"> ◆ 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



Definition	Mitigation strategy
<p>IT risk</p> <p>Disruptions in the information technology space coupled with network failures can lead to security breaches and unapproved dissemination of sensitive proprietary information.</p> <p>Likelihood of occurrence: Medium</p>	<ul style="list-style-type: none">◆ We use best-in-class software and hardware to ensure less bottlenecks and improved security. In addition, 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 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 e-mails 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 e-mails and monitor website security

Environmental risks

Definition	Mitigation strategy
<p>Substitute risk</p> <p>The risk of carbon being substituted with environment-friendly products like silica would have an adverse impact on our profitability. In addition, 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.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none">◆ 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◆ If 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



Environmental risks

Definition	Mitigation strategy
<p>Regulatory risk Failure to comply with stringent regulatory norms can adversely impact operations. For example, 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.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none"> ◆ 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 clearly understand the norms mandated 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
<p>Environment impact risk Negative impact on environment may hamper operational sustainability.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none"> ◆ 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 training
<p>Lost opportunity risk Impact on offtake impacted owing to the inability to understand evolving trends.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none"> ◆ Innovating continuously to provide products for modern and high-grade downstream applications ◆ Catering to a wide customer base across the globe





Social risks

Definition	Mitigation strategy
<p>Health risk</p> <p>The COVID-19 pandemic has brought in disruptions and impacted our operations.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none">◆ 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
<p>Safety risk</p> <p>Any incident at the plant premises would again affect operations.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none">◆ To avoid accidental losses or mishaps, we have a dedicated hazard identification and risk analysis team for each process and the entire suite of fire hydrant systems, smoke detectors and CCTVs installed across the plants◆ We also create safety awareness among our employees through learning events◆ We have a comprehensive insurance coverage for fire at offices, warehouses and factories, theft at offices and factories, medical benefit for employees and transit insurance
<p>Human resource risk</p> <p>The 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. Moreover, relying on contractors for the recruitment of contractual labourers can make us liable towards labourers under applicable Indian laws.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none">◆ 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◆ Annual talent review and succession planning motivate our employees and ensure higher retention◆ Continuous feedback and monitoring are in place to ensure the least planned outages, especially from the labour union◆ Further, we also design proper agreements which outline our rights and obligations



Governance risks

Definition	Mitigation strategy
<p>Compliance risk</p> <p>The inability to adopt the fast-evolving laws and regulations could affect business operations.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none"> ◆ Capturing regulatory requirements of different countries and complying with international regulations and norms ◆ Engaging an expert agency as the 'only representative' to help in REACH registration and meeting regulatory requirements for the export of Carbon Black to European countries ◆ Emphasising continuously updating domain knowledge, analysing and highlighting implications and staying ahead of the compliance curve
<p>Reputation risk</p> <p>Loss of goodwill of the Company may impact business growth and profitability.</p> <p>Likelihood of occurrence: Low</p>	<ul style="list-style-type: none"> ◆ 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

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

We strive to be one step ahead of compliance requirements and considers it non-negotiable. A regular element of the business's daily operations is ensuring local and international rules are followed. In addition, we often communicate with the Board members and committees to stay ahead of the compliance curve.

At PCBL, we go above and beyond the regulatory rules, norms, and requirements pertinent to our industry.

To serve as a standard for all Directors and senior management of our Company, we have established a "Code of Conduct for Board members and senior management personnel." Our corporate governance concept, which is based on the core principles of the RP-Sanjiv Goenka Group, is guided by the "Ethics and Code of Conduct" policy that the Board has approved.

Compliance

Our core is built on a sound philosophy, ethics, policies, values, accountability and sincerity of action. Our corporate governance spirit works within a culture of performance that emphasises a framework of conformance and compliance.

The ability of PCBL to adopt to the fast-evolving laws and regulations has a positive impact on its business operations and its business relationships.

Our corporate governance goes beyond the norms and ensures that our business is grown and nurtured into a sustainable and equitable one, creating sustainable growth for our entire stakeholder universe. While we aspire to maximise our shareholders' wealth, protecting our stakeholders' rights remains our key priority.

The "Ethics and Code of Conduct" policy governs how PCBL personnel conduct their daily business and legally engage in activities outside work that do not conflict with their obligations as workers. The policy is also meant to ensure that our business's suppliers, contractors, customers, and other stakeholders are treated fairly.

A group-wide ethics committee has been established, with the President - HR, and two Sector Heads chosen by the Group Chairman. This Committee should be notified of any potential conflicts of interest for further action.

In keeping with the Company's commitment to the highest standards of ethical, moral, and legal business conduct and open communication, our whistleblower policy gives directors, employees, customers, and vendors a channel and the necessary protections to voice their concerns.

We have built a robust governance framework for heightened transparency and imbibed ethics and transparency in our culture to drive ground-level compliance. The Board of Directors and the various committees formed under the tutelage of the Board monitors specific operational areas. In addition, our entire management team is hands-on and provides the Board of Directors with detailed reports on a timely basis for increased transparency and improved monitoring of functions. The strategy to mitigate compliance risks is as follows:

- ◆ Capturing regulatory requirements of different countries and complying with international regulations and norms
- ◆ Engaging an expert agency as the 'only representative' to help in REACH registration and meeting regulatory requirements for the export of carbon black to European countries

- ◆ Emphasising continuously on updating domain knowledge, analysing and highlighting implications and staying ahead of the compliance curve

Zero non-compliance with laws and regulations in the social and economic area and zero environmental fines or non-compliances were reported during FY22, excluding incidents of non-compliance in which the organisation was determined not to be at fault.

Material handling and storage process for safe use of the product has been disclosed in SDS section 7. The product complies with EU waste code: 61303 and the disposal method of the product has been disclosed in SDS section 13.

Code of Conduct

There are many employees, clients, and suppliers for PCBL. However, they are obligated to adhere to the same standards recognised by the organisation and outlined in the Company's Code of Conduct.

The PCBL Ethics and Code of Conduct explains our vision, mission, values, and guiding principles by connecting them to norms of ethical behaviour. Additionally, unique policies issued by each business unit offer more detailed instructions about particular business practices.

No matter where the Company employs them, all employees are required to abide by the principles outlined in this document.

The areas the Company deems to be a conflict of interest are defined by our ethics and code of conduct. All PCBL workers should abide by this policy's common code of behaviour. However, corrective action might still be necessary even if a worker alerts management to a potential conflict of interest. A group-wide ethics committee has been established, with the President-HR, and two Sector Heads chosen by the Group Chairman. This Committee should be notified of any potential conflicts of interest for further action.

We adhere to a thorough code of conduct, with which all of our organisational policies are also in line, to ensure fairness, openness, and consistency across

the organisation. The Company has established the appropriate protections to prevent conflicts of interest as part of the corporate governance structure and the code of conduct. The management must attest that it has not engaged in any significant transactions that could pose a conflict of interest for the Company.

Whistle-blower policy

We also have a whistle-blower policy in place that provides adequate safeguards to defend the members of senior management as well as employees and other personnel who avail of the vigil mechanism. Furthermore, the policy allows direct access to the Chairperson of the Audit Committee.

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 violating the policy, we would take serious actions against the particular business partner, including discontinuation of the business relationship

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 the process
- ◆ Educate workers about the importance of SHE and raise awareness among the stakeholders through effective communication
- ◆ Minimise effluent generation, emissions, improve waste management and optimise the use of non-renewable resources

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 our Company's shares.

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

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. In addition, an Internal Complaints Committee (ICC) is set up to provide protection against the sexual harassment of women at the workplace and for the prevention and redressal of complaints of sexual harassment and related issue and possible incident.

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

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 worldwide to ensure that third parties 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.

During the reporting period, there were no confirmed instances of corruption in which employees were fired or disciplined for engaging in corrupt behaviour, when contracts with business partners were terminated or not renewed due to corruption-related violations, or when the organisation or its employees were the targets of public legal cases involving corruption.



Policy details

S. No.	Policies	Links
1.	Sustainability policy	https://pcblltd.com/responsibility/policy
2.	Climate Change Policy	https://pcblltd.com/responsibility/policy
3.	Supplier Code of Conduct	https://www.pcblltd.com/responsibility/policy
4.	Corporate Social Responsibility policy	https://www.pcblltd.com/investor-relation/general-policies
5.	Related Parties Policy	https://www.pcblltd.com/investor-relation/general-policies
6.	Risk Management policy	https://www.pcblltd.com/investor-relation/general-policies
7.	Policy on Material Subsidiary	https://www.pcblltd.com/investor-relation/general-policies
8.	Statement on materiality and dealing with related parties	https://www.pcblltd.com/investor-relation/general-policies
9.	Material events Policy	https://www.pcblltd.com/investor-relation/general-policies
10.	Policy on preservation of documents	https://www.pcblltd.com/investor-relation/general-policies
11.	Insider Trading Prohibition Code	https://www.pcblltd.com/investor-relation/general-policies
12.	Code of conduct for Board members and senior management	https://www.pcblltd.com/investor-relation/share-information/code-of-conduct
13.	Familiarisation programmes for Independent Directors	https://www.pcblltd.com/investor-relation/general-policies
14.	Vigil mechanism/ Whistle-blower policy	https://www.pcblltd.com/responsibility/policy
15.	Anti-bribery policy	https://www.pcblltd.com/responsibility/policy
16.	Policy on Prevention of Sexual Harassment at Workplace	https://www.pcblltd.com/responsibility/policy
17.	Remuneration policy	https://www.pcblltd.com/investor-relation/general-policies
18.	Quality policy	https://www.pcblltd.com/responsibility/policy
19.	Safety, Health & Environment Policy	https://www.pcblltd.com/responsibility/policy
20.	Sustainable procurement policy	https://www.pcblltd.com/responsibility/policy
21.	Succession planning for Board and senior management	https://www.pcblltd.com/investor-relation/general-policies
22.	Dividend Distribution Policy	https://www.pcblltd.com/investor-relation/general-policies
23.	Child Labour Policy	https://pcblltd.com/responsibility/policy
24.	Ethics and Code of Conduct	https://www.pcblltd.com/responsibility/policy
25.	Work from Home Policy	Internally available in HRMS portal
26.	Human Rights Policy	https://www.pcblltd.com/responsibility/policy
27.	End-User Mobility & Data Security Policy	Internally available in HRMS portal

Tax strategy

Company's tax strategy is aligned to the Company's corporate governance practice. Integrity and transparency are key to the corporate governance practices to ensure that we gain and retain the trust of all the stakeholders at all times.

Tax strategy is monitored by the tax team and the Chief Financial Officer within the overall control and governance framework of the Company. We seek to comply with tax filing, tax reporting and tax payment obligations for all taxes. Compliances are tracked through compliance tracker system which have inbuilt early warning mechanism.

We recognise that we have a responsibility to pay appropriate tax. We may avail tax incentives which are made available by the laws and regulations provided they are aligned with our business or operational objectives. We endeavour to operate in an efficient and legally compliant manner and external tax advisor support is sought on a need basis.

As a policy, we do not undertake aggressive tax planning, do not tolerate tax evasion, nor do we tolerate the facilitation of tax evasion by any person(s) acting on the behalf of the company. Tax strategy is reviewed periodically by the tax team. Any changes in the laid down strategy is approved by the management. The Tax team takes the lead role in identifying, managing and monitoring tax risks within the business with regular review.

We are committed to prompt disclosure and transparency in all tax matters with respective tax authorities. From time to time, our views (or those of our advisors) on the appropriate tax treatment in any given case may differ from those of the tax authorities. Where such circumstances arise, we are prepared to take help of judicial system where we disagree with a ruling or decision of a tax authority but will first seek to resolve any disputed matters through pro-active and transparent discussion.

Tax governance requires having clear processes and procedures in place in a corporate governance framework to support tax decision making and manage tax risks.

A Tax Control Frame work (TCF) is a set of processes and internal control procedures ensuring that a company's tax risks are known and controlled. A TCF is an important means to manage an organization's overall tax matters. In principle, it includes all the taxes applying to an organization: for example, corporation tax, GST, etc. The complete, accurate and timely submission of tax returns, complying with various tax requirements, proper and timey responding to the tax authorities, timely payment of taxes falls within the scope of a TCF.



We have described processes, programs, and initiatives that support adherence to the approach to tax and tax strategy. This includes:

- ◆ Training and guidance provided to concerned employees on the link between tax strategy, business strategy, and sustainable development;
- ◆ Succession-planning for positions within the organization that are responsible for tax compliance.

Tax risk comprises of:

- ◆ **Transactional risk:** Refers to risks and exposure associated with specific transactions undertaken by a company
- ◆ **Operational risk:** Concerns the underlying risks of applying the tax laws, regulations and decisions to the routine everyday business operations of the Company
- ◆ **Compliance risk:** Concerns the risks associated with meeting an organisation's tax compliance obligations

Stakeholder feedback received through various channels is addressed appropriately in the company's and its stakeholders' best interests. We have a well defined whistle-blower policy, where any stakeholder can raise concern about unethical or unlawful behaviour, or about activities that compromise the organization's integrity in relation to tax. We monitor and track the complaints/grievances received from different stakeholder groups on an ongoing basis.

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, and risk management and all the regulatory compliances are reviewed periodically.

The Internal Auditor makes presentations and reports to the Audit Committee of the Company's Board of Directors on a quarterly basis pertaining to the key internal audit findings and the action plan agreed upon with the management.

Internal financial control system and its adequacy

We have adequate internal financial control systems in all areas of operation. In addition, the Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to our 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.

We continuously upgrade 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 INDEX

GRI Standard	Disclosure	Pg. No. of responses in the report	Responses/ Omission & Reason for Omission
GRI 2: General Disclosures 2021	2-1 Organizational details	3, 14	
	2-2 Entities included in the organization's sustainability reporting	2	
	2-3 Reporting period, frequency and contact point	2	
	2-4 Restatements of information	2, 72	
	2-5 External assurance	2	
	2-6 Activities, value chain and other business relationships	15-17, 21-22	
	2-7 Employees	72	
	2-8 Workers who are not employees	72	
	2-9 Governance structure and composition	87	
	2-10 Nomination and selection of the highest governance body	89-90	
	2-11 Chair of the highest governance body	87	
	2-12 Role of the highest governance body in overseeing the management of impacts	90	
	2-13 Delegation of responsibility of managing impacts	91	
	2-14 Role of the highest governance body in sustainability reporting	91	
	2-15 Conflicts of interest	102	
	2-16 Communication of critical concerns	102	
	2-17 Collective knowledge of the highest governance body	87	
	2-18 Evaluation of the performance of the highest governance body	91	
	2-19 Remuneration policies	104	
	2-20 Process to determine remuneration	104	

GRI Standard	Disclosure	Pg. No. of responses in the report	Responses/Omission & Reason for Omission
	2-21 Annual total compensation ratio	-	The compensation data is classified as business sensitive and cannot be disclosed due to confidentiality constraints
	2-22 Statement on sustainable development strategy	29	
	2-23 Policy commitments	104	
	2-24 Embedding policy commitments	-	Our policy commitments are embedded in our corporate culture
	2-25 Processes to remediate negative impacts	81, 94,	
	2-26 Mechanisms for seeking advice and raising concerns	72, 81, 102	
	2-27 Compliance with laws and regulations	-	0 incidents reported
	2-28 Membership associations	22	
	2-29 Approach to stakeholder engagement	32-35	
	2-30 Collective bargaining agreements	69	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	36	
	3-2 List of material topics	37-39	
	3-3 Management of material topics	36-39	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	19	
	201-2 Financial implications and other risks and opportunities due to climate change	94-100	
	201-3 Defined benefit plan obligations and other retirement plans	68	
	201-4 Financial assistance received from government	-	Tax relief and tax credits – 101 Cr Financial assistance from export credit agencies (ECAs) – 8.15 Cr Financial incentives – 1.28 Cr

GRI Standard	Disclosure	Pg. No. of responses in the report	Responses/Omission & Reason for Omission
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	71	
	202-2 Proposition of senior management hired from the local community	-	74% of our senior management was hired locally
GRI 203: Indirect Economic Impact 2016	203-1 Infrastructure investments and services supported	77-79	
	203-2 Significant indirect economic impacts	74-79	
GRI 204: Procurement Practices 2016	204-1 Proposition of spending on local suppliers	61, 62	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	103	
	205-2 Communication and training about anti-corruption policies and procedures	103	
	205-3: Confirmed incidents of corruption and actions taken	-	0 complaints reported
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	0 incidents reported
GRI 207: Tax 2019	207-1 Approach to tax	105	
	207-2 Tax governance, control, and risk management	105-106	
	207-3 Stakeholder engagement and management of concerns related to tax	106	
	207-4 Country-by-country reporting	-	Not applicable as report boundary is limited to our Indian operations
GRI 301: Materials 2016	301-1 Materials used by weight or volume	46	
	301-2 Recycled input materials used	-	None
	301-3 Reclaimed products and their packaging materials	-	There is no reclamation of product packaging

GRI Standard	Disclosure	Pg. No. of responses in the report	Responses/Omission & Reason for Omission
GRI 302: Energy 2016	GRI 3: Material Topics 2021	47	
	302-1 Energy consumption within the organization	48	
	302-2 Energy consumption outside of the organization	-	Data not captured and available since our products are used widely as input material for manufacturing several products
	302-3 Energy intensity	49	
	302-4 Reduction of energy consumption	48,49	
	302-5 Reductions in energy requirements of products and services	47, 49	
	GRI 303: Water and Effluents 2018	GRI 3: Material Topics 2021	52
303-1 Interactions with water as a shared resource		53, 55-56	
303-2 Management of water discharge-related impacts		52, 55-56	
303-3 Water withdrawal		54	All plants are zero liquid discharge (ZLD) compliant and effluent treatment plants (ETP) are installed Treated water is either recycled into process or is used for gardening purposes
303-4 Water discharge		-	
303-5 Water consumption		55	

GRI Standard	Disclosure	Pg. No. of responses in the report	Responses/ Omission & Reason for Omission
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	Not Applicable, since none of our operations are adjacent to protected areas and areas of high biodiversity value outside protected areas
	304-2 Significant impacts of activities, products and services on biodiversity	-	Not Applicable, since none of our operations are adjacent to protected areas and areas of high biodiversity value outside protected areas
	304-3 Habitats protected or restored	-	Not Applicable, since none of our operations are adjacent to protected areas and areas of high biodiversity value outside protected areas
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	Not Applicable, since none of our operations are adjacent to protected areas and areas of high biodiversity value outside protected areas

GRI Standard	Disclosure	Pg. No. of responses in the report	Responses/Omission & Reason for Omission
GRI 305: Emissions 2016	GRI 3: Material Topics 2021	49	
	305-1 Direct (Scope 1) GHG emissions	51	
	305-2 Energy indirect (Scope 2) GHG emissions	51	
	305-3 Other indirect (Scope 3) GHG emissions	51	
	305-4 GHG emissions intensity	49	
	305-5 Reduction of GHG emissions	50, 52	
	305-6 Emissions of ozone-depleting substances (ODS)	-	No such information was captured during the reporting period
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	51	
GRI 306: Waste 2020	GRI 3: Material Topics 2021	57	
	306-1 Waste generation and significant waste-related impacts	59	
	306-2 Management of significant waste-related impacts	56-60	
	306-3 Waste generated	59	
	306-4 Waste diverted from disposal	58	
	306-5 Waste directed to disposal	59-60	
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	61-62	
	308-2 Negative environmental impacts in the supply chain and actions taken	61-62	
GRI 401: Employment 2016	GRI 3: Material Topics 2021	68	
	401-1 New employee hires and employee turnover	68-70	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	68	
	401-3 Parental leave	69	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	69	

GRI Standard	Disclosure	Pg. No. of responses in the report	Responses/ Omission & Reason for Omission
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	65-66	
	403-2 Hazard identification, risk assessment, and incident investigation	67	
	403-3 Occupational health services	65-66	
	403-4 Worker participation, consultation, and communication on occupational health and safety	65	
	403-5 Worker training on occupational health and safety	67	
	403-6 Promotion of worker health	65-66	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	67	
	403-8 Workers covered by an occupational health and safety management system	65-66	
	403-9 Work-related injuries	66	
	403-10 Work-related ill health	66	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	74-75	
	404-2 Programs for upgrading employee skills and transition assistance programs	74-76	
	404-3 Percentage of employees receiving regular performance and career development reviews	75	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	69-71	
	405-2 Ratio of basic salary and remuneration of women to men	71	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	-	0 incidents reported
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	71	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	73, 102	

GRI Standard	Disclosure	Pg. No. of responses in the report	Responses/Omission & Reason for Omission
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	73	
GRI 410: Security Practices	410-1 Security personnel trained in human rights policies or procedures	73	
GRI 411: Rights to Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	-	0 incidents reported
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	77-79	
	413-2 Operations with significant actual and potential negative impacts on local communities	77-79	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	61-62	
	414-2 Negative social impacts in the supply chain and actions taken	61-62	
GRI 415: Public Policy 2016	415-1 Political contributions	-	We have contributed 40 crores under section 182 of the Companies Act, 2013
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	80-82	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	80-82	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	102	
	417-2 Incidents of non-compliance concerning product and service information and labeling	-	0 incidents reported
	417-3 Incidents of non-compliance concerning marketing communications	-	0 incidents reported
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	82	

Assurance Statement

The Directors and Management,
 PCBL Limited (Formerly known as 'Phillips Carbon Black Limited')
 31 Netaji Subhas Road, Kolkata - 700001, West Bengal, India

PCBL Limited (hereafter 'PCBL') commissioned TUV India Private Limited (TUVI) to conduct independent external assurance of non-financial ESG performance indicators disclosed in PCBL's Sustainability Report (hereinafter 'the Report') for the period April 01, 2021 to March 31, 2022. This engagement was comprised a "limited assurance" of PCBL's sustainability information for the applied reporting period. The Verification was conducted during December 2022 month through onsite and remote assessments at the PCBL Ltd. plants, and the sampled locations as stated under the para "Scope and Boundary" below. The Report is based on the principles of GRI 2021 standards. This limited level assurance engagement was conducted in accordance with ISAE 3000 (revised).

Management's Responsibility

PCBL has developed the Report content and is responsible for identification of materiality, corresponding sustainability issues, identifying, establishing, reporting performance management, data management, and quality. The management of PCBL is responsible for the information provided in the Report as well as the process of collecting, analysing and reporting the information presented in web-based and printed Reports, including website maintenance and its integrity. The PCBL's management is responsible for the accurate preparation of the Report in accordance with the applied criteria in such a way that it is free of intended or unintended material misstatements.

Scope and Boundary

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

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

TUVI has verified the below-mentioned disclosures given in the Report:

Topic	Indicator	GRI Disclosure
Economic	Economic Performance	201-1
	Procurement Practices	204-1
Water	Water consumption	303-5
Waste	Waste generated	306-3
Emissions	Direct (Scope 1) GHG emissions	305-1
	Energy indirect (Scope 2) GHG emissions	305-2
Energy	Energy consumption within the organization	302-1
Occupational Health and Safety	Occupational health and safety management system	403-1
	Worker participation, consultation, and communication on occupational health and safety	403-4
	Work-related injuries	403-9
Employment	Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2
	Parental leaves	401-3
Communities	Operations with local community engagement, impact assessments, and development programs	413-1

The reporting boundaries for the above topics includes;

Office Address:

1. 31, Netaji Subhas Road, Kolkata – 700 001, West Bengal, India
2. RPSG House, 4th Floor, 2/4 Judges Court Road, Kolkata – 700 027, West Bengal, India
3. Level 5, Prestige Palladium Bayan, No. 129, Greams Road, Chennai – 600 006, Tamil Nadu, India
4. 315, Third Floor, MGF Metropolis, M.G. Road, Gurgaon – 122 002, Haryana, India
5. Unit No. 903, Dev Corpora, Cadbury Junction, Eastern Expressway, Thane (W) – 400 601, Maharashtra, India

Plant Address:

1. 27, R N Mukherjee Road, Dist: Paschim Burdwan, Durgapur – 713 201, West Bengal, India
2. Brahmapuram, Karimugal, Kochi – 682 303, Kerala, India
3. Survey No. 47, SH- 46, Mokha, Mundra – 370 421, Gujarat, India
4. National Highway No. 8, Palej – 392 220, Gujarat, India

Onsite verification conducted at PCBL Limited, Durgapur plant while online remote verification (via, web-based video conference calls, and telephone calls), was conducted at Mundra plant, in December 2022. The assurance activities were carried out together with a desk review as per reporting boundary.

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. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) for limited non-financial indicator. This engagement did not include an assessment of the sufficiency of the principles of GRI Standards, and ISAE 3000 (revised), other than those mentioned in the scope of the ESG data assurance. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative and qualitative information disclosed by PCBL. This assurance engagement assumes that the data and information provided to us by PCBL are reliable, 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:

- i. TUVI examined and reviewed the documents, data, and other information made available by PCBL for non-financial disclosures;
- ii. TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of PCBL;
- iii. TUVI reviewed the level of adherence to principles of GRI standards;
- iv. TUVI examined and reviewed the documents, data (on sample basis) and other information made available by PCBL for the reported disclosures including the Management Approach and performance disclosure

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 already identified below topics and Assurance team endorse the same to achieve the Sustainable Goals of organization.

- i. As per inclusivity principle, PCBL can include its international operations and employee's residential area in the boundary of reporting;
- ii. PCBL may report total number of permanent employees more adequately;

- iii. In order to strengthen the database, PCBL can develop dedicated EGS platform to capture the sustainability performance data online;
- iv. PCBL can establish and conduct an internal audit of sustainability disclosure data. Periodic validation and verification of data can be performed by the internal team;
- v. PCBL may provide achievement against set ESG targets and roadmap to achieve the same as part of Report;
- vi. PCBL may also include the pitfalls experience while achieving the ESG performance;
- vii. ESG risk and opportunities mapping against each ESG parameters (KPI), its impact analysis and mitigation plan can be included in the Report.

Our Conclusion

In our opinion, based on the scope of this assurance engagement, the disclosures on sustainability performance reported in the Report along with the referenced information provides a fair representation of the material topics, related strategies, and performance disclosures and meets the general content and quality requirements of the GRI Standards.

Disclosures: TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements and prepared the reported information with reference to the GRI Standards. 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 1: Foundation 2021 (*introduces the purpose and system of GRI Standards and explains key concepts for sustainability reporting*), GRI 2: General Disclosures 2021 were followed when reporting information about an Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. Furthermore, GRI 3: Material Topics 2021, was selected for Management's Approach on reporting information about how an organization manages a material topic. TUVI is of the opinion that the reported specific disclosures for each material topic generally meet the GRI Standards reporting requirements. PCBL prepared the reported information with reference to the GRI Standards.

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, and prepared the reported information with reference to the GRI Standards.

This assurance statement has been prepared in accordance with the terms of our engagement and 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.

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

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 their 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.

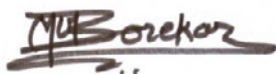
Impact: PCBL communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, and its policy framework encompassing the Environmental, Social, Ethical and other policies. PCBL reports on sustainability performance to the Top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

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 Report as well as the process of collecting, analyzing, and reporting the information presented in web-based and printed Reports, including website maintenance and its integrity. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative and qualitative information (Sustainability Performance) disclosed by PCBL in the Report. This assurance engagement is based on the assumption that the data and the information provided to TUVI by PCBL are complete and true.

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: 27-12-2022
Place: Mumbai, India
Project Reference No: 8121021059
www.tuv-nord.com/in

Independent Assurance Statement

Introduction and Engagement

'PCBL Limited' (hereafter PCBL) commissioned TUV India Private Limited (TUVI) to conduct the independent assurance of 'PCBL' GHG emission, which includes a "limited level of assurance" of direct and indirect emissions for the applied reporting period. This assurance engagement has been conducted against the methodology & standards of ISO 14064-1, GHG protocol, ISAE 3000 (revised) and ISAE 3410 (GHGs) for verification of 'PCBL' GHG emissions. The verification was conducted during April 2022 remotely via the Google meet. The GHG data covers 'PCBL's GHG emission information from 01st April 2021 to 31st March 2022.

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 14064-1, 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. Following plants and offices of PCBL were considered as a part of boundary for GHG verification.

- Durgapur plant
- Kochi plant
- Mundra plant
- Palej plant
- Branch offices Chennai, Mumbai, Gurgaon and Head office Kolkata

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 Assurance Statement

- The applied year GHG assessment only include the GHG emissions from the above listed plants and offices.
- 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;
- 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

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 –Product container	0.00903	kg CO ₂ e/ ton.km	
6	CO ₂ base fire extinguisher	1	kg CO ₂ e/ kg	
7	Petrol	2.912	tonne CO ₂ /litter of Petrol	
8	Purchased electricity	0.83	tonne CO ₂ /MWh	
9	freight vehicles HDV (>12 T)	0.7375	kg CO ₂ e/km	https://indiaghgp.org/transport-emission-factors
10	Premium SUV - 4 wheeler	0.29	kg CO ₂ e/km	
11	Rail passenger transport	0.00797	kg CO ₂ e/ passenger.km	
12	Air domestic	0.121	kg CO ₂ e/ passenger.km	
13	R22 refrigerant	1810	kg CO ₂ e/ 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, nothing has come to our attention (*except explicitly stated "Limitations"*) that causes us to believe that the information subject to the limited level assurance engagement is not prepared, w.r.t. GHG emission (direct and indirect), in accordance with the ISO 14064-1, 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 ₂ e)
Direct Emissions –(GHG Protocol scope 1)	635,210
Category 2: Indirect GHG emissions from imported energy (GHG Protocol scope 2)	3,502
Category 3: Upstream Transportation (GHG Protocol scope 3)	131,914
Category 3: Downstream Transportation (GHG Protocol scope 3)	30,303
Category 3: Business Travel by Bus, car and employee commuting (GHG Protocol scope 3)	634

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

Inclusivity: 'PCBL' included the GHG sources under direct and indirect category. All concerned data owners were engaged through corporate communications. 'PCBL' engaged with their different plants and offices 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 (Scope 1,2 and 3 emissions; following the GHG Protocol definition)

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 as the process of collecting; analyzing 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: 18/04/2022
Place: Mumbai, India

Assurance Statement no: 8120302894

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