



Epsilon Carbon Pvt Ltd
Sustainability Report
2021-22



Empowering Sustainable Growth

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Empowering Sustainable Growth

We meet the ever-changing needs of our stakeholders by embedding sustainable thinking at every level. We are ready to deliver while driving positive impacts, regardless of economic volatility, rising environmental and societal concerns, or changing customer expectations.

Operating sustainably entails juggling multiple challenges and priorities. We continue to achieve world-class safety performance while also looking for new ways to reduce its environmental impact. We have developed methods to significantly reduce waste and implemented technologies to optimise our production processes over the years.

Key aspects

Sustainable business growth

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

Supply chain

We strive to create our supply and value chain sustainable.

Greener footprint

Lower emissions footprint due to usage of cleaner fuels, low Sulphur feedstocks and zero discharge. We have designed our energy system into a circular model to increase energy efficiency which is very crucial for our long-term sustainability. The circularity of our energy is integrated into our business operations and can be seen in our integrated facility at the Vijaynagar unit.

CSR

Our CSR programmes are community-centric, and development-oriented programmes that we develop in conjunction with our implementation partners.






About the Report

This is our second sustainability report, which has been developed in accordance with the Global Reporting Initiative (GRI) framework—core option. The report has been designed to introduce general financial and non-financial information about Epsilon Carbon Pvt Ltd. It also discloses the status of several aspects of our operations and endeavours in environmental, social, and governance (ESG) areas. Our sustainability report provides both qualitative and quantitative information material to our stakeholders. It transparently discloses those aspects of our work that create value and affect our stakeholders' decisions.

Materiality assessment is an essential part of the reporting process. We have undertaken this process with our stakeholders in the last year and we are following the same approach for the current year too.

Our report provides non-financial information about Epsilon Carbon; unless stated otherwise, it specifically concerns and covers our Vijayanagar facility. The financial information covered in this report pertains to company-wide financial performance in the period April 1, 2021 to March 31, 2022.

This report presents several processes that have helped us identify ESG issues. It also discloses and discusses several ongoing initiatives, with the aim being to prioritise the planning-based mitigation of any ESG issues identified.

This report has been reviewed and approved by the Board of Directors and senior management, thereby ensuring that all relevant information is present, that the data is accurate and that all important disclosures are complete. Since the report is developed using GRI standards, a GRI Content Index has been developed that discloses the relevant information about each GRI indicator and provides the page number showing where this information can be found in the report. The GRI Content Index can be found on  PG 116.

01

Corporate Overview

Established in 2010, Epsilon Carbon Pvt Ltd is a leading manufacturer of coal tar derivatives and India's only fully integrated company with a dedicated source of raw materials.

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MD's Message



At Epsilon, we are driven by our earnest commitment towards sustainability practices that will make the world a better place. From building technology and research capabilities, to prioritising safety measures, driving conservative environmental impact and positively influencing the communities through constructive actions, we are going beyond the ordinary to leave an imprint that matters. Our second sustainability report FY 2021-22 reflects deeply on how we intend to step up and accelerate growth that is conscious, meaningful, and sustainable.”

Vikram Handa
Managing Director



Dear Stakeholders,

I am pleased to share with you Epsilon Carbon's second sustainability report for FY 2021-22. This report reflects our commitment to accelerate growth, responsibly! At Epsilon, building trust and transparency forms the core of who we are, and we ensure to keep our stakeholders engaged at each step of our growth. This year's sustainability report focuses on how we intend to take everyone along on shared progress path while ascertaining to create a positive impact on our environment and supporting communities in need.

Today businesses are going beyond deliverables, they are pledging allegiance to support causes that will help make this world a better place. The success of business operations is driven by stakeholder involvement, while sustainability and circularity are essential to an industry's capacity to generate long-term value. To put our words to action, we are investing in cutting edge technology and research to optimise our production capabilities to produce high-quality carbon materials while ensuring to leave minimum environmental footprint. We are not only sustainably innovating our products but also improving their recyclability through our value chain-based approach. This approach allows us to embed sustainability in our operations, thereby reducing greenhouse gas (GHG) emissions, material and energy consumption, and waste generation, together with other environmental benefits.



Our transformational growth is propelled by our people. They are our pillars of success, and we are unwaveringly dedicated to providing a conducive environment for their safety and career progression.

We firmly believe in nurturing long-term relationships with our stakeholders and abiding by a meticulous code of ethical standards is non-negotiable. With the intention of being a fair, ethical and honest organisation, our governance policies guide us to do the right thing, always.

Our transformational growth is propelled by our people. They are our pillars of success, and we are unwaveringly dedicated to providing a conducive environment for their safety and career progression. We have improvised on our employee centric practices through consistent discussions, feedbacks and industry best practices further encouraging the culture of inclusivity and gender diversity.

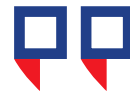
Our CSR efforts are driven from the vantage of building, encouraging and strengthening the communities, making them self-reliant. We contribute to nation building by actively shouldering responsibilities to empower local communities. With more than two lakh beneficiaries, we are proud and grateful to be able to positively impact so many lives.

Sharing our progress with you fills my heart with joy and pride, it's amazing to see how our collective and incremental efforts everyday continue to create achievements for our organisation. What we have achieved together is impressive and we will continue to strive towards delivering excellence for our stakeholders.

All the best,

Vikram Handa
Managing Director

Chief Executive Officer's (CEO's) Message



We are committed to drive our sustainability efforts across the value chain and are cognisant of our responsibilities towards the environment and society.

Saiprasad Jadhav
CEO and Director

Dear Stakeholders,

Today, we stand as one of the India's largest producers of coal-tar derivatives. In this spirit, we are pleased to share with you a holistic assessment of our financial and non-financial performance.

With an imperative focus on sustainability, the environment and our supply chain, Epsilon Carbon is becoming more resilient to the inevitable challenges that are occurring due to climate change. We are integrating sustainability into our corporate strategies and governance and are well-placed to demonstrate our organisational commitment to the 2030 Agenda for Sustainable Development and the Paris Agreement. We are committed to drive our sustainability efforts across the value chain and are cognisant of our responsibilities towards the environment and society.

Our integrated facility's design and its operating models incorporate circularity at different levels and dimensions of the value chain. This circularity is evident through our optimised consumption of virgin resources, our enhanced processes and energy efficiencies, and our reduced waste generation. Consequently, we are providing our customers with products that have the lowest embodied ESG impact across various markets. I am happy to share that, compared to the previous year, our SC operations in FY 2021–22 have seen 34% reduction in energy intensity, 30% reduction in Scope 1 and Scope 2 emissions, and 17% reduction in specific water consumption. From FY 2020–21 to FY 2024–25, we will be investing INR 1.5 crores in projects designed to offset CO2 and conserve wildlife. Our Vijayanagar Plant is a zero-liquid discharge (ZLD) facility, and 100% of the wastewater generated is collected, treated and reused on-site. We also take responsibility for managing any waste generated during our operations.

In FY 2021–22, we established the environmental performance baseline for our Carbon Black operations and are in the process of establishing the baseline and setting targets for our Advanced Materials.

In periods of rapid development, human capital evolution is a must. In terms of organisational change, we are at an advanced stage in the formulation of our roadmap for the end-state transition structure. The new structure is set to roll out in 2023, and I will keep you apprised of the progress. The transformation will strengthen our present team of 400+ to over 700 professionals, all of whom will be co-creators of our growth story.

Our employees are the most valuable assets and catalysts for our growth journey; they are the foundation upon which our ability to deliver long-term value depends. We prioritise building long-term relationship with our employees, which helps us to increase employee trust, transparency, and retention. During the year on average, we have provided 9.6 hours of training to each of our employees on health and safety (H&S), human rights, and ethics. As a result of our very strong focus on the H&S of our employees, we have reported zero fatalities for three years in a row. We have been making efforts to include all genders and have a target to achieve a 40%-female workforce by FY 2024–25.

Community development is crucial, as it provides both the social licence to operate and satisfaction to us as a company. In the current reporting period, we spent over INR 2.92 crores through our corporate social responsibility (CSR) and corporate environment responsibility (CER) funds. Of these, INR 1.37 crores were spent on education and sports and INR 0.79 crores on healthcare and related areas (including the environment, infrastructure, and women's facilities).

To reduce our ESG footprint upstream, we are sourcing responsibly in terms of our raw materials, service, and workforce. From a downstream perspective, we are developing innovative products that cater to the emerging needs for high-performance and quality carbon products that support the energy transition to a low-carbon economy.

We have integrated digital transformation in both our upstream and downstream activities, strengthening our internal and external stakeholder engagement. We are also digitally transforming our business processes to make them more efficient, safer, and greener and have embedded good governance practices throughout our organisation.

I would like to take this opportunity to thank all of our stakeholders for their trust, confidence, and support throughout our journey.

Best Regards,

Saiprasad Jadhav
CEO and Director

Our Sustainability Focus

We aspire to create a strong R&D team and develop cutting-edge carbon materials. We intend is to become a one-stop solution for carbon derivatives and specialty carbon, while at the same time reducing our environmental footprint.

To promote the company’s future growth, we will be investing internally and strategically partnering up with research organisations, start-ups, and technological platforms. In this way, we hope to hasten the go-to-market process for our significant developmental projects.

Our future growth and development will have a direct impact on our communities, and we aim to ensure the sustainable development of all our dependent stakeholders. We encourage initiatives that aid the growth and development of neighbourhoods close to our operating locations.

We have also employed a number of initiatives to care for the environment and improve it for future generations. For this reason, all our operations are structured in a manner that makes them environmentally friendly. To guarantee our commitment to sustainability, from our core functions to the highest levels of the organisation, we have formed two different committees at the board level. We also take the assessment of risks and introduction of mitigating measures to reduce our environmental impact very seriously.



Our Sustainability Growth

<p>Experienced Leadership Strong technical and managerial expertise</p>	<p>Sustainable Business Growth Strategically located plant servicing customer requirements, and a state-of-the-art tracking system enabling on-time deliveries</p>	<p>Supply Advantage Secure source of captive raw material, with long-term contracts to ensure supply</p>	<p>Quality Focus Robust quality control (QC) processes, regulatory compliance and various quality certifications</p>	<p>Greener Footprint Lower emission footprint due to use of cleaner fuels, low-sulphur feedstocks and zero discharge facility</p>
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Environment



34%

Reduction in energy consumption in FY 2021-22 compared to FY 2020-21 in our SC unit

15,964

Saplings planted so far

100%

Wastewater generated at our Vijayanagar facility sent to the Effluent Treatment Plant (ETP) and reused on site

17%

Reduction in water consumed by our Specialty Carbon (SC) operations in FY 2021-22 compared to FY 2020-21

75%

Energy needs met through recovered gases

36%

Reduction in energy intensity in FY 2021-22 compared to FY 2020-21

30%

Reduction in scope 1 and scope 2 emissions intensity during FY 2021-22 over FY 2020-21 in our SC unit



Social



4.08%

Decline in female employees' attrition rate in FY 2021-22 compared to FY 2020-21

INR 2.92 CR

Money spent on community development activities in FY 2021-22

1

Recordable injuries during FY 2021-22

25.72 HOURS

Training hours per person (own employees) in FY 2021-22

112

Number of employees and contract workers receiving human rights and H&S training in FY 2021-22

315,300*

Lives impacted since inception

*During FY 2021-22 115,300 lives impacted and before FY 2020-21 200,000 lives impacted

Our Sustainability Focus

Economic



INR 1,782.89 CR
Revenue

INR 313.87 CR
EBITDA

INR 144.92 CR
Profit after tax

INR 1,894.18 CR
Market capitalisation

INR 13,762
EBITDA per tonne



Governance



40.0
Average years
of experience of
board members

37.5%
Percentage of
independent directors

12.5%
Percentage of
female directors

Key Certificates



Our excellence in product manufacturing processes has won us industry approvals. We also are part of forums that serve the industry.

ISO 9001: 2015
Quality Management System

ISO 27001: 2013
Information Security Management

ISO 17025: 2017
Certification of Accreditation by the National Accreditation Board for Testing and Calibration Laboratories (NABL)

ISO 14001: 2015
Environment Management System

ISO 45001: 2018
Occupational H&S Management system

ISO 28000: 2022
Security Management System for Supply Chains

IATF 16949: 2016
Automotive Quality Management System

ISO 50001: 2018
Energy Management System

REACH COMPLIANCE
Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

RC
Chemical Responsible Care Management System

Who we are



Epsilon Carbon is a private sector company, limited by shares, that was established in 2010. We are a leading manufacturer of coal-tar derivatives, with 196,851 Metric ton per annum (MTPA) coal-tar consumption in FY 2021–22.

We are headquartered in Mumbai, Maharashtra, with manufacturing units in three strategic locations, namely, Karnataka, Chhattisgarh, and Odisha. We are India's only fully integrated coal-tar derivatives production company with its own dedicated source of raw materials.

We aim to be a global leader in the carbon black and coal-tar derivatives industry. Our high-quality products are manufactured to specifications and cater to different industries. These industries include aluminium, tyres, mechanical rubber goods, graphite, specialty and construction chemicals, and dyes and pigments. We are led by a committed, experienced team of industry professionals who have combined their expertise to leverage both operational efficiency and address environmental & social concerns.

We have three core business segments: Speciality Carbon (SC); Carbon Black (CB); and Advance Material. With an existing capacity of 220,000 MTPA and a 165-acre footprint, our Speciality Carbon unit in Vijayanagar, Karnataka is the country's first of its kind and meets 45% of the pitch demand for India's aluminium industry. Our 10-acre pitch-melting plant at Sambalpur, Odisha has two smelters and a combined capacity of 50,000 tonnes per annum (TPA).

Our first step towards becoming a global leader in the coal-tar derivatives and carbon black industry is the construction of our brand-new, cutting-edge 115,000 TPA backward-integrated carbon black plant in Bellary. We will continue our forward integration as we expand the capacity of our carbon black facility to 300,000 TPA in the second phase.

Key facts

INDIA'S **1ST**
INTEGRATED
CARBON FACILITY

SPREAD ACROSS
165 ACRES

2,500 TPA ADVANCED
CARBON CAPACITY

220,000 TPA
SPECIALTY CARBON
CAPACITY

115,000 TPA
CARBON BLACK
CAPACITY

CURRENTLY
EXPORTING TO
27 COUNTRIES

**LOWER CO₂ AND
SO₂ EMISSIONS**

400+
EMPLOYEES

Epsilon Group:

Epsilon Carbon Private
Limited (ECPL)

Epsilon Advanced Materials
Private Limited (EAMPL)

Our Vision

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

Our Mission

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

Our Values



Passion

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



Quality

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



Integrity

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



Collaboration

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



Innovation

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

Our Action Areas

Specialty Carbon



Our Specialty Carbon process allows us to produce a wide range of premium products for important markets and serve the aluminium, electric vehicles, energy storage, construction and speciality chemicals industries. Coal-tar pitch is the main product of the distillation of coal tar. To create a binder or impregnated pitch, etc., this product is further processed to achieve the desired chemical and physical properties.

To produce hard and soft grades of carbon black that are suitable for both tyre and non-tyre applications in domestic and foreign markets, we are using our extensive experience coal-tar derivatives to forward integrate the Carbon Black production. In addition to offer a variety of carbon black that can be customised to specifications, our carbon black grades surpass the international standards set by ASTM International.

Carbon Black Operations





















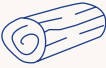

Advanced Carbon Operations



In 2018, we established Epsilon Advanced Materials, a majority-owned subsidiary, announcing its entry into the LiB market. Our natural, synthetic, and artificial graphite anodes are currently undergoing testing and qualification with international cell companies. Currently, we are commercially providing our anode coke precursor to internationally renowned anode makers. We are attempting to establish ourselves as a major anode manufacturer in the global LiB supply chain.

We are the first and only 100% backward-integrated facility worldwide to produce synthetic graphite from coal-tar-based feedstock. To ensure high-performing products, the company has a manufacturing facility as well as a research and development lab

Building Our Shared Future

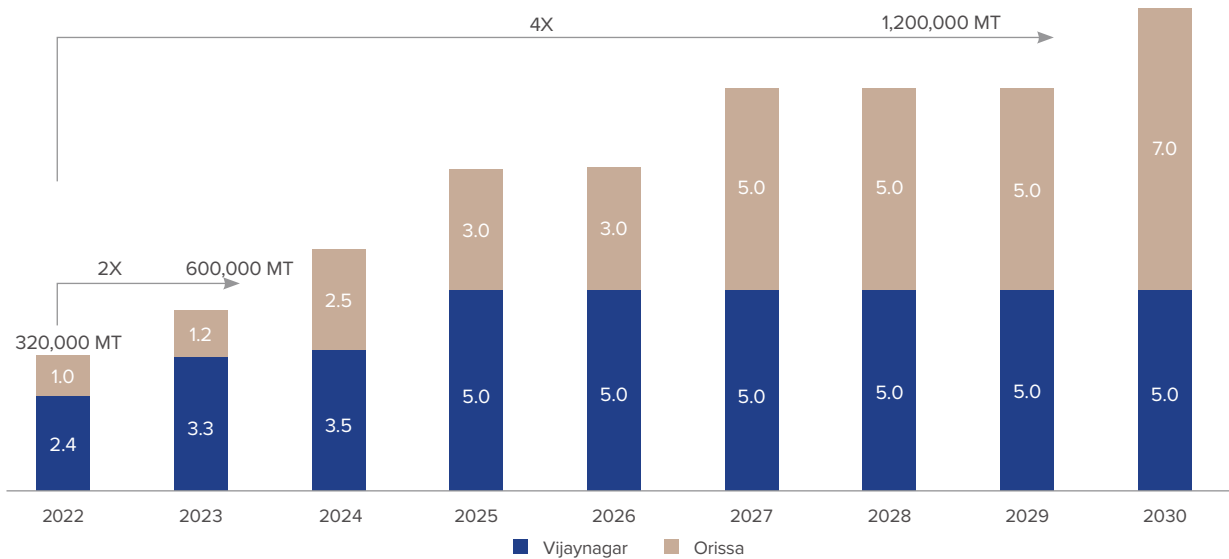
Our Product Line					
Specialty Carbon		Carbon Black		Anode Material	
Our Product					
 Coal Tar Pitch	 Impregnation Pitch	 Tread Grade Carbon Black	 Carcass Grade Carbon Black	 Anode Precursor	 Anode Active Materials
 Anthracene Oil	 Carbon Black Oil				
 Crude and Refined Naphthalene	 Crude Benzol				
Production Capacity					
220,000 TPA		115,000 TPA		2,500 TPA	
Touching Your Lives in Interminable Ways					
<ul style="list-style-type: none"> - Aluminium - Graphite - Dyes and Chemicals - Wood Preservative Industries - Tyres and Mechanical Industry 		<ul style="list-style-type: none"> - Plastics - Printing and Packaging - Inks - Conductive Carbon Blacks - Coatings - Mechanical Rubber Goods 		<ul style="list-style-type: none"> - Anode Materials for LiBs for Electric Vehicles - Energy Storage Systems - Consumer Electronics 	
The Industries We Serve					
<p>With our high quality of coal-tar derivatives and carbon black products, we can serve a large market. We partner with many of India's biggest names in aluminium, carbon black, tyres and mechanical rubber goods, graphite electrodes, and other specialty chemicals.</p>					
 Tyres	 Mechanical Rubber Goods	 Pigments	 Masterbatches	 Aluminium	
 Carbon Black	 Specialty Chemicals	 Graphite	 Wood Preservatives	 EV	

Our Action Areas

Sourcing Locally and Supplying Globally

Speciality Carbon	Carbon Black	Anode Material
<p>We source our raw material from the steel plants where coal tar is produced as a byproduct during the production of coke. Steel production is estimated to increase at a CAGR of 7.5% from 120 million metric tons to 230 million metric tons by 2030. The increase in steel production will lead to an increase in coal tar production from 900,000 TPA to 2 million tonnes by 2030. To maintain the distinct advantage offered by our 100% backward integration of locally available raw materials, we have entered into strategic long-term contracts for our raw materials. This anticipated increase in the supply of coal-tar feedstock is an integral part of our growth trajectory, which is aimed at making us India's largest coal-tar derivative production facility. Our SC unit has been fully integrated into the Carbon Black and Anode Materials value streams.</p>	<p>Speciality Carbon produces anthracene oil; this is a by-product that is redirected as feed into our carbon black production process. Between 2021 and 2026, the carbon black market is predicted to expand by 5.15%. The market is divided into various industries according to the product's application, with the tyre industry dominating the market demand (75% share). China and India are the leading businesses in this largely consolidated market. The compound annual growth rate (CAGR) between 2020 and 2030 for the automotive industry is predicted to be 3.71%, which will support an increase in carbon black demand.</p>	<p>The coal tar is transformed into bulk mesophase coke by our patent-pending furnace design; it is then graphitised so that it can be used as the graphite anode in battery packs. The anode material is used to produce electric vehicle (EV) batteries. Although there is currently little local demand, we are currently supplying anode material to battery pack manufacturers outside of India. This has been made possible by our technology, product quality and backward integration with locally accessible raw materials. The latter gives us a distinct advantage in the global markets, which is reflected in our cost competitiveness. Additionally, our strong emphasis on responsible sourcing and ESG distinguishes us from the field, which is essential to our EV and energy storage system (ESS) expansion in Europe and the United States.</p>

Secure Raw Material Supply



By 2030, it is anticipated that Odisha's domestic steel production capacity will have grown from 33 million metric tons to 100 million metric tons. Due to the close proximity of the raw material source, Epsilon Carbon's Odisha plant will benefit from its advantageous location.

Epsilon Carbon will establish a 150-acre greenfield project in Odisha, with a planned capacity of 500,000 metric tonnes in two phases, based on long-term coal-tar contracts.

We have been successful in securing growth plans for Epsilon Carbon. About

80% of our raw material demand is covered by long-term tie-ups with strategic partners and suppliers.

Our Presence

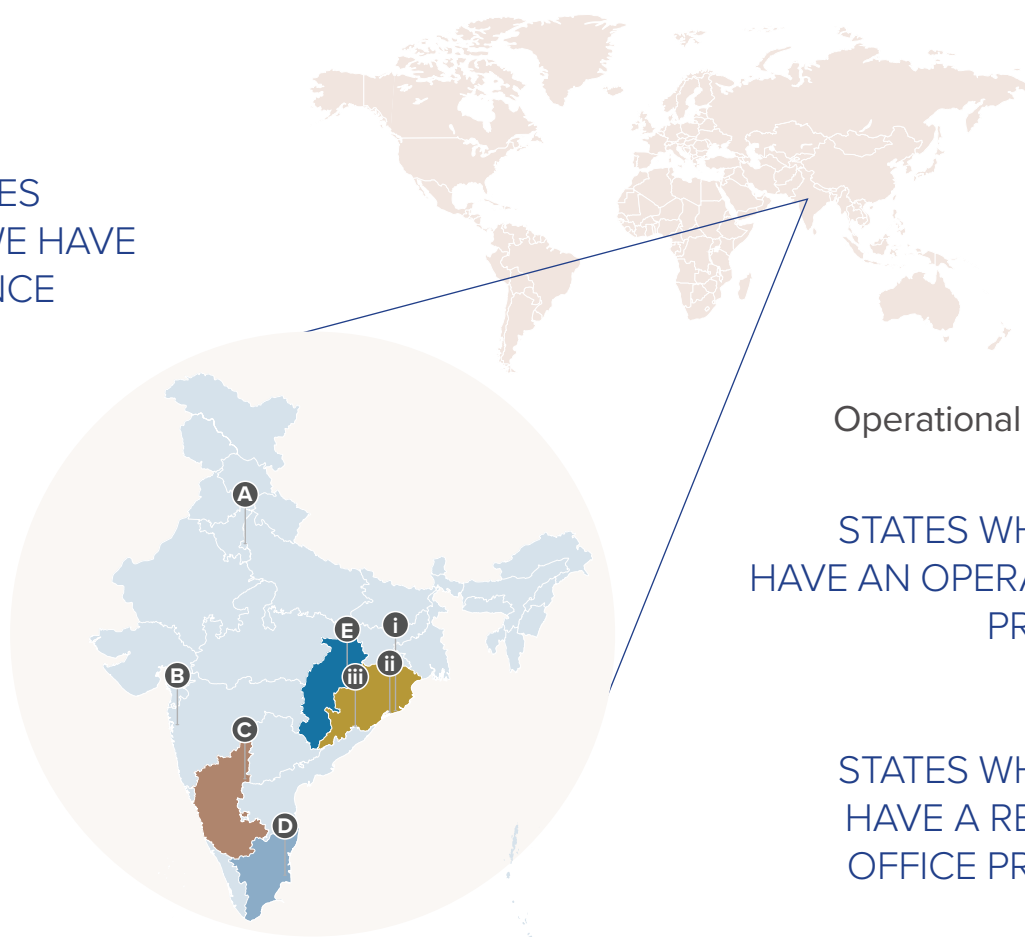
Epsilon Carbon has strategically built its facilities close to raw material sources (backward integration) and/or close to customers in Karnataka, Chhattisgarh, and Odisha (forward integration). In the process, we have created India's largest coal chemical processing facility. Our facilities manufacture high-quality goods according to customer specifications; we serve a variety of industries, including those that use aluminium, carbon black, tyres, mechanical rubber products, graphite, specialty items, construction

chemicals, dyes, and pigments, among other products. We serve industries across India, as well as global clients. We take extreme care to guarantee that our products adhere to strict quality standards and legal requirements, and our processes and systems carefully consider the impact our products have on the H&S of all our stakeholders (including our team of 400+ employees) and of the communities in which we operate.

We are the leading organisation in the chemical sector. To build system-based confidence for our customers, we have undertaken technological intervention by digitalising barcodes, using Freight Tiger, Salesforce, and digital signatures.

Additionally, we are utilising point-of-sale logistics bar-codes in our production lots and investigating other kinds of codes that can be applied to effectively manage our inventory.

25+
COUNTRIES
WHERE WE HAVE
A PRESENCE



Operational Footprint

03

STATES WHERE WE
HAVE AN OPERATIONAL
PRESENCE

02

STATES WHERE WE
HAVE A REGIONAL
OFFICE PRESENCE

- A**
Delhi
Regional Office
- B**
Mumbai
Head Office
- C**
**Vijayanagar,
Karnataka**
Integrated
Carbon Complex
- D**
Chennai
Regional Office
- E**
Bhilai
Specialty
Carbon
- i**
Paradeep
Carbon Black
- ii**
Sambhalpur
Pitch Melting
- iii**
Jharsugda
Integrated
Complex-II

Our Action Areas

Opportunities and Our Targets for the EV Battery Market

Epsilon Advance Material (EAMPL) is the first mover in the battery storage space in India. We produce high-capacity anode materials and 25% of the material is used in making battery packs.

High-capacity anode materials are necessary to the effective development of a high-energy-density battery. Currently, about 85% of the world's anode demand, including almost all of India's demand, is currently met by Chinese producers. The global LiB market size is expected to grow from USD 36.9 billion in 2020 to USD 193.13 billion in 2028. We aim to grow our capacities and become a full-fledge anode maker in the global LiB supply chain.

EAMPL has created a patentable technology to transform coal tar into graphite anode material for LiBs with its R&D technology. We began using the technology in anode material production on a commercial scale in 2020, and we are prepared to exponentially scale it up to meet local and international demand. In FY 2021–22, we have increased our production by 50% compared to FY 2020–21, producing 713 MT of mesophase coke this year.

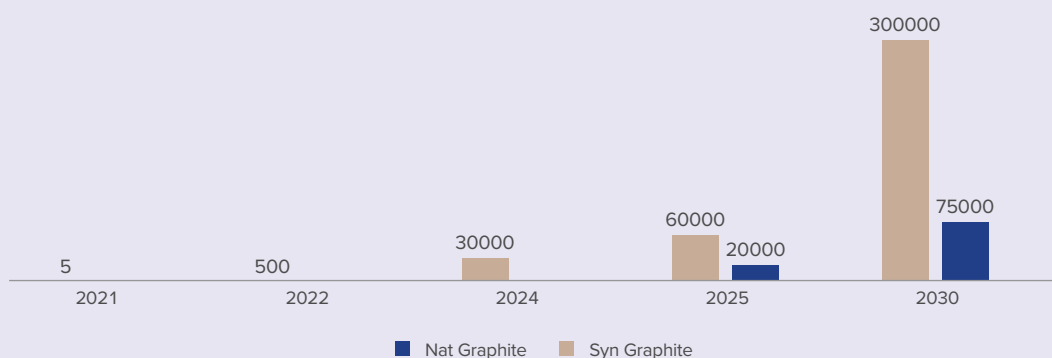
By 2025, we are looking to enhance anode material production capacity to 80,000 TPA and going up to 370,000 TPA by 2030. With our increased production capacity, we would be equipped to hold a market share of 8% globally. However, with the electric vehicle market and battery pack manufacturing slated to grow exponentially in India, we are aligning our efforts to focus on the Indian market by 2030 - by supplying cost-

competitive, innovative, quality, and ethical products. Until that time, the demand picks up in India, we are working to achieve scale by catering to the existing demand from the European and North American markets – so that we can pass on the early mover advantage of scale and cost-competitiveness to Indian consumers.

Recently, Epsilon and TMC signed an MoU to conduct pre-feasibility study to build the world's first industrial polymetallic nodule processing facility in India. The goal of this collaboration is to create cathode precursors with the lowest carbon impact possible. At our envisioned new plant, these precursors will afterward be transformed into the cathode active material which is used in LiBs.

Epsilon Carbon Pvt Ltd: Key Recognition and Awards

1. Manufacturing Excellence Award: Material 2022 by EMobility
2. EV State Summit Awards 2022: Karnataka—Business Leadership and R&D by EMobility
3. India Energy Storage Alliance (IESA) Emerging Company of the Year—Energy Storage Supply Chain 2022 by IESA
4. EV State Summit Awards 2022: Maharashtra—Manufacturing, Green Mobility, and Visionary of Clean Mobility Leadership by Emobility+

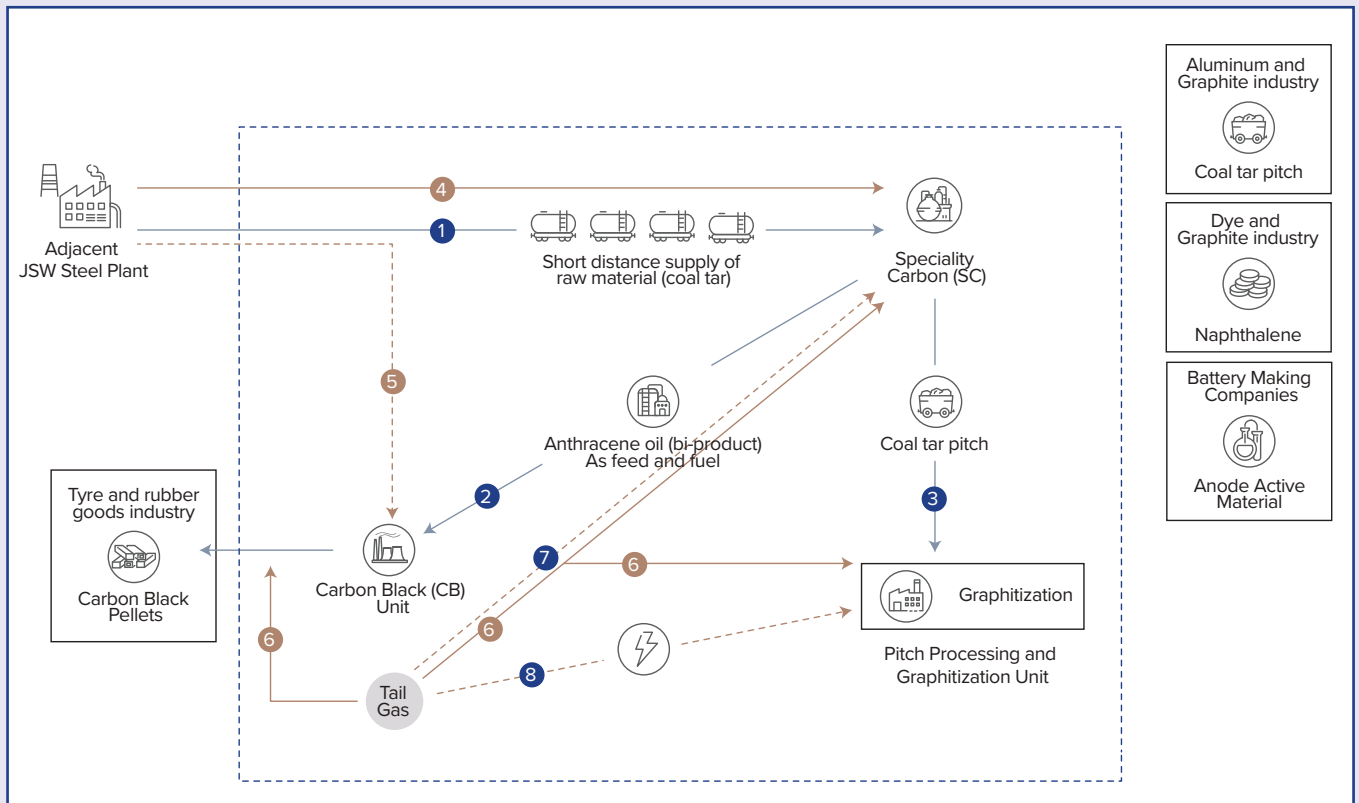
Graphite Material Production Trajectory (MT)

	2024	2025	2030
India (MT)	20,000	50,000	170,000
Export (MT)	10,000	30,000	200,000

Redefining Value Creation

Our value creation strategy is integrated by design and aims to produce sustainable value in a circular production process. The fundamental building blocks of our value-creation system are a number of circular systems, which are simultaneously exploited to continuously add value to resources throughout our production processes. The outputs from our various processes form a web of inputs that feed onto other processes.

Organisational Boundary of Epsilon Carbon Private Limited



1. Our manufacturing process utilises Coal Tar – which is a by-product derived from the manufacturing of steel as key raw material. We distill coal tar to manufacture Coal Tar Pitch and a variety of intermediate chemicals.
 2. The Carbon Black Oil produced as a by-product in the Specialty Carbon process is used as a fuel and feed for the Carbon Black production process within our facility. Our Carbon Black feedstock has lower sulfur content (0.3%) as against the conventional feedstock with 3% sulfur content. Further, being the only player having an in-house feedstock for carbon black, our carbon black operations have lower scope 3 emissions.
 3. We use a patent-pending technology, developed on a new, environmentally-friendly process to produce quality, high-performance graphite anode material for the Lithium-ion Batteries in the world's first and only 100% backward-integrated facility producing synthetic graphite.
 4. About 84% of our Specialty Carbon energy needs are met through recovered waste gases (Blast Furnace Gas and Coke Oven Gas) from the steel industry in our vicinity.
 5. We are in the process of switching fuel from secondary oil to Coke Oven Gas for energy in the CB unit.
 6. We are planning to use this waste gas for running all the furnaces in our SC unit in the future.
 7. In the next phase, we are also planning to produce electricity from the tail gas for our internal consumption.
 8. The wastewater generated from our operations is collected and treated in an effluent treatment plant. The treated wastewater is collected, reused, recycled within our premises leading to zero discharge of liquid.
- Using chemistry and design principles, the circular components of our production process enable us to circulate materials and products at the highest possible levels. By reducing waste production, not only do we reduce negative externalities, but we also increase our competitiveness by separating the creation of value from the use of resources.

Our Board of Directors



Vikram Handa
Founder and
Managing Director

Under Mr. Handa's leadership, Epsilon Carbon Pvt Ltd has commissioned a state-of-the-art backward-integrated carbon black plant and has marketed its entry into the LiB space. Mr. Handa is reckoned amongst the thought leaders in both the carbon black and LiB sectors and is associated with numerous industry organisations including IESA, the Confederation of Indian Industry (CII), the Federation of Indian Chambers of Commerce and Industry (FICCI), and the Associated Chambers of Commerce and Industry of India (ASSOCHAM). Mr. Handa holds a Bachelor's in Engineering and Mathematics from Tufts University, and an Owner/President Management (OPM) executive education degree from Harvard Business School. Mr. Handa is also a member of the Young Presidents Organization (YPO).



Saiprasad Jadhav
CEO & Director

Mr. Jadhav has a Bachelor's degree in Chemical Engineering and brings 30 years of experience to the company. Mr. Jadhav, an entrepreneur, is the founder of manufacturing units for two fluorine-based specialty chemicals: active pharmaceutical ingredients (APIs) and pharma formulations. Mr. Jadhav has decades of leadership experience and a track record of working with high-growth chemical companies, setting up and heading businesses in various fields (including the chemical, agrochemical, and pharmaceutical fields). He possesses functional expertise in diverse functions including strategic planning, business operations, profit and loss management, business development, M&A, and strategic alliances.



Tarini Jindal Handa
Director

Mrs. Handa is the Creative Director of JSW Realty, the real estate arm of the JSW group. She is the founder of Æquō, India's first design gallery focused on collectible design. Æquō aims to redefine the dialogue between makers, designers, and materials through a contemporary vision and curatorial interventions. Mrs. Handa's passion for design and quest for sustainability is the driving force behind her business and creative endeavors, and integration and inclusion are the cornerstones of her work. To this end, she is collaborating with the Mumbai Municipal Corporation to create and install free public toilets.



Nirmal Kumar Jain
Independent Director

Mr. Jain holds a Bachelor's degree in Commerce. He is a Fellow of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India. He has over 40 years of experience in M&A, finance, legal services, and capital structuring. Mr. Jain has a keen interest in management development and HR training. He is currently the Chairman of JSW Infrastructure Limited and serves on the boards of various JSW Group companies.



Ratan K Shah
Independent Director

Mr. Shah holds a Master's degree in Chemical Engineering from the University of Michigan, United States, and a Bachelor's degree in Chemical Engineering from the Indian Institute of Technology (IIT) Bombay. He holds over 40 years of experience in operations, projects, maintenance, production, materials, financial, and HR and has overall profit center management in India and abroad. He is a Corporate Financial Institute (CFI)-certified CEO coach, and he has spent three years mentoring senior manufacturing professionals during his tenure as the Global Talent Mentor for Manufacturing with Aditya Birla Group. He has spearheaded and successfully implemented a series of new initiatives to enhance organisational competitiveness, with a particular focus on cultural change.



Vinod Kumar Handa
Director

Mr. Handa has a Master's degree in Science, Safety, and Security Administration (Power, Gas and Oil) and a Diploma in Safety Management and Engineering from the University of Wisconsin, USA. He also has a Bachelor's in Mechanical engineering from Punjab Engineering College, Chandigarh. Mr. Handa has over five decades of experience in the oil and natural gas industry. He began his career as a field engineer with the Oil and Natural Gas Commission of India in 1971, before later moving to the UAE and United States. He has served as a field engineer, technical safety advisor and president in various organisations. He is a member of the US Society of Fire Protection Engineers and the US National Fire Protection Association. He is also an associate member of the UK's Institution of Fire Engineers and India's Institution of Engineers.



Lokendra Jain
Independent Director

Mr. Jain has more than two decades of experience and is currently the Partner and Managing Director of Marris Blue Water and Infra Private Equity (PE) Fund. He is also an Advisory Board Member of Sustainable Growth Management, running sustainable growth PE funds. He has been leading the fund formation focused on water, energy and infrastructure investments. Mr. Jain has also been an advisor to US- and India-based PE and venture capital (VC) platforms, as well as being involved in several large corporations and start-ups. He led Aramco's M&A, Joint Venture, and PE Transactions division in a large sovereign investment holding company format. Mr. Jain was also one of the Founding Managing Directors and Partners of the Teichos-Brookwood PE Fund. Prior to this, he was Co-CIO and Co-Head of PE of a large sovereign wealth fund and principal on US-based corporate venture capital (CVC)/VC platforms, including Intel Capital.



Mohinder Kumar Singhania
Director

Mr. Singhania graduated with a Bachelor's degree in Chemical Engineering and a Diploma in Management. With 38 years of professional techno-commercial experience in the chemical industry, Mr. Singhania has hands-on experience in all business processes, business strategy, project execution, technology transfer, supply chain management, and plant operation, as well as in the development and stabilisation of new businesses. Mr. Singhania has tremendous knowledge of coal chemicals and downstream products, and a good understanding of the Indian and international coal-tar chemical markets and their dynamics. He has successfully executed several green- and brownfield projects, from inception to commission.

02

Assessing What Matters

Engagement and collaboration along the value chain are essential. By partnering with our stakeholders, understanding their challenges and managing risks, we can find solutions for our shared success.

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In Conversation with Our Stakeholders

Corporate citizenship is creating sustainable communities through simple and inclusive technologies, and for Epsilon Carbon, enhancing our relationship with these communities is a matter of utmost importance.

The foundation of our corporate citizenship strategy is reaching out to our diverse stakeholder groups through various channels. This helps us to maintain a positive relationship and foster a mutually beneficial sense of trust between ourselves and our stakeholders.

Connected with Our Stakeholders

A thorough stakeholder engagement exercise was conducted in FY 2021–22 (the previous reporting period); this process engaged with the stakeholders identified based on their priority and level of impact.

Our stakeholders include investors, employees, customers, suppliers, governments, and communities. We engage with them periodically to understand their concerns, needs, and expectations and address them regularly. We also take stakeholder views on our internal and external initiatives into account, as these opinions help us to design better strategies and engage in useful consultations.



Employees

Importance:

Our employees and their skills are key drivers for our growth and expansion

Engagement Channels:

- Meetings
- Town halls
- Training sessions
- Surveys
- Open-house sessions
- Complaints and suggestion boxes
- Grievance-redressal mechanisms

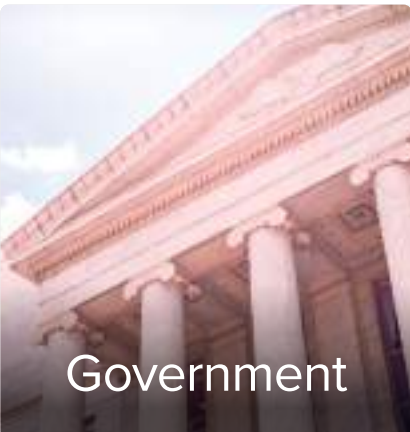
- Annual performance appraisals
- Coffee chats with CXOs

Engagement frequency:

Continuous

Key Topics/Concerns:

- Benefits and compensation
- Business performance
- Occupational H&S
- Training and development
- Organisational cultures
- Performance feedback



Government

Importance:

Ensures business continuity compliance and interpretation of regulations

Engagement Channels:

- Policy updates and ministry directives
- Mandatory filings with regulators, including the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI)

- Compliance reports
- CSR reports

Engagement frequency:

Annual/continuous as required

Key Topics/Concerns:

- Environmental compliance
- Local development initiatives
- Taxes and royalties



Communities

Importance:

Fostering a positive ecosystem with our local communities not only provides us with the social licence to operate but also generates societal prosperity

Engagement Channels:

- Public hearings
- Informal on-site interactions
- Needs assessment surveys

- CSR reports
- Stakeholder engagement surveys

Engagement frequency:

Continuous

Key Topics/Concerns:

- Local employment
- Social reforms
- Livelihoods and economy
- Skill-development initiatives for women



Investors

Importance:

Provide financial resources and are key to our growth and expansion plan

Engagement Channels:

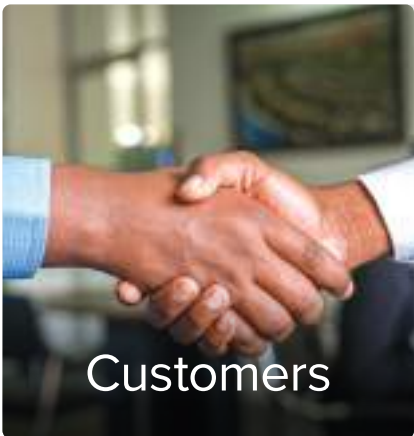
- Quarterly and annual meetings
- Performance Reports
- Board meetings

Engagement frequency:

Continuous (quarterly)

Key Topics/Concerns:

- Financial and non-financial performance
- Corporate governance frameworks
- RM frameworks



Customers

Importance:

Customers drive sales and are key to process improvements, quality enhancements, service performance, and cost optimisation

Engagement Channels:

- Customer satisfaction surveys
- Meetings
- Corporate events
- Site visits

Engagement frequency:

Continuous/as required

Key Topics/Concerns:

- Product quality
- Product innovation
- Life-cycle environment performance
- Pricing



Suppliers

Importance:

Suppliers are critical to embed sustainability across the value chain, as well as to prevent disruption in business through the continuous supply of raw material

Engagement Channels:

- Supplier evaluation
- Meetings
- Stakeholder engagement surveys
- Supplier audits

Engagement frequency:

Annual (Continuous)

Key Topics/Concerns:

- On-time payments
- Suppliers' ESG performance
- Supplier Code of Conduct

Material Topics

Our sustainability management is built on identifying the significant effects of our actions and incorporating their effects into our strategy.

We performed a detailed materiality assessment exercise during the previous reporting period, the details of which are provided in the sustainability report for FY 2020–21. Through structured activities designed to involve stakeholders, this exercise decided the importance of ESG issues material to our stakeholders’ interests. By consulting with our senior management, we have also prioritised material topics in view of their importance to our business and market scenario. The process of identifying the material topics is guided by the materiality assessment framework from the GRI standards.

Our top management carefully examined and reviewed the materiality assessment results for the current year from the angles of applicability and relevance. After an in-depth consultation with our stakeholders, the final FY 2020–21 materiality matrix is presented below.

Our management decided to prioritise the same material topics as last year to build a robust foundation and culture for our growing organisation.

Materiality Matrix



Top Priorities

- 27 Ethics and Values and Business Conduct
- 9 Environmental and Regulatory Compliance
- 28 Regulatory Compliance/ Anti-corruption/Competition
- 14 Occupational H&S
- 1 Air Emissions
- 26 Business Risk Management and Business Continuity
- 12 Employee Engagement/Inclusion and Diversity
- 22 Financial Performance and Growth
- 24 Product Innovation and Stewardship

- 4 Energy Efficiency and Energy Management
 - 17 Community Engagement
- Hygiene Factors**
- 3 Renewable Energy
 - 10 Life-cycle Analysis
 - 20 Supply Chain Sustainability
 - 21 Land Acquisition and Rehabilitation

- Monitoring Issues**
- 23 Total Quality Management
 - 2 Environment Management
 - 18 Labour Conditions
 - 25 Branding

- 19 Socio-economic Compliance
- 15 Customer H&S
- 29 Marketing and Labelling
- 8 Biodiversity and Resource Conservation
- 16 Customer Privacy and Customer Satisfaction
- 7 Waste Management
- 6 Water Management (Consumption and Discharge)
- 11 Circular Economy and Product Sustainability
- 5 Raw Materials
- 13 Employee Development and Well-being/Training and Education

Our Material Topic			
<p>1</p> <p>Ethics, Values, and Business Conduct</p>	<p>2</p> <p>Environmental Compliance</p> <p> Downstream (Customers and Communities)</p>	<p>3</p> <p>Regulatory Compliance/ Anti-corruption/ Anti-competition</p> <p> Upstream (Suppliers and Investors)</p> <p> Downstream (Customers and Communities)</p>	<p>4</p> <p>Occupation H&S</p>
SDGs impacted			
			
GRI Topic			
<p>Ethics and Integrity; Governance</p>	<p>Environmental Compliance</p>	<p>Regulatory Compliance, Ethics, and Integrity; Governance</p>	<p>Health and Safety</p>
Description			
<p>Our company's policies, guidelines, and practices are permeated with ethics, values-based conduct, and good governance practices. In addition to sensitise and training our employees in ethical business practices, our code of conduct establishes standards for responsible and ethical behavior. We are committed to the responsible delivery of our products, governed by our code of conduct, and strict adherence to all relevant legislations and regulations. As a result, we are currently working with our suppliers to integrate the highest ethical standards and practices with their business performance.</p>	<p>Environmental compliance is essential to our business and not just a sign of our commitment to follow the law hence none of our facilities have been fined or issued a notice of violation by any environmental regulatory bodies. Our environmental compliance is also continuously monitored, and any non-compliances are discussed with top management to take corrective action so we can make 100% compliance with rules and regulations. We use a compliance checklist as a tool for monitoring our compliance status. We manage our compliance performance with the aid of our thorough HES policy.</p>	<p>Regulatory compliance is the requirement for all aspects of our business operations, and it is incorporated into all our policies, procedures, manuals, and other guidelines. Every year, we provide anti-corruption, anti-bribery, and anti-competitive practices training and the policies are communicated to all our employees and other stakeholders. Any suspected instances of unethical behavior or code of conduct, fraud or violations can be reported through our vigil mechanism based on whistleblower policy and further the investigation is escalated by our ethics officer.</p>	<p>Occupation Health and Safety is one of our core values and we are committed to zero injuries at our operation location. Our HES policy serves as a guide for occupational health and safety performance, and our Board through the CEO oversees the implementation of the HES policy. These teams are constantly working to integrate occupational health and safety management system into corporate culture. Along with our staff, we demand the highest standards of health and safety practices from our suppliers and contractors.</p>

Material Topics

Our Material Topic			
<p>5</p> <p>Air and GHG Emissions/Climate Change</p> <p> Downstream (Customers and Communities)</p>	<p>6</p> <p>Business Risk Management and Business Continuity</p>	<p>7</p> <p>Employee engagement/ Inclusion and diversity</p>	<p>8</p> <p>Financial Performance and Growth</p> <p> Upstream (Suppliers and Investors)</p> <p> Downstream (Customers and Communities)</p>
SDGs impacted			
		  	
GRI Topic			
Emissions	Governance	Employment	Economic Performance
Description			
<p>Our process is energy intensive, and we started the GHG inventorisation exercise in FY 2019–20. Our Scope 1 and Scope 2 emissions are primarily caused by energy consumption at our facilities, we are constantly implementing increased usage of renewable energy and deploying energy efficient technologies to lessen our GHG footprint. We are setting up the necessary systems and measures to account for and avoid indirect (scope 3) emissions. We keep our non-GHG emissions down by making changes to our operations, from the feedstock we use to the technological advancements we make for process and emission control.</p>	<p>Our Enterprise Risk Management (ERM) framework is used to identify, record, assess, prioritise, communicate, and mitigate risks that can affect our quality, innovation, supply or diminish reputation. Our Risk Management (RM) policy guides our business actions, strategies, and decisions to ensure sustainable business growth with stability and a pro-active approach in reporting, evaluating, categorising and resolving risks associated with the business. As potential threats to business operations, our business continuity strategy recognises value chain sustainability risks and issues like raw material availability, water scarcity, climate change regulations, and disaster events.</p>	<p>Our approach to employee engagement has been developed to ensure that we understand our employees’ perspectives, interests, and needs and take them into account in our decision-making process. For this purpose, we have a strategic multichannel approach to engage with our employees. We are continuously striving to maintain transparency with our employees, encouraging and promoting a feedback-focused culture to enhance performance. Equal opportunity and no discrimination are embedded in our Code of Conduct, over which our top management has oversight.</p>	<p>Good financial performance is a crucial foundation for the creation and distribution of economic, social, and environmental value. Our financial performance is a manifestation of our commitment to our stakeholders to generate value for them. We are consistently aiming for a sustained growth trajectory by aligning our business models, strategy, and operations. An independent registered accounting firm independently audits our annual financial statements.</p>

Our Material Topic		
<p>9</p> <p>Product Innovation and Product Stewardship</p> <p>  Upstream (Suppliers and Investors)  Downstream (Customers and Communities) </p>	<p>10</p> <p>Energy Efficiency and Energy Management</p>	<p>11</p> <p>Community Engagement</p> <p>  Downstream (Customers and Communities) </p>
SDGs impacted		
	 	  
GRI Topic		
Environment	Energy	Local Communities
Description		
<p>Sustainable product innovation is the key component of our long-term growth strategy. We engage in R&D to improve product quality and lessen environmental impacts throughout their lifecycle. We initiated the life cycle assessment of our key products to analyze the environmental impact of the product. Then we categorise new and existing products based on risk and improve product safety and stewardship. We adhere to comply with REACH requirements for our products.</p>	<p>Due to the energy-intensive production processes, cost effectiveness and lower vulnerability to changes in energy prices are directly correlated with energy management and efficiency. We are constantly increasing the renewable energy share and identifying opportunities for enhancing energy efficiency through technological improvement in our operations. Our energy performance is monitored, reported on, and audited under our corporate energy management system policy.</p>	<p>We have a CSR committee that oversees our impact on our community development initiatives and regularly evaluates the progress. We have collaborated with local government, and NGOs in our nearby area to bring about significant and sustainable social change in our communities. We aim to improve the quality of life by enhancing skills, and engaging communities to increase their family incomes while maintaining sustainable environmental practices.</p>

03

Geared up for Resilient Growth

We delivered solid business growth and increased profitability. This reflects our efforts towards growing responsibly and driving growth across business verticals.

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Product Innovation	40

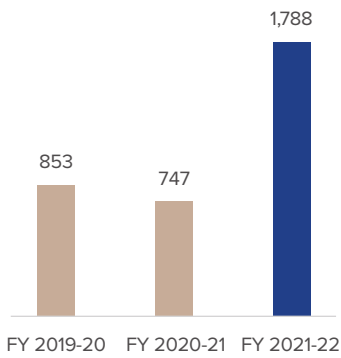




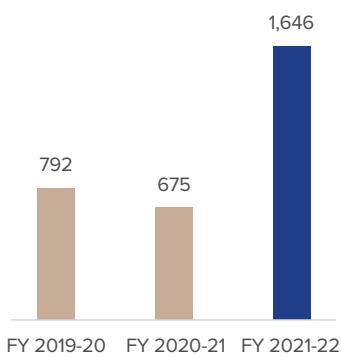
Financial Performance



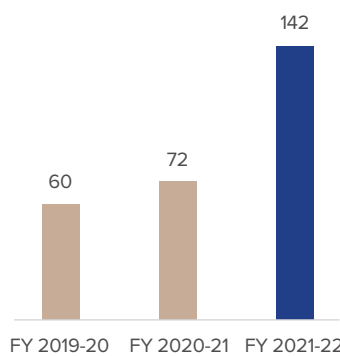
Direct Economic Value Generated (INR crores)



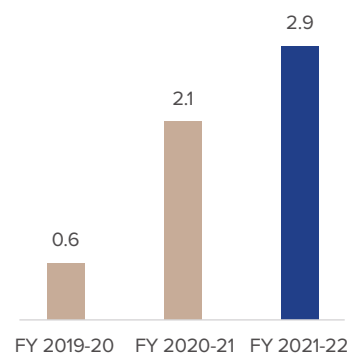
Economic Value Distributed (INR crores)



Economic Value Added (INR crores)



CSR and CER Expenditure (INR crores)



Financial Key Performance Indicators (KPIs) 2021–22

Particulars	Value (INR Crores)
Revenue (through core business segments)	1,782.90
Other income	5.03
Operating costs	1,462.37
Personnel expenses (wages + benefits)	54.74
Interest and finance charges	47.49
Taxes and royalties	78.40
CSR investments	1.86
CER expenditure	1.06
Contribution to Provident and other funds	1.65
Staff welfare expenses	2.44
Financial assistance received from Government	Nil



Business Forecast



RM is central to Epsilon Carbon’s strategic management. Epsilon Carbon has a structured framework which ensures that risks are identified and addressed. RM is central to Epsilon’s management and we integrate our RM practices in our overall operations. This integration, along with product stewardship, allows us to build the foundations for long-term strategic partnerships with our customers.

Enterprise RM Framework

Our RM approach is built on a framework that is used to identify, record, assess, prioritise, communicate, and mitigate risks. These risks have the potential to impact our ability to provide our clients with an uninterrupted supply of innovative and quality products. Moreover, these risks may also diminish our reputation with our stakeholders as an ethical, sustainable, and reliable business. We have set up robust RM systems and mechanisms so that Epsilon Carbon emerges with resilience towards risks identified across various functions.

RM and Corporate Governance

We have a RM policy in place that guides our business strategies and decisions to ensure our continuous, sustainable, and stable growth. With our Corporate Governance Principles and Code of Conduct in place, our goal is to promote a proactive approach to towards reporting, evaluating, and resolving risks.

The framework provided by the policy provide structure for a disciplined approach towards risks identified in turn making decision-making easier. The risks identified are reviewed and it is ensured that relevant mechanisms are put in place. The Board of Directors guide the overall functioning of this RM framework, conducting yearly reviews to assess its effectiveness. Additionally, there are specific internal



Operational Risks

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



Business Environment Risks

Foreign exchange risk, interest rate risk, and commodity prices and market risks



HR Risks

A type of operational risk that includes risks related to high attrition, employee dissatisfaction, poor employee efficiency, the non-availability of competent personnel, and labour shortages



Environment and Climate Change Risks

Natural calamities, HSE risks, and transitional and physical climate change risks



Regulatory and Compliance Risks

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



Liquidity Risks

The risk of incurring loss due to an inability to meet payment obligations within a specific time frame

RM controls put in place that are reviewed by internal and external audits.

The RM team is comprised of our Managing Director, CEO, and Chief Financial Officer (CFO). The team oversees formulation and implementation of RM plans. This includes identification, management, and reporting of material business risks, in addition to performance monitoring. The RM team also analyses, reviews, and approves the list of risks relevant to the business, as well as overseeing RM practices and control mechanisms.

Implementation

Through its RM system, Epsilon Carbon has identified 180 potential risks across seven different categories. Given the industry and nature of operations in which Epsilon Carbon functions, the company is prone to the following risks: operational, HR, liquidity, regulatory and compliance, business environment, and environment and climate change. Our robust RM system allows us to maintain a risk-and-opportunities register that lists the identified risks and related opportunities across various categories, including quality risks, process risks, instrumentation risks, electrical risks, mechanical risks, production risks, and general risks. General risks include most of our ESG-related risks. These risks are then further sub-classified into energy, resource, and environmental risks; health and safety risks (including physical chemical, fire hazards); natural calamity and pandemic-related risks; legal risks; supplier-related risks; employee risks; manpower and working culture risks; social-related risks; technological risks; infrastructure-related risks; logistics-related risks; market competition risks; and ethics and values-related risks. This system is also fed into our business continuity plan, which guides our strategy in support of the short-term and long-term viability of our business.

Throughout our business life cycle, the RM systems function as a continuous process. We continuously identify and measure uncertainties and develop, implement and track risk mitigation practices. Our risk categories are established in the form of a hierarchal chain of review, as the following section demonstrates.

Operational and HR Risks

Internal controls are our main approach to control operational risk; this is because internal controls aid in the minimisation of risk. Our operations have been broken down into several primary business processes and supporting sub-processes, with assigned process owners. Identification, reporting, and action on risks that are built into each process are the duty of the process owners. A regular risk and control self-assessment is carried out for each key process. The process owners and relevant personnel look for potential risk exposures or threats to efficient functioning of the process and evaluate the effectiveness of the risk mitigation strategies used. Potential risks are evaluating based on their significance and propensity to occur. The operational risk monitoring system focuses on operational performance measures such as volume, turnover, dispatch, delays, and errors.

Business Forecast

Compliance Risk

Through routine reporting, our Board of Directors oversees the monitoring of our compliance RM. Our senior management oversees the management of compliance risk and makes sure that policies and guidelines concerning the organisation's integrity and ethical standards are followed. At the plant and head-office levels, the pertinent departments supervise, coordinate, and provide advice to senior management and the Board of Directors on matters pertaining to compliance and integrity risks, including reputational risks.

Epsilon Carbon uses a compliance checklist as a tool to monitor and mitigate compliance risks. This checklist contains information on compliance and the actual dates for compliance requirements (as laid out by various legislative instruments) and is periodically monitored, reviewed, and documented. Internal and external compliance audits are used to verify legal compliance on a regular basis.

Liquidity Risk

The daily management and monitoring of our liquidity position and compliance with exposure limits are undertaken by the Treasury and RM team. We employ industry-standard techniques to control and measure net funding requirements. The RM team monitors the progress of our funding and liquidity position and makes decisions relating to liquidity risk, and our CFO assesses current and future liquidity balances based on several scenarios. The board, which has oversight over the situation, receives frequent updates on our liquidity position and performance against authorised limits and targets. To further reduce the risks associated with liquidity, we have created a finance strategy and a backup plan.

We recognise that RM planning includes early risk identification and analysis, the prompt implementation of corrective measures, ongoing monitoring and reevaluation, and consideration of the risks that remain after controls have been put in place. Crucially, an efficient RM framework must include coordination, documentation, and communication. We have set up an incident data collection system to learn more about the nature, frequency, and interconnectedness of different risk occurrences. The RM team reviews this incident data and then organises it into specific categories.

The expected outputs from our Enterprise Reporting under implementation



Describe the risk



Document key activities & controls to mitigate and manage the risk



Identify the residual risk



Refer to action plans taken to address weaknesses



Draft a risk appetite statement for each key strategic risk

Our contingency plan addresses the risks that remain after the control mechanisms are put in place. We have discovered roughly 50 contingency elements and have created comprehensive contingency plans (including duties and permissions and communication/documentation needs) to address these.

The risk strategy is reviewed by Operations Head and then approved by the highest authority of that location. Within three working days following any disruption, we update the plan to take major/minor disruptions or abnormalities that are not covered in the contingency plan into account. We also conduct mock drills to test the efficacy of the contingency plan. Following an incident, or at least annually, a cross-functional team (CFT), led directly by the respective location and functional heads, undertakes a review of our

contingency plan. In this way, we ensure that we reinforce and update our systems as per international standards and certification requirements.

Our Quality Management System complies with the requirements of IATF 16949: 2016. Our Vijayanagar facility has already received a letter of conformity that has helped us improve our quality, environment, and H&S performance through a risk-based approach. We have added ISO 50001: 2018 (Energy Management Systems), ISO 27001: 2013, and ISO/IEC 17025: 2017 and are prepared to add ISO 28000: 2007 to our list of standards. We shall also be establishing a business continuity management system (BCMS) based on the ISO 22301 standard; this will prepare us for potential crises and minimise the impact of disruption through practical emergency plans, information technology (IT) emergency concepts, and recovery plans.

Disaster Management

The COVID-19 pandemic resulted in stressful situations; however, our response was guided by our will to rebuild the confidence of our stakeholders, and we have been committed to respond to their needs. Our Board of Directors and senior management have pragmatically and tenaciously turned the challenge presented by the pandemic into an opportunity to hasten operational improvements, forge deeper relationships with our partners, and introduce fresh, improved methods of working, many of which have outlasted the pandemic. As a result of this focus on resilience, our approach to RM has been renewed and enhanced, and we are now even better equipped to handle the ever-unpredictable future. The best practices that we followed to ensure business continuity during the COVID-19 pandemic have now been integrated into our day-to-day operations, strengthening the company's approach to RM.

Since we had already been in the process of introducing a BCMS and integrating it within our operations, we were quickly able to adapt to evolve mobility restrictions during the multiple waves of the COVID-19 pandemic. We have set up disaster management plans at all our facilities, the governance of which rests with our CEO. Our plant-level officials are assigned roles under this plan, meaning that it can be implemented effectively when required.

IT Infrastructure for Business Continuity

We aim to integrate our operational systems with IT applications to ensure that business continuity is established at the company, employee, and client levels. Our mission is to establish and implement a stable IT infrastructure that is aligned with new technologies, provides security for company assets, and encourages a digitised approach to our operations. The following are a few of our IT applications that are used to aid business continuity and ensure that mission-critical operations proceed during a disruptive incidents.

Integration of IT in Business Continuity and Risk Management



IT Security

Our IT security initiatives ensure that the business is safeguarded from attackers and data leaks. We enforce IT policies and cloud-based endpoints for our clients. These help us protect our data on our intranet and safeguard any data that is a niche to our company.



Enterprise Resource Planning (ERP)

A suite of integrated applications, ERP helps the company to collect, store, manage, and interpret data from many business activities, including production planning, purchasing, manufacturing, and service delivery. It also allows us to develop and share accurate data for timely feedback and future planning.



Sales Force

A piece of cloud-based software, the Salesforce customer relationship management (CRM) system helps us to effectively streamline our sales, marketing operations, and dealings with customers and partners/distributors. Salesforce offers our employees easy access to web-based software over the internet, helping us to provide a unique multitenant architecture and giving us security and control over user and client authentication, admin permissions, data access, and encryption.



Digital Logbooks

Our digital logbook system allows employees to gain real-time access to data analytics. Employees can monitor performance using KPIs, provide energy management services, enter plant operation activities on the digital logbook, and integrate various systems. The system also ensures that we safeguard our online data.



Digital Signatures

Digital signatures allow employees and management to verify both data integrity and the authenticity of the submitter of the data. For example, data is processed in the SAP backend only if the signature is valid.



Cloud Technology: The Amazon Web Services (AWS) Environment

As a comprehensive, evolving cloud-computing platform, AWS offers remote computing services and an internet-wide cloud-computing infrastructure. We host all our critical services with AWS, including our SAP environment, active directory, barcode system, and digital logbook.

Product Innovation



One of our key strategic growth pillars is Product Innovation and Stewardship. Our operations at Epsilon Carbon have product innovation and responsible business practices as an integral part.

We constantly focus on excelling in terms of the quality of all the products we develop, thereby nurturing a sustainable business. We have a diverse product offering of more than 20 products, including anthracene oil, binder pitch, carbon black oil, industrial naphthalene, impregnated pitch, phenol oil, and refined naphthalene.

We are keen to design and provide products that not only answer our customers' needs but are also consciously environmental. We have also implemented plans that evaluate all our new and old projects, allowing us to proceed in a potentially more sustainable way. We are paying particular attention to reduce our overall consumption of material, energy, and other natural resources in an effort to limit avoidable contamination, environmental damage, GHG emissions, and landfill waste.

We constantly look to improve our product quality to ensure that there are no H&S risks associated with our products by our customers. One of our customer-facing values is product stewardship and quality; as such, we have policies through which we stand up to this value and our customers' expectations. We ensure that we have material safety data sheets (MSDS) for each of our products; these lists the components present in the products and the type of packaging used. The MSDS are regularly maintained and kept updated as a priority.

These documents are important for our end users as it contains information from handling the product to distribution and disposal.

Our efforts to make our products more sustainable have led to us embarking on several energy programmes to reduce any negative impact we have on the environment. We have installed several QC checks at each step. QC and R&D

responsibility is shouldered by our R&D managers, who also periodically check our product stewardship information. This information is then collated and sent to head or relevant departments, who analyze this information which is then sent to higher authorities and sent to higher authorities, as appropriate.

For FY 2021–22, we have launched new products in the Rho-3, Rho-5, and Rho-6 Carbon Black series for mechanical rubber goods (MRG) and masterbatch applications. As an ecologically and sustainably conscious company, we have (along with the development of new carbon products) always encouraged research into the suitability of recovered carbon black (RCB). Currently, we have several R&D projects as well as other ongoing research work, one of which is related to development of continuous zero quinoline insolubles (QI) as

an anode precursor for EVs and energy storage. The spending budget for our R&D projects is INR 3.16 crores.

We also have initiated life-cycle assessment (LCA) processes for our key products. LCA study and data collection have been commenced for our Carbon Black operations. The study is being conducted by SPHERA, with the goal of carrying out a LCA for two Carbon Black products ('Tread' and 'Carcass') as well as for one RCB product. The final report will be received by the end of November 2022. The LCA for Epsilon Advanced Materials Pvt Ltd has been conducted by Minviro, and we have received the final LCA report.

Our marketing and labelling practices are carefully checked, as they are important to our market values. In addition, they allow our end users transparency of the components present in our products the components used and the care we take when meeting their requirements.

Our Products

- Anthracene oil
- Binder pitch
- Carbon black oil
- Industrial naphthalene
- Impregnated pitch
- Phenol oil
- Refined naphthalene
- N134, N220, N234, N326, N330, N339, N375, N550, N650, N660, N762, N774



Product Packaging and Labelling



Our product packaging is done in such a way that the labelling and proper handling of the product are clearly mentioned on the packaging material.

The new products launched in FY 2022 are the Rho-3, Rho-5, and Rho 6 Carbon Black series for MRG and masterbatch applications

04

Fostering Employee Relationships

We nurture employee skills and competences to drive shared organisational objectives. With their skills, attitude and sensitivity, employees enable the Company to develop, grow and contribute to the creation of a transparent and valuable relationship with its stakeholders.

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Our People



Epsilon Carbon is committed to engage with all its stakeholders, particularly in the areas where operational units are functioning. We believe that our people and employees play a very vital role in our long-term success and in our vision of becoming a market leader.

Our skilled, experienced, and highly dedicated workforce comes from diverse ethnic and educational backgrounds and are the backbone of our business strength. Strategy development and implementation, sustainability performance, stakeholder management and product stewardship—all rest upon our human capital.

We set high standards for our employees at all levels and strive to achieve them consistently. As a reliable employer, we always aim to create an employee-friendly workspace by providing equal opportunities, rewards, and recognition and facilitating a wide range of L&D. We provide our employees with incentives and a supportive infrastructure as a way of keeping them holistically fulfilled.

Our employees are future-ready, and to provide a fulfilling environment, we offer safe working practices, suitable rewards and recognition, and digital L&D. In this way, we support employees from diverse ethnic and educational backgrounds; our aim is to foster high-performing and ambitious individuals.

We have identified four dimensions that interlock to fulfil our HR strategies, shown below.

Our People Strategy

 <p>Talent Acquisition and Retention We aim to build a merit-based, diverse, and inclusive team by becoming the employer of choice. We do so by offering a best-in-class holistic employee experience, with suitable benefits and incentives.</p>	 <p>L&D Functional and behavioral training are regularly undertaken, driving a high-performance culture through differentiated development programmes.</p>	 <p>Engagement and Well-being We promote employee engagement, thereby building a socially connected, healthy, emotionally satisfied, committed, loyal, and motivated team.</p>	 <p>Occupational H&S We have implemented the rigorous systems and processes required for our 'zero injury' ambition, thereby minimising work-related ill health.</p>
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Our Workforce Snapshot

As of FY 2021–22, we have 678 employees, majority of our workforce is based at our Vijayanagar facility. All our contractual employees work on our Vijayanagar site.

We offer various benefits, which are available to all our employees. Any benefits and welfare offerings, whether statutory or social, are available to all employees.

We provide standard benefits to our employees, including group life insurance, healthcare medical insurance, parental leave, retirement provisions, a canteen facility, township accommodation with recreational clubs and parks, a transport facility, access to a medical doctor, and COVID-19 care facilities. We believe that providing our workforce with different benefits will help them to become both holistically fulfilled and more efficient.

Our workforce is mostly comprised of young and energetic individuals. Most of our employees are aged between 30 and 50 years, with years of work experience and knowledge that they bring to our team. Regionally, 38 of our full-time

employees are based in the western part of the country. The rest (322) are based in Southern India. Our team is what makes Epsilon Carbon dynamic: its members are agile and adaptable, able to thrive in a fast-paced and changing industry.

Attracting Talent

Our workforce is our biggest asset. We recognise the need to acquire proper knowledge and experience for our employees, because this helps the business to run in continuity and sustains our cultural foundation and long-term working environment. It is important to recruit the correct mindsets in order to maintain a high-performing and committed workforce.

The number of annual hires is decided according to the workforce recruitment plan designed by the Head of HR. This plan is made in accordance with the budget allocated and with input from and consultation with all the different department heads.

Business Application Tools Used by Epsilon Employees









Our People

Job opportunities are advertised on the company website and various job search portals, websites, internal referral portals, and other advertising channels. We also sometimes use placement consultants. In order to maintain the order and culture of the company, we need to employ highly talented persons; therefore, we pay special attention to our workforce referrals. To promote hassle-free onboarding, we provide newly recruited employees with medical health check-ups, after which they are briefed about our business applications.

We have established IT/operational technology (OT) convergence and digitalisation to provide both our existing and newly recruited workforce with the ability to navigate their important personal information and improve the efficiency of the surrounding processes and information consistency and quality. Our IT/OT system can integrate records and files into a digital form, eliminating redundancies and shortening the communications chain, as well as improving and facilitating informational exchange. This cloud-based business application automates all our HR processes, from recruitment to talent management and people analytics. Essentially, it empowers

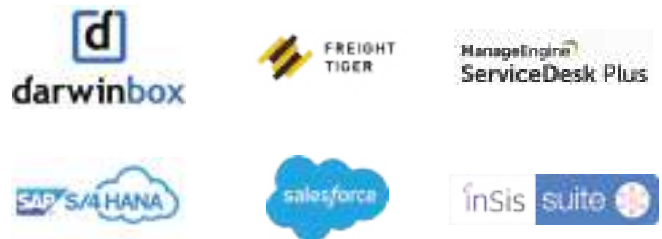
employees through transparency in different processes such as payroll matters, annual leave banks and the employee directory. It is very easily accessible to all employees, as it is available on Epsilon's highly customised employee platform, known as 'The Bridge'. The Bridge has links to all of Epsilon Carbon's business applications, allowing for easy navigation by our employees.

There has been a lot of effort on our end to make Epsilon a great place to work. Several initiatives have been started to better our networks within the company and to make our employees' lives easier. Using the applications created by these initiatives offers the possibility of more open dialogue, better communication, and improved data retention. Some of the applications that help our employees on a day-to-day basis are listed below.

Business Applications: The Bridge (Intranet)

The Bridge (SharePoint Online) is a cloud- and web-based intranet that makes it easy to store, share, and manage digital information within Epsilon Carbon. The Bridge is a highly customisable platform that can help our teams work remotely, work together, and work smarter.

Our employees can access several quick links through The Bridge, including:





Cloud Technology: AWS Environment

Epsilon Carbon hosts all its critical servers with AWS, including its SAP environment, active directory, barcode system, and digital logbook.

AWS services used: Amazon Elastic Computer Cloud (EC2), Amazon Simple Storage Service (Amazon S3), AWS backup, AWS Lambda, Amazon Virtual Private Cloud (Amazon VPC).



Salesforce

Salesforce CRM is a cloud-based piece of software that helps organisations to effectively streamline their sales, marketing operations, customers and partners/distributors. Today, Salesforce is one the best CRM platforms in the world, offering organisations easy access to web-based software over the internet.



ServiceDesk

Service desk is a cloud-based application where employees can register their IT support requests by simply logging-in from their system using their Epsilon Carbon credentials

(i.e. via single sign-on [SSO]). IT Support will receive these requests and provide the required support and services. ServiceDesk enables employees to register their requests, incidents, and problems directly, find the most appropriate solution, and track the status of their tickets.



Freight Tiger

Freight Tiger provides a platform for managing freight transactions for the logistics and transportation industry. It has access to various carriers’ telematics data. Freight Tiger offers an end-to-end streamlining logistics network that ensures that businesses can move faster and do more.



Darwinbox

Darwinbox is a cloud-based integrated HR platform that automates HR processes such as recruitment, core transactions (leave, attendance, and employee directory), payroll, employee movement and engagement, talent management, and people analytics. It engages and empowers employees while automating and simplifying all HR processes.

Total Number of Employees by Category, Region, Age, and Gender

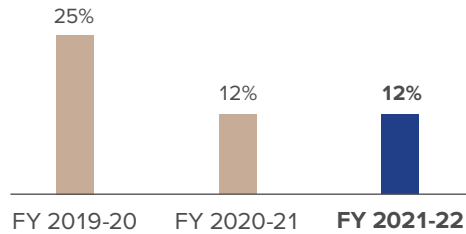
	2021–22			2020–21			2019–20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
By Employee Category									
Associates	255	17	272	273	18	291	168	8	176
Middle management	56	4	60	47	0	47	34	0	34
Senior management	23	0	23	15	0	15	7	0	7
Top management	5	0	5	6	0	6	3	0	3
Subsidiary employees	265	53	318	945	11	956	866	9	875
By Employee Contract									
Permanent	339	21	360	341	18	359	212	8	220
Contract	265	53	318	945	11	956	866	9	875
By Employee Type									
Total number of employees (full-time equivalent)	339	21	360	341	18	359	212	8	220
Part-time employees	0	0	0	0	0	0	0	0	0
By Region									
East	0	0	0	0	0	0	0	0	0
West	28	10	38	25	6	31	21	5	26
South	311	11	322	316	12	328	191	3	194
North	0	0	0	0	0	0	0	0	0
By Age									
<30	84	12	96	155	15	170	87	6	93
30–50	235	9	244	182	3	185	116	2	118
>50	20	0	20	4	0	4	9	0	9
Total (Employees + Contractors)	604	74	678	1,286	29	1,315	1,078	18	1,095

Our People

We are a young and dynamic team, as a sizeable portion of our workforce (57%) is under 30 years of age. Most of our employees fall within the 30–50 age bracket.

In order to retain and attract a quality workforce, we employ individuals in the correct fields and operational sectors. Currently, our employee satisfaction level is soaring. Our female employee hiring rate for FY 2021–22 is 4.92%, and the FY 2021–22 rate for employees leaving within one year is as low as 12%, a drastic reduction from the 25% in FY 2019–20. Finally, our FY 2021–22 employee turnover rate is 17%.

Employees Leaving after the First Year of Employment



The number of employees leaving after first year of employment has reduced by more than half since FY 2019–20

57%
OF FEMALE EMPLOYEES
HIRED COME FROM THE <30
AGE BRACKET

21%
OF MALE EMPLOYEES HIRED
COME FROM THE <30 AGE
BRACKET



Total Number of New Employees Hired by Category, Region, Age, and Gender

	2021–22			2020–21			2019–20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
By Employee Category									
Associates	83	6	89	151	13	164	30	2	32
Middle management	21	0	21	22	0	22	16	0	16
Senior management	12	0	12	5	0	5	1	0	1
Top management	0	0	0	0	0	0	2	0	2
Subsidiary employees	0	0	0	146	9	155	362	13	375
By Region									
East	13	1	14	0	0	0	0	0	0
West	11	0	11	4	1	5	4	0	4
South	73	5	78	174	12	186	45	2	47
North	19	0	19	0	0	0	0	0	0
By Age									
<30	33	4	37	78	12	90	19	1	20
30–50	77	2	79	99	1	100	28	1	29
>50	6	0	6	1	0	1	2	0	2
Total	116	6	122	324	22	346	411	15	426

Total Number of New Employees Leaving the Organisation in the Reporting Period, by Category, Region, Age and Gender

	2021–22			2020–21			2019–20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
By Employee Category									
Associates	10	1	11	18	2	20	7	1	8
Middle management	0	0	0	4	0	4	1	0	1
Senior management	1	0	1	0	0	0	0	0	0
Top management	0	0	0	0	0	0	0	0	0
Subsidiary employees	0	0	0	72	6	78	123	9	132
By Region									
East	2	0	2	0	0	0	0	0	0
West	1	0	1	4	1	5	2	1	3
South	7	1	8	18	1	19	6	0	6
North	1	0	1	0	0	0	0	0	0
By Age									
<30	3	0	3	9	1	10	4	1	5
30–50	8	1	9	13	1	14	4	0	4
>50	0	0	0	0	0	0	0	0	0
Total	11	1	12	94	8	102	131	10	141

Workforce Snapshot: Total Employee Attrition by Category, Region, Age, and Gender

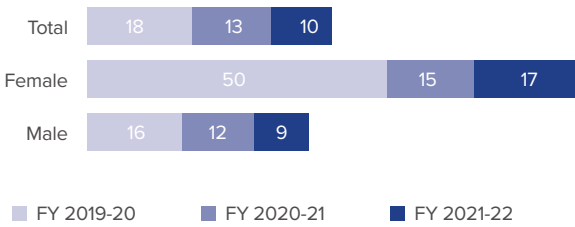
	2021–22			2020–21			2019–20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
By Employee Category									
Associates	73	4	77	37	2	39	34	3	37
Middle management	15	0	15	7	0	7	5	0	5
Senior management	6	0	6	2	0	2	1	0	1
Top management	0	0	0	1	0	1	0	0	0
Subsidiary employees	0	0	0	43	4	47	98	7	105
By Region									
East	11	0	11	0	0	0	0	0	0
West	14	0	14	2	1	3	2	1	3
South	65	4	69	45	1	46	38	2	38
North	4	0	4	0	0	0	0	0	0
By Age									
<30	32	3	35	22	2	24	19	2	21
30–50	57	1	58	24	0	24	21	1	22
>50	5	0	5	1	0	1	0	0	0
Total	94	4	98	59	6	65	104	8	112

Our People

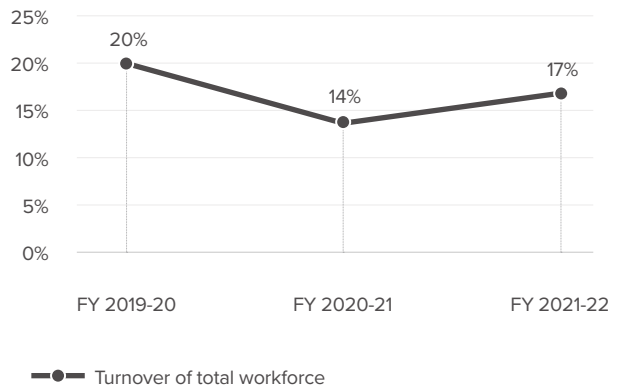
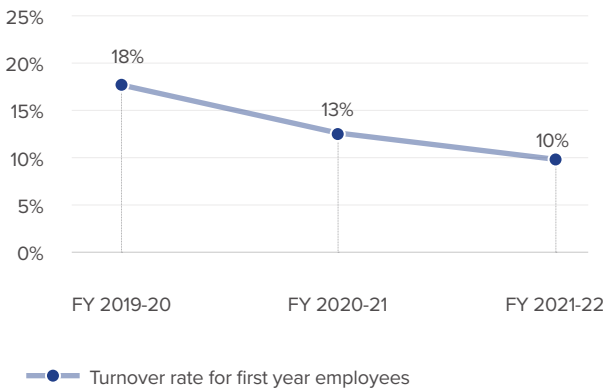
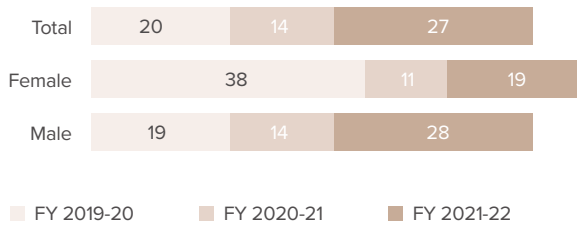
Rate of Employees Leaving within One Year of Employment and Overall Employee Turnover

Category	2021-22	2020-21	2019-20
Employee turnover rate			
Male	28%	14%	19%
Female	19%	11%	38%
Total	27%	14%	20%
Rate of employees leaving within one year of employment			
Male	9%	12%	16%
Female	17%	15%	50%
Total	10%	13%	18%

Rate of Employees Leaving within One Year of Employment (%)



Overall Employee Turnover (%)



Gender Diversity and Inclusion

At Epsilon Carbon, we recognise that every employee brings their own capabilities, experience, and commitment to work; therefore, we are committed to providing all our employees with equal opportunities, with no discrimination due to gender, caste, creed, race, ethnicity, or religion. We ensure that each of our employees receives ample opportunities to showcase their capabilities and achieve their ambitions. We strongly believe that focusing on equality in the workplace and ensuring that everyone has access to the same type of rewards, recognition, and other benefits leads to a fulfilling

culture and work environment. Our commitment to be an equal opportunity employer means that we do not tolerate discrimination. We want to ensure that our employees have both a sense of security and a sense of belonging when they are working with us.

Our Code of Conduct highlights our commitment to equal opportunities and our zero-tolerance approach to discrimination. This code has been developed with our values in mind and is overseen by top management personnel. Our HR management has taken responsibility for constantly working towards an environment in which everyone is a

winner, as well as introducing diversity and inclusion targets. As challenging as it is, our continuous effort and commitment are leading towards a diverse and all-inclusive work environment. Our anti-bribery policy ensures that employees do not resort to bribery or corruption when conducting company business, and our Whistleblowing Policy provides employees with a secure way to report any instances of malpractice they witness.

The safety and well-being of workers at our facilities are of prime importance to us. All our contractors are entitled to the same grievance procedures as our full-time employees. Through our Grievance Policy, and via multiple channels, anyone can raise grievances pertaining to their health, safety, welfare, payment of wages, or working conditions.

Periodically, our higher management and committee members take it in turn to fulfil tasks that help contribute to diversity initiatives and set targets with respect to the same.

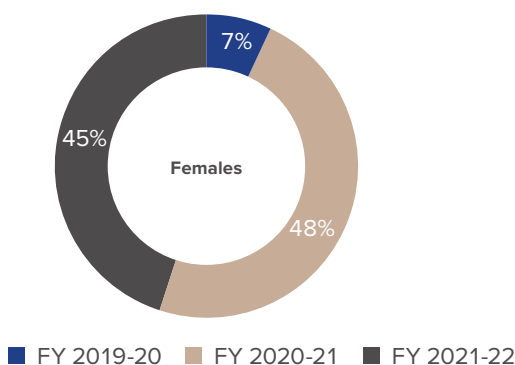
We also bear gender diversity in mind when forming committees, and aim to bridge the gender gap by bringing in more female employees at all levels of management. Currently, seen a 16.66% increase in number of females on managerial positions in the company Through our HR professionals' efforts to meet our targets, we have seen a 3.15% increase in the number of women hired to fill managerial roles, compared to last year.

As a vigilant employers, we take responsibility for recording any discriminatory activities that occur in the workplace. We use a cloud-based business application, Darwinbox, as a forum where any such complaints can be raised through the integral helpdesk. Complaints are investigated in a way that complies with the relevant legislation, and any complaints relating to diversity, discrimination, or inclusion are handled by our Ethical Compliance department.

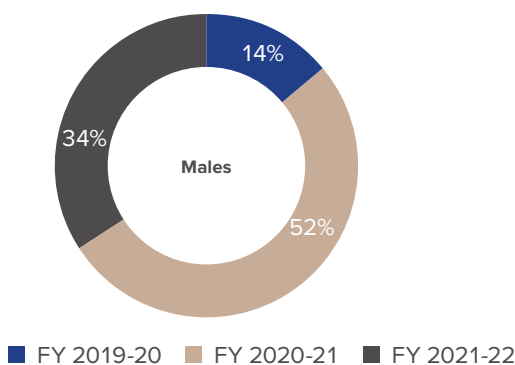
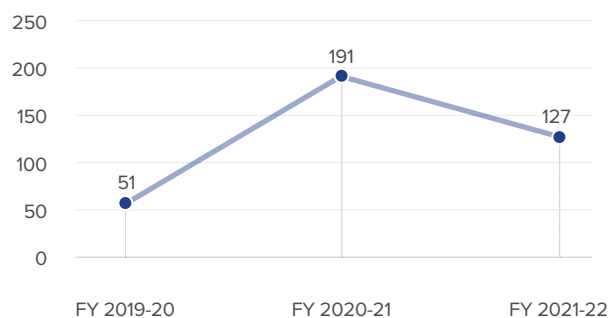
Improving our gender diversity

As a responsible employer, Epsilon Carbon takes the comfort and security of its female employees seriously. Our operational units are located away from urban areas, a fact that contributes to our 5.8% female working population. Our total female hiring percentage has gone up 140% from the base year of FY 2019–20. This year, the number of female employees has increased by 0.8%, a small step towards our target of achieving a 40%-female workforce by FY 2024–25. Currently, we are taking concrete steps to make our female-to-male average salary ratio 1:1. Our female employees are just as much an asset to us as our male employees; therefore, we provide them with additional benefits (on top of regulatory requirements); for example, we provide our female employees with 26 weeks of maternity leave, and they can opt to work from home twice a month.

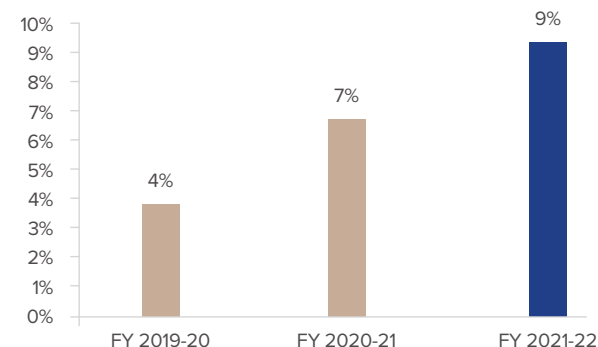
2021–22 New Hires and Percentage of Female Hires



Total Hires



Percentage of female hires



Building Talented Employees: Learning and Development (L&D)



Epsilon Carbon strives to provide its employees with an environment conducive to learn, using a structured L&D system to ensure their individual success.

Approach

A well-trained workforce and an effective management structure is the driving force of a successful company. As a responsible company, we invest in our workers through comprehensive training and development programmes to ensure that they gain the most from their time at Epsilon. We aspire to be an employer of choice and make sure that our employees are equipped with the requisite skills and capacity necessary for the progression of their careers.

Our training and development programmes form a diverse mix of internal and external training that aids the development of our employees' skills. Some mandatory trainings are imparted to our employees which are tailored to industry requirements. These keep them abreast of industry-specific developments, business ethics and conduct, operational RM, and Epsilon Carbon's own policies and procedures.

We also support our employees through the continuation of their academic journeys in the areas and institutions of professional interest. We take pride in our highly competent and productive employees and consider them to be one of our most valuable assets.

Governance

Our L&D policy ensures that our employees can equip themselves with new skills and frequently replenish their knowledge to enhance their working capabilities. The functioning of the L&D department, including activities such as training identification and performance evaluation, is overseen by our Head of HR. The HR department ensures that the objectives of the L&D policy are met and that every employee is provided with a platform upon which to realise their personal and professional goals.

Key Dimensions of Our L&D Policy



Building strong and effective teams



Providing opportunities for professional development



Creating a better understanding of organisational needs



Offering high Standards of work experience



Facilitating the effective management and implementation of change



Sharing ideas and embodying good practice

Evolve

Learning empowers people. Epsilon Carbon Pvt Ltd is committed to cultivate a culture of learning in which employees continuously seek, share, and apply new knowledge to improve both their individual performance and Epsilon Carbon's performance overall.

Epsilon Carbon introduced EVOLVE as part of its L&D programme offering to ensure continuous learning for all employees of the Epsilon Group. EVOLVE aims to strengthen our employee's cognitive functioning, and as part of our Employee Declaration, every employee must undergo EVOLVE e-learning every year. EVOLVE has received positive responses from our employees, who report feeling happier and more fulfilled in their careers at Epsilon.

Benefits of Evolve

Ensures opportunities for learning

- Learners upgrade their awareness of interpersonal growth.
- The platform helps learners to map their strengths and encourages innovation and risk acceptance.

Identifies learning needs

- Employees' learning needs have been identified and courses recommended by the CXOs.

Curates courses

- The platform allows employees to scroll through various courses of interest.

Enables Learn on the Go (LOGO)

- Learners are given the opportunity to explore courses on their smartphones and tablets.

Offers diverse learning options

- The platform offers both technical courses and behavioral, quality, safety, and compliance training.

Provides compliance training

- The platform provides training in the Prevention of Sexual Harassment (POSH), anti-bribery and corruption (ABAC), and the Epsilon Code of Conduct and Whistleblowing Policy.

Building Talented Employees: Learning and Development (L&D)

Our Key Training Programmes

Epsilon Carbon offers the following categories of training programmes to employees to help them upgrade their skills and abilities.

- Employee Due Diligence
- Responsible Care Policy
- No Child Labour
- Equal Remuneration
- Diverse & Inclusive Environment
- Service Conditions
- Working Hours & Attendance Policy
- Whistle Blower Policy

Training and Education Programmes



IATF
Awareness



Integrated
Management
Systems (IMS)



REACH



Total Productive
Maintenance
(TPM)



Energy
Management
Systems



Responsible
Care

Implementation

Epsilon Carbon undertakes a training and skills gap assessment for every employee at both organisational and individual levels. This assessment analyses our employees' interests, includes discussions regarding appraisals, and considers organisational requirements. We then design and conduct training programmes for our employees that cater to these needs. In addition to our in-class sessions and online training courses, Darwinbox (our intranet portal) hosts mandatory refresher training on internal policies and procedures. We also provide our employees with external training and seminars through our tie-ups with various institutions. Additionally, we engage our contract workers with in-class sessions before they begin work to make them aware of our policies and procedures and offer specific job-related and workplace safety training.

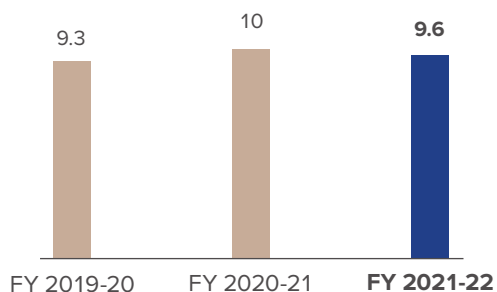
Our training courses ensure that employees throughout our organisation, from technicians to top managers, are given ample exposure and opportunities to enhance their talents and skills. When our employees are onboarded, they undergo mandatory training sessions covering aspects such as H&S, ethics, ABAC and the Vigil Mechanism, human rights, POSH, and IT. These are followed up with annual training on diverse functional and behavioural competencies.

In addition, our scholarship system gives financial assistance to our eligible employees to pursue three-year part- or full-time programmes at their preferred educational institutions.

Responsibility	Activity	Reference Documents
HR Departments	Training Need Identification (TNI)	TNI Sheet
HR, Heads of Departments (HODs)	Gap Analysis	Competency Gap Analysis
HR, HODs	Annual Training Calendar/Monthly Training Plan	Annual and Monthly Plan Sheet
HR, Departments	Identify Programme Medium and Mode (Internal or External, Online/Classroom/Outbound/On-the-Job)	Annual Training Calendar
HR, HODs	Training Feedback/Training Effectiveness	Training Feedback and Evaluation
HR, HODs	Skill Evaluation/Skill Matrix/Competency Mapping	Skill Matrix/Competencies
HR, HODs	Review of Training vs Actual Performance	Annual Training Calendar

At the beginning of the financial year, a multi-level annual performance appraisal is conducted to assist employees in aligning their goals to those of the organisation. As part of this appraisal, performance managers are responsible for defining their subordinates' performance goals, assessing their progress, discussing feedback, and constructing development directions. At the same time, an independent agency conducts career development reviews and assessments for employees in the top and middle management categories based on their year-on-year (y-o-y) performance.

Average Training Hours (Own Employees)



9.59

Average training hours per employee

439

Employees covered through our training programmes during FY 2021-22

4,212

Person hours of training (own employees) during FY 2021-22

463

Contract workers covered through our training programmes during FY 2021-22



Building Talented Employees: Learning and Development (L&D)

Monitoring and Evaluation

We aim for our employees to not only complete the required L&D compliances, but also transform their efficiency and increase the value they add to their assigned projects.

We assess the success of our training programmes by conducting pre- and post-training assessments and collecting feedback from our trainees.

Our Learning Snapshots

	FY 2021–22			FY 2020–21			FY 2019–20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Training hours (own employees: person hours)	3,938	274	4,212	3,410	180	3,590	1,967	74	2,041
Associates	3,066	250	3,316	2,730	180	2,910	1,564	74	1,638
Middle management	720	24	744	470	0	470	306	0	306
Senior management	120	0	120	150	0	150	70	0	70
Top management	32	0	32	60	0	60	27	0	27

	FY 2021–22			FY 2020–21			FY 2019–20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees trained (own employees)	412	27	439	341	18	359	212	8	220
Associates	219	19	238	273	18	291	168	8	176
Middle management	144	7	151	47	0	47	34	0	34
Senior management	41	1	42	15	0	15	7	0	7
Top management	8	0	8	6	0	6	3	0	3

	FY 2021–22			FY 2020–21			FY 2019–20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Average employee training hours (own employees)	9.56	10.14	9.59	10	10	10	9.28	9.25	9.28
Associates	14	13.16	13.93	10*	10*	10*	9.30*	9.25*	9.31*
Middle management	5	3.43	4.93	10	-	10	9	-	9
Senior management	2.93	-	2.86	10	-	10	10	-	10
Top management	4	-	4	10	-	10	9	-	9

* From FY 2021–22 onwards, Epsilon Carbon will be reporting the associate and junior management levels collectively. The necessary adjustments have been made for data from FY 2020–21 and FY 2019–20.

Training on Human Rights

Epsilon Carbon Pvt Ltd upholds the standards for human rights set forth in the Universal Declaration of Human Rights. Our Business Code of Conduct covers human rights of our workers, independent contractors, business partners, suppliers, and other relevant stakeholders. We frequently work together with our stakeholders to identify the rights that are most at risk, and we actively promote respect for human rights across all our functions.

In FY 2021–22, we conducted 282 hours of human rights awareness sessions.

Under our Know Your Company (KYC) umbrella, we conduct biannual refresher sessions on human rights. Within these

sessions, we cover themes that include (but are not limited to) fundamental rights, directive principles, diversity and inclusion, the prohibition of child labour, and POSH.

We ensure that our security personnel and temporary employees (e.g. contract workers) are trained in upholding the universally recognised values of human rights. When these employees are substituted or teams at our facilities are re-structured, we conduct refresher training on human rights to ensure that our employees are compliant with our rules and Code of Conduct. Our administration and HR vertically monitor this training on a regular basis. In total, 43% of our employees have been trained in human rights policy.

Employee Category	Total Number of Employees	Number of Employees Who Have Received Human Rights Training	Total Hours of Human Rights Training
Associates	238	112	168.6
Middle management	151	45	68.7
Senior management	42	20	30
Top management	8	10	15
Total	439	187	282.3

Training on Anti-corruption Policies and Procedures

Epsilon Carbon has instituted an Anti-corruption policy for employees and conducts awareness programmes for new employees. Our policy is also available on Darwinbox, allowing our employees to refer to it as required. All our employees are required to undergo training on the company’s Code of Conduct and discipline procedures, including anti-corruption- and ethics-related policies.

Employee Category	Total Number of Employees under each Category	Total Number of Employees Communicated with Regarding Anti-corruption	Percentage of Employees Covered
Governance body members			
Middle management	25	25	100%
Senior management	14	14	100%
Top management	2	2	100%
Associates (contracts)	406	406	100%
Business partners			

Epsilon Carbon’s Learning Initiatives

Lean Six Sigma

Epsilon as a group is on a journey, where growth and continual improvement of our teams and employees is a primary requirement for us currently. As part of our learning initiatives, we conducted an external training on Six Sigma for our employees.

Lean Six Sigma is one of the most advanced methodologies that use collaborative team effort to enhance performance and efficiency.

In view of keeping our teams motivated and aligned with Epsilon’s continual improvement, we arranged an external training for some of our team members to get certified with the Six Sigma Black Belt Certification.

E-Learning Courses

Through our e-learning courses, we introduce our employees to a professional and formal approach to learn about essential aspects like business communication, conflict management, constructive feedback, time management, and work-life balance. These e-learnings allow our employees to expand their professional and personal horizons and invest in their growth at Epsilon.



Occupational Health and Safety (OHS)



Approach

Health and safety of our employees is of utmost importance to Epsilon Carbon. We are committed to manage process safety, potential hazards, and process and product risks.

To ensure this, we integrate H&S aspects into our business strategies and procedures, employee engagement framework, annual appraisals, compensation and incentive structures, among other things. We consider training and sensitisation to be critical components of our H&S strategy.

Governance

Our H&S performance is closely evaluated at all times, as it is a crucial factor in assessing the effectiveness of our company. Our HSE policy is implemented under the supervision of our CEO and the board. Our senior management–endorsed HSE policy directs our organisation’s strategy and decision-making procedures.

At our Vijayanagar facility, we have put in place an occupational H&S management system (OHSMS) that protects 100% of our employees and contractors. The OHSMS is designed to integrate all applicable national, state, and sector-specific guidelines and regulations.

At the plant level, our Head of HSE, along with their team of HSE managers, oversees the implementation of the OHSMS. The implementation of various components of the OHSMS is monitored by the team for process and people safety. Our Safety Committee, which is made up of a balanced representation of management and non-management employees, convenes at least once a month to discuss performance and improvements in safety processes. Within this meeting, a workers’ forum allows our workers to raise and resolve work-related hazards.

HSE performance and discipline are now considered key result areas (KRAs) for all our employees. Additionally, we have also included H&S-related matrices to our employees’ annual variable pay component.

Regulations and Standards Incorporated by the OHSMS



Occupational Safety, Health, and Working Conditions Code 2020



Corporate HSE



Risk and Emergency Management Standard



Safe System of Work (SSoW)

Ensuring H&S in the Workplace

Our Principles

- Ensure the health, well-being, and safety of our employees and communities and protect our environment
- Acknowledge the skills and involvement of our employees and fulfil the needs of our company and our customers
- Provide all necessary facilities and resources and offer transparent communication to achieve our vision

Epsilon Carbon is committed to the improvement of our employees' morale, safety, and performance. We adopt international H&S standards to create robust systems that protect employees and visitors from work-related accidents and diseases.

Our relevant certifications:

- Our Vijayanagar facility received the **ISO 45001: 2018 certification** for the implementation of its OHSMS in July 2021
- **REACH compliance certification** gained in June 2021
- **ISO 9001: 2015 certification** for the implementation of a quality management system in February 2022
- ISO/IEC 17025: 2017 certification (general requirements for the competence of testing and calibration laboratories) in 2022

We Commit To

Integrating HES into business strategies and processes throughout the product life cycle

Regularly monitoring HSE performance and continuously reviewing objectives and targets

Designing, building, operating, and maintaining our facilities to effectively manage process safety and potential hazards, as well as minimising process and product risk and avoiding harm to the environment

Responsibly addressing HES issues and their impact on practices, processes, and products

Promoting HSE awareness and verifying compliance through internal and external audits

Achieving zero injuries, occupational illnesses, and incidents, all of which are preventable

Occupational Health and Safety (OHS)

Implementation

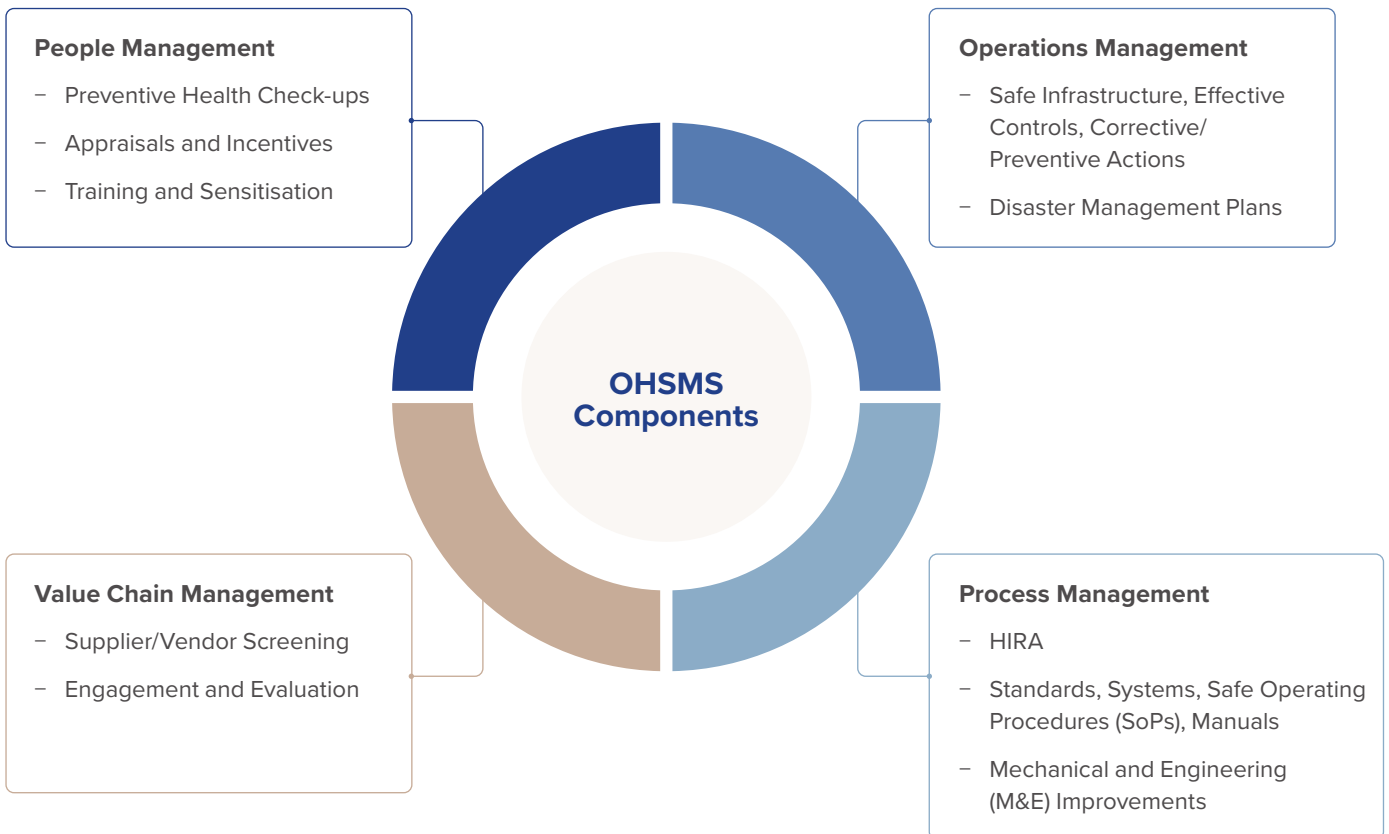
We use Hazard Identification and Risk Assessment (HIRA) framework to identify, define, and classify hazards in terms of their probability, frequency, severity, and potency; that is, the likelihood that they will result in potential losses and injuries. The framework serves as the foundation for the development of our risk reduction approach. The task of identifying hazards and evaluating job exposure falls under the purview of our risk assessors. Each year, these risk assessors receive training on the HIRA framework. A risk mitigation strategy is then created; the purpose of this strategy, which is based on the risks found, is to minimise the hazards in the workplace and prevent injury.

Our extensive industrial hygiene programme includes risk identification, risk evaluation, risk assessment, risk communication, and the provision of appropriate controls. It also encompasses preventive and corrective activities to protect employees/workers from hazards connected to injury, disease, disability, or issues with their wellness. Physical, chemical, ergonomic, and biological dangers are all covered by the industrial hygiene programme. We also involve our staff members in hazard risk identification and risk assessment, impact analysis, and the identification of appropriate control

measures. Given the nature of our industry type, we have determined that falls from a height and exposure to toxic fumes are our key work-related hazards.

Another crucial tenet of our approach to H&S is process safety. Our facilities are constantly being designed, constructed, operated, and maintained to efficiently manage process safety, hazards, and risks. For the benefit of our employees, we build, manage, and operate safe workplaces, facilities, machines, systems, and procedures. To prevent machines from accidentally being started up, we have implemented the ‘lock out, tag out’ (LOTO) technique. We have also established a disaster management plan for industrial incidents.

Our aim is to establish a workplace free of accidents. We place a strong emphasis on incorporating safe practices into every part of our everyday working lives in order to attain a zero-injury status. We actively use training and capacity-building tools to promote a positive H&S culture. Within this culture, our employees and workers are inspired to work towards the shared objective of providing a safe workplace; they are trained to carry out their roles and responsibilities in this regard and within the organisational framework.





The H&S training process for our employees begins during onboarding. Plant Entrance Authorisation must be obtained before our HSE department's safety training is complete. This training covers process safety, the environment, health 'dos and don'ts', and personal protective equipment (PPE) metrics. Employees are provided with PPE at this point. When registering with their biometrics, employees are further required to attend another safety orientation run by JSW's OPJ Centre. This programme covers basic H&S concepts including hazard identification, accident prevention, and SSoW.

We consistently raise awareness of H&S among our employees through cross-functional team audits, external audits, safety reviews, monthly meetings, refresher training, and mailer communication, among other things. We display policies and procedural papers such as the HSE policy, emergency response manuals, and standard operating procedures, on Darwinbox. Our employees are urged to familiarise themselves with these guidelines and protocols. As part of OHSMS, we also routinely exercise emergency preparedness to make sure that SoPs are adhered to. Our employees and contractors have the authority to halt work when they notice unsafe working conditions or environments lacking the necessary protection.

Epsilon Carbon places a high priority on the safety of its contractors and suppliers. Before entering the workplace, all contractors, suppliers, and contract workers are required to complete safety training and a medical examination. Subsequently, Epsilon Carbon provides them with further safety instructions and protective gear. We also provide weekly and monthly H&S training for contract workers for the duration of their engagement with Epsilon. Our employees undergo a thorough medical health examination every six months, the purpose of which is to detect occupational sickness and provide any necessary support. All our employees, as well as contract workers, are provided with walk-in access to our Occupational Health Center (OHC), as well as first aid and hospitalisation, as required.

Our contractors are required to report all injuries that occur at the workplace, together with all pertinent information for incident investigations. The investigation procedure for incident reports from employees and from contract workers is identical. We have also collaborated with our value chain partners to create a protection system for loading and unloading operations. Additionally, we have included criteria for the safe delivery of material in our framework for ranking logistics service providers. During the procurement of products and services, requirements pertaining to HSE, first-aid measures, and dos and don'ts are communicated to suppliers and service providers, contractors, agents, and distributors.

Occupational Health and Safety (OHS)

Our Training Programmes



- **First Aid**
- **Fire Fighting**
- **Factories Act**
- **Change Management**
- **Ppe Awareness**
- **Work-at Height**
- **Confined Space Awareness**
- **Chemical Safety**
- **Wearing Self-contained Breathing Apparatus (SCBA)**
- **Electrical and Process Safety**
- **Emergency Response**

We place a strong emphasis on incorporating safe practices into every part of our everyday working lives in order to attain a zero-injury status.

Monitoring and Evaluation

As part of our H&S standards, we have put in place a rigorous incident reporting, investigation, and analysis procedure that allows our employees and workers to communicate work-related incidents, accidents, near misses, and unsafe conditions in an incident register. All employees and workers are encouraged to thoroughly read Epsilon Carbon’s H&S policies and promptly report any potential health hazards in their work environments.

The investigation team uses worker participation documents to analyse incidents to determine the associated risks and the underlying root causes to implement the necessary corrective and preventive actions. Internal and external audits are carried out to assess the implementation and effectiveness of our H&S policies. Where the audits identify the scope for improvement, corrective actions and a resolution timeline are included in the Safety committee’s agenda. The H&S team closely monitors the closure of any actions. Our plant and people safety performance is monitored, measured, and analysed using internal dashboards that are used to report safety observations and develop safety checklists. Every month, the Head of HSE reviews incidents/accidents statistics and reports on occupational illnesses, safety audit gaps and improvement areas, good practices, policy implementation statuses, and audits.

Epsilon Carbon is committed to eliminate work-related hazards and minimising risks for employees, visitors, and contract workers on the premises. Some precautions the company has taken include offering PPE to visitors and contract workers, installing local exhaust ventilation systems, employing work-rotation practices, and ensuring regular workplace monitoring, training, periodic health checks and any needed counselling.

Epsilon Carbon ensures that employees and workers are provided with both generic and specific occupational H&S training. Trainees participate in HIRA, the identification of near-miss incidents, and accident investigations. The company engages in safety improvement activities by maintaining a monthly Safety Score Card (Safety Objectives) and conducting a quarterly Safety Committee Meeting. In addition, the company also encourages the promotion of H&S standards through activities conducted during our ‘Safety Week’. We also conduct a pre- and post-HSE training assessment to check the effectiveness of the training and the competency of our employees. We consult trainees on the quality and delivery of the training programmes and on the system changes that impact occupational H&S matters.

0

Fatalities as a result of injuries

1

Recordable work-related injuries

14

Near-miss incidents reported

1

High-potential work-related incidents identified

0

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

0

High-potential near-miss incidents reported



Employee Engagement and Well-Being



The common ideals of our staff and professionals serve as the cornerstone of Epsilon Carbon’s organisational culture. We develop employee engagement initiatives to strengthen our intra-organisational ties.

As a company, we understand our employees. We understand their perspectives, interests, and needs, and we take those into account during our decision-making processes. In this light, we have put a strategic multi-channel approach for employee engagement in place, the purpose of which is to determine the key aspects that interest our employees and contract workers. Our leadership routinely requests a thorough evaluation of employee engagement activities. Our leadership also emphasises on continuous improvement and updation of all our people’s policies as this process contributes our higher goal of being an “employer of choice. Evaluating and reviewing our people policies contributes to our goal of being an ‘Employer of Choice’

In our pursuit for transparency, we promote a feedback-focused culture with our employees. Regular ongoing contact with our employees ensures us that they have received the feedback they need to improve their performance which in turn will allow Epsilon to become a better place of work environment-wise. We ensure regular communication with our employees through townhall meetings, Darwinbox, shop-floor meetings, exit interviews, general team meetings, the 3R Magic Program, monthly review meetings, internal and external training, shift-changeover meetings, circulars, posters, and notice boards, appraisal processes, and corporate communications such as newsletters and mailers. We also provide a minimum notice period of 30 days. Our employees are ensured at least minimum and entry-level wages. In FY 2021–22, our male and female employees in the southern states of India were ensured daily entry-level wages of INR 2,99,064 and INR 3,00,000, respectively.

Fostering Relationships



Fostering Relationships

Real connections with the organisation and its people



Promoting holistic wellness

Improved employee health and productivity



Creating a supportive work culture

Trust in and commitment to our employees



Enabling work-life balance

A motivated workforce

We make sure that information is disseminated ahead of time and that it is reviewed by various functional heads and teams, so that they can offer their perspectives. Additionally, we do not restrict our employees' or workers' rights to engage in freedom of association and collective bargaining.

Real connections between employees within and across teams serve as the cornerstone of our approach to employee engagement. We promote a work-life balance for our employees by regularly organising company-sponsored family events and activities. Additionally, we provide our employee an employee network as well as support groups are also available for sharing informations and queries within these groups. This sort of connection and networking connects the employees to each other within the work space as well as outside which in turn strengthens the Epsilon Carbon family.

Three inter-departmental committees have been established to drive employee engagement: the Employee Engagement Committee; the Ideation Committee; and the Knowledge-sharing Committee.

Promoting Holistic Wellness

Employee wellness is an integral component of our Employee Value Proposition framework. We ensure that our employee wellness initiatives are holistic and cater to improve our employees' physical and mental health and well-being.

Our employee wellness programme begins at the time of employee onboarding with an initial medical check-up. Upon joining our company, employees are provided with a safe and secure workspace that nurtures their health, well-being, and personal development. We have ensured that all our premises are designated as non-smoking areas and that our plant premises have medical health centres for our employees and contract workers. Along with our employee well-being initiatives, we also provide our employees with healthy food options at subsidised rates at the plant's canteen and provide counselling services to support employees who deal with mental health issues. For employees over the age of 40 years of age, we provision annual health check-ups. Moreover, it is mandatory for employees above the 'officer' level to participate in biennial health check-ups. Our Medclaim policy supports all our employees, both existing and retired, along with their dependents. Within our employee wellness initiatives, we also provide special disability leave for employees who have been in unfortunate accidents and have been hospitalised. Our group personal accident policy assists dependent family members in the case of death or disability due to an accident.

We regularly organise recreational activities, such as birthday celebrations and sports activities, to enhance our employees' morale, satisfaction, and motivation. These recreational activities take place at our townships and allow our employees and their families to form close bonds with other Epsilon Carbon families. These recreational activities range from Diwali celebrations to games like Pictionary, as well as treasure hunts and tug-of-war competitions.

Employee Engagement and Well-Being

Our Inter-departmental Committees

Employee Engagement Committee

The committee engages and connects with talented individuals, mapping out engagement activities to ensure participation by employees and their families.

The committee organises celebrations (on birthdays, festivals, etc.) and events and cultural programmes for employees and their families.

Ideation Committee

The committee conducts interactive prototyping and brainstorming sessions, thereby propagating innovative thinking and encouraging increased employee participation.

The committee identifies and scrutinises themes for ideation and implementation, and initiates the company rewards programme for those ideas that are selected.

Knowledge-sharing Committee

The committee builds organisational knowledge on environmental H&S to protect stakeholders and ensure the delivery of quality products and services.

The committee provides the following to employees: a digital library platform; in-plant speeches by experts; quarterly external speeches on selected topics; and process briefings by experts.

Creating a Supportive Workplace

A supportive workplace ensures that all employees perform to their highest possible level and with complete efficiency and motivation. Epsilon Carbon works to create such a workplace environment for its employees.

We are committed to for discrimination, bullying, and harassment against any person on the grounds of race, colour, religion, disability, age, ancestry, gender identity, sexual or affectional orientation, appearance, political affiliation, veteran status, or marital status. This policy covers employees, contract workers, clients, and vendors. Strict penalties, including suspension or termination from services, are imposed to deal with such cases of discrimination. In addition to this, we have in place a zero-tolerance policy for sexual harassment and we firmly stand on the ground of non retaliation in order to ensure the safety of our employees as well as to give them the sense of freedom to speak up if and when necessary.

Our employees and contract workers are assured of a workplace that is free of human rights abuse. Our personnel are trained on the company's human rights policies and other policies that apply to their security. We also strictly enforce our policy for the prohibition of child labour and forced or trafficked labour, both at our facilities and at our value chain partners' facilities.

Our Grievance-handling and Whistleblowing policies outline a robust multi-channel approach whereby employees can lodge their grievances related to processes, people, or resources. These policies define the roles, responsibilities, and escalation matrix for different categories of grievances and Ensure their time-bound closure.

We also provide health insurance, the option for female employees to work from home twice a month, retirement provisions, canteen facilities for employees and workers, township accommodation, hostel accommodation near the workplace for employees, transport facilities for all female and male employees on an as-needed basis, a medical health centre on our premises, a COVID-19 healthcare centre, and a hospital on panel for employee health check-ups. In addition, we provide 26 weeks of maternity leave to female employees. In FY 2021–22, our retention rate for female employees on maternity leave was 100%. Epsilon Carbon is currently undergoing a planning phase for instituting a childcare system.

Enabling Work–life Balance

Epsilon Carbon believes that a work–life balance is essential if employees are to be energetic, efficient, and innovative in their work. To maintain this work–life balance, we offer special vacation breaks, flexible working hours, and the ability to work part-time with benefits. Some of our policies that cater to work–life balance include our leave and flexi-work policies and childcare assistance.

Moreover, our company periodically sponsors family events and activities and offers employees the chance to network and seek support from each other. This binds employees together and creates supportive work environments.

Our mentorship programmes offer our employees opportunities to engage with their mentors. Employees can discuss any concerns regarding work–life balance with their mentors and seek advice from them on the same.

Our Employee-Centric Digitisation Initiative: Darwinbox

Darwinbox is a platform that engages with and empowers employees while automating and simplifying all HR processes.

As a cloud-based integrated HR platform, Darwinbox automates HR processes relating to recruitment, core transactions, payroll, employee movement, employee engagement, talent management, and people analytics.



Our Initiatives for Employee Health and Well-being



We believe that a healthy workforce makes for an efficient and productive workforce. We wish to invest in the personal and professional growth of our employees, so that they can promote efficiency, collaboration, and innovation in their work ethics, approaches, and ideas.

Having embarked on a growth journey, we have initiated programmes to cater to the physical and mental well-being of our employees.

We also prioritise our employees' mental health and well-being. To this end, we have Dr. Reeva Budhiraja, renowned life coach and emotional wellness consultant, on board with us. Our employees can avail themselves of personal counselling with Dr. Budhiraja on their careers, relationships, education, and mental health.

We also introduced a cult.fit subscription for our employees, so that they can explore online fitness and meditation sessions with certified instructors.



05

Preserving Our Ecology

To create a sustainable value, we place great importance on efficient utilisation of natural resources. To ensure that we are following this belief, we regularly consider the ecological impact of our business activities.

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Environmental Goals and Targets

Focus Areas	Unit	Baseline Year	Progress as of FY 2021-22	Medium Term Goals
Energy	Specialty Carbon	Electrical: 60.50 kWh/MT	Electrical: 61.74 kWh/MT, or 2% increase over FY 2019-20	10% reduction in overall energy consumption per tonne of raw material processed by FY 2024-25
		Gas: 0.39 Gcal/MT	Gas: 0.16 Gcal/MT, or 59% reduction over 2019-20	
	Carbon Black	Electrical: 405.07 kWh/MT		
		Secondary Oil: 1.34 Gcal/MT		
Advanced Carbon	Baseline Under Development			
GHG Emission (Scope 1&2)	Specialty Carbon	0.26 tCO ₂ /MT of raw material	0.13 tCO ₂ /MT of raw material	20% reduction in GHG Emission per tonne of raw material processed by FY 2024-25
	Carbon Black	2.19 tCO ₂ /MT Carbon black produced		
	Advanced Carbon	Baseline Under Development		
GHG Emissions (Scope 3)	Complete Carbon Complex			Inventorise Scope 3 emissions by FY 2022-23
Water	Specialty Carbon	1.04 kl/MT	0.89 kl/MT, or 15.4% reduction over FY 2019-20	50% reduction in Water consumption per tonne of raw material processed by FY 2024-25
	Carbon Black	4.3 kl/MT		
	Advanced Carbon	Baseline Under Development		
Renewable energy procurement	Complete Carbon Complex			Over 15% of the energy requirements to be met through renewable sources by FY 2024-25
External Assurance				Annual assurance of ESG Reports FY 2023-24 onwards
Food Waste	Vijaynagar Facility			Track food waste generation by FY 2024-25
Recyclable component in packaging material	Complete Carbon Complex			Track recyclable component in packaging material by FY 2024-25

1 Baseline Year for the Specialty Carbon Unit is FY 2019-20 and that for the Carbon Black unit is FY 2021-22.

Energy Efficiency and Energy Management



We have designed our energy system into a circular model. Our aim is to increase our energy efficiency, as this is crucial to our long-term sustainability. The circularity of our energy is integrated into our business operations and can be seen in our integrated facility at the Vijaynagar unit.

At Epsilon Carbon, we are guided by an energy performance improvement plan that is designed to align with ISO 50001 (Energy Management Systems). This plan monitors and evaluates energy performance indicators for all energy sources. These indicators are then examined and a strategy to improve our energy performance is devised. We are constantly upgrading our technologies, designs, and processes to improve our operations' energy efficiency. We are also working towards increasing renewable energy

sourcing, which will reduce our environmental impact. In FY 2021–22, we have consumed 10% more renewable energy than in the previous reporting period, thereby improving our overall energy performance. We have also started monitoring the energy consumption of our Carbon Black unit, and this year's consumption will serve as the baseline consumption for this unit.

Energy Efficiency and Energy Management

Epsilon Carbon Corporate Energy Commitments



Energy Performance

Monitor, review, and improve energy performance.



Energy Conservation

Inculcate the principles of energy conservation among stakeholders.



Energy Efficiency

Employ state-of-the-art energy-efficient technologies.



Clean Energy

Promote renewable energy and green initiatives.

We have included the energy conservation principles held by our internal and external stakeholders. Energy circularity, energy conservation, and clean energy integration not only help us to reduce fossil fuel-based energy consumption, they also reduce our costs and emissions footprint over a given period.

Our Initiatives and Progress

In the previous reporting period, we saw a reduction in our electrical energy consumption by 0.432 terajoules (TJ) through the implementation of a energy conservation projects.

The project has not only improved our energy efficiency, it has also saved 30,806 total carbon dioxide emissions (tCO₂e) through the consumption of mixed gas over a one-year period.

Considering the previous year's success, we have implemented five projects designed to conserve energy and increase the efficiency of our operations in our Speciality Carbon unit. The implementation of these projects has resulted in a 182.50 TJ reduction in energy consumption (both electrical and gas).

To increase energy efficiency and circularity within an integrated complex, we have three key projects in progress, which are expected to be commissioned before the next reporting period.

Implemented till FY 2020-21

- Transporting nitrogen gas from the JSW complex and stopping the production of house nitrogen generation has led to a 912 MWh/annum reduction in electricity consumption.
- Excess steam from our Carbon Black boiler is supplied to our Advanced Materials and Speciality Carbon unit as a heating medium in the thermic fluid system that maintains the temperature of tanks and pipelines. This has helped to save 14.64 MWh/annum of grid electricity consumption.
- We have installed a high-efficiency dual inline boiler in the R1 reactor in our Carbon Black plant. The waste heat recovery intervention produces high-pressure steam (2.4 MPa) for process consumption.
- Variable frequency drive (VFD) implementation in the boiler feed pump to cut energy consumption by 120 MWh/annum.

Implement in this FY 2021-22

- Speciality Carbon boiler use has been stopped; we have integrated another boiler with the system and utilised spare heat provision to stop the thermic fluid boiler-2, which saves 28,872 Gcal of mixed gas and 120 MWh of electricity per annum.
- Coal-tar furnace F1 damper adjustment (operated for the first time in history), insulation, all steam traps, maintenance, and steam-condensate recovery has saved 14,304 Gcal/annum of mixed gas.
- Thermic Fluid unit – 2: this has been stopped and we have integrated another boiler with the system and utilised spare heat provision to stop the thermic fluid boiler-2 saving 324 MWh/annum of electrical energy.
- Light-emitting diode (LED) installed in the high mast, saving 10.8 MWh/annum.

Planned for Next FY 2022-23

- Tail gas from the Carbon Black unit to generate electricity for the Speciality Carbon and Advanced Materials unit. This project will replace 3,000 MWh/annum of grid/coal-based electricity for the Advanced Materials unit and 13 MWh/annum for the SC unit.
- Doubling the capacity of the Advanced Materials reactor will enhance process efficiency, reduce electricity consumption by 25% and save 1,250 MWh/annum.
- Replacing oil in the Carbon Black unit with coke-oven gas (COG) will save 105,000 MWh/annum.

Energy Recovery

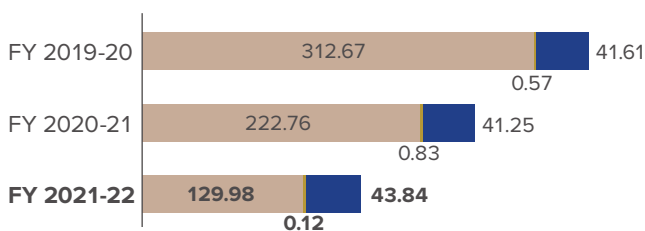
We source waste gases namely, blast furnace gas (BFG) and coke-oven gas (COG) from the iron and steel facility that is near our plant. This has replaced the use of coal-based energy for the generation of thermal and electrical energy in the plant premises. BFG and COG are the by-products of the iron and steel industry, which are usually released into the atmosphere without any further utilisation.

Currently, we use waste gases for our Speciality Carbon unit. Our Carbon Black unit uses modern equipment to increase production and reduce its environmental impact. For further reductions, we are switching to cleaner fuel (i.e. coke-oven gas). The tail gas that is produced as a by-product of our carbon black operations is utilised to dry our carbon black. Additionally, we are in the progress of using tail gas to produce electricity for our Speciality Carbon unit and Advanced Materials units. Our carbon-black boiler supplies excess steam for our SC, which results in a decrease in our overall energy consumption (and, in the case of our Advanced Materials unit, our grid electricity consumption).

We are progressively working towards integrating renewable electrical energy in our Speciality Carbon, Carbon Black, and Advanced Materials units. We are improving the energy efficiencies of our units' operation through various low-energy and low-carbon technological interventions.

Energy Consumption Trends in our SC Plant

(TJ)

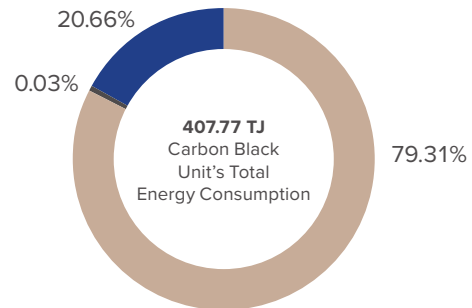


■ Mixed Gas ■ Diesel Oil ■ Electricity Consumed

- In FY 2021–22, we have decreased the overall energy consumption of our SC unit by 34.32% with respect to FY 2020–21 and 51% from our baseline FY 2019–20. This reduction has been achieved with the help of various energy-efficiency projects that utilise the synergy of shared resources.
- In this reporting period, we have decreased our mixed-gas consumption. We have introduced initiatives such as diverting the excess steam from our Carbon Black unit to the Speciality Carbon unit's operations, stopping the Speciality Carbon boiler, and undertaking damper adjustment to decrease our energy demand. Overall, 74.73% of the SC unit's energy demand is met through recovered waste gas, 25.20% of SC's energy is met through electrical energy and the rest is met with diesel oil. We are in the process of increasing the renewable energy source so that we can further reduce our carbon footprint.

Energy Consumption for CB Unit

(TJ)

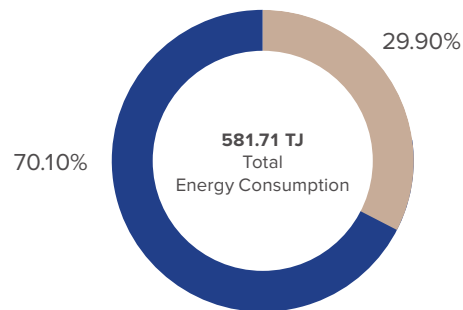


■ Secondary Oil ■ Diesel Oil
■ Grid Electricity Consumed

This year, we have set a baseline for our energy consumption and started monitoring our Carbon Black unit. 79.31% of the energy used by the Carbon Black unit comes from secondary oil recovered from SC; 16.96% of CB energy is met through electrical energy and rest by diesel oil.

Unit-wise Energy Consumption

(TJ)



■ Specialty Carbon ■ Carbon Black

In FY 2021–22, 29.90% of our energy consumption was reported from the SC unit and 70.10% was from the Carbon Black unit.

Our Advanced Material unit is 100% electrified, so there is no requirement for fossil-fuel or furnace oil for the generation of energy. We are in the progress of securing a long-term renewable energy procurement agreement for Advance Material unit that will increase our renewable energy consumption.

Energy Efficiency and Energy Management



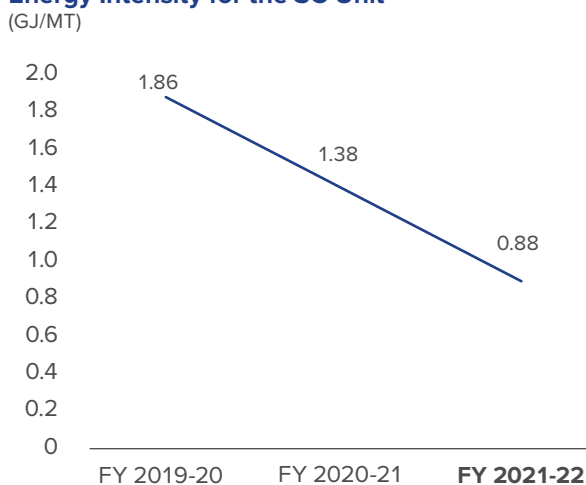
The baseline energy performance for our Advanced Materials unit will be set in the next financial year (FY 2022–23). We are in the progress of securing a long-term renewable energy procurement agreement for our advance materials unit, which will increase the share of renewable energy share.

Energy Intensity

In FY 2021–22, we were able to achieve an energy intensity for our SC unit of 0.88 GJ/MT, from 1.38 GJ/MT in the previous year. We saw a 36% reduction in energy intensity in FY 2021–22 compared to FY 2020–21, and we have saved around 56% of energy from our baseline year (FY 2019–20).

This year, we have set an energy intensity baseline for our Carbon Black unit: 7.06 GJ/MT.

Energy Intensity for the SC Unit



Energy intensity for the SC unit is measured as energy consumption by raw material input.

Energy Intensity for the Carbon Black unit is measured as energy consumption by production.



Our Carbon Footprint



Integrating circularity in our system to progressively reduce our carbon footprint.

GHG Emissions and Climate Change

Currently, climate change and its impact are globally evident. Private companies must respond to climate change by contributing to the mitigation of greenhouse gases and adapting their business models so that they are in alignment with the low-carbon economy. We are dedicated to Sustainable Development Goal (SDG) 13 (Climate Action) and take the objectives of the Paris Agreement very seriously. GHGs are majorly responsible for climate change, so decreasing direct and indirect GHG emissions has become a priority for us. We are investing in circular solutions and low carbon technology to reduce our GHG footprint.

We are using the waste gas from the iron and steel industry (instead of coal) as fuel for our SC unit, which has significantly decreased our Scope 1 emissions. Additionally, we are using the excess steam from the Carbon Black unit, which is decreasing our mixed-gas consumption. We are monitoring, tracking, measuring, reducing, and reporting the Scope 1 and Scope 2 emissions from our Vijaynagar Plant. This year, we have set an emission baseline for our Carbon Black unit.

Our GHG measurements are undertaken with the guidance of ISO 14064 standards. We are increasing the scope of our GHG measurements by extending them to our other operating locations, including our corporate offices and production facilities. Finally, our Scope 3 emissions will be included in our GHG inventory from FY 2023–24 onwards.

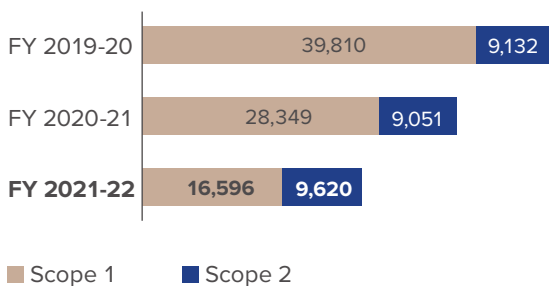
SC Unit

Scope 1

Last year, we identified areas of improvement in our Speciality carbon unit's Scope 1 emissions performance. We implemented some of the improvements and were able to reduce our direct (Scope 1) GHG emissions by 11,753 tCO₂e (41%) between FY 2020–21 and FY 2021–22. This was possible due to our technological interventions and circular design model, which resulted in operational and energy optimisation for our Vijaynagar Plant.

GHG emissions for our SC unit

(tCO₂e)



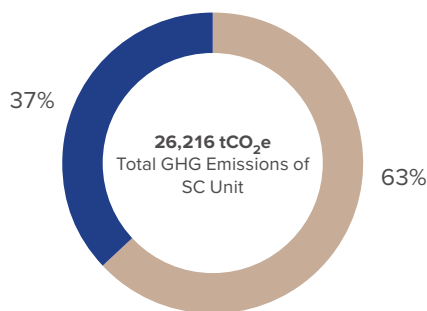
Scope 2

In FY 2021–22, we have seen a slight increase in our Scope 2 emissions (6.28% or 569 tCO₂e) because of the trade-off involved in reducing our mixed-gas consumption.

In this financial year, our Scope 2 emissions were 37% of our total emissions. We have started sourcing renewable sources of electricity from nearby plant locations, and we are planning to increase our renewable power share, which will reduce our emissions further.

In FY 2021–22, we reduced our overall emissions (Scope 1 + Scope 2) by 30% (or 11,184 tCO₂e) compared to the previous year's emissions for our SC unit.

Scope 1 and Scope 2 Emissions by the SC Unit in FY 2021–22



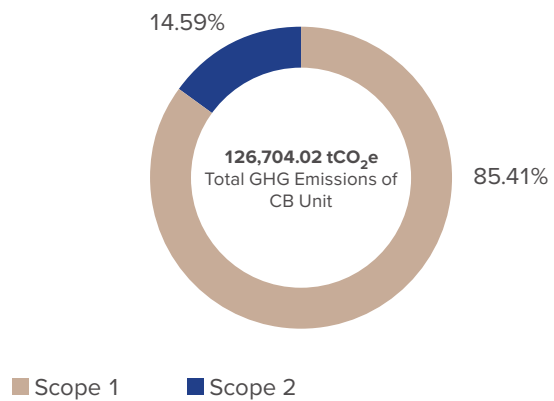
■ Scope 1 ■ Scope 2

CB unit

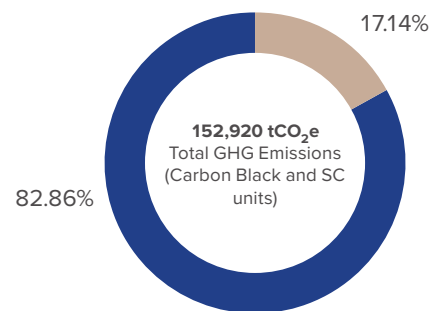
This year, we have set the baseline emissions scenario for our Carbon Black unit. In FY 2021–22, our Scope 2 emissions were 18,490.77 tCO₂e (14.59% of all the Carbon Black unit's GHG emissions) and our Scope 1 emissions were 108,213.25 tCO₂e (85.41% of all the Carbon Black unit's GHG emissions). We are in the progress of switching towards more cleaner fuel and increasing our renewable power share, which will reduce our emissions footprint further. We are progressing with our second waste-gas recovery project, which will use tail gas as a source for electricity generation and lower our carbon footprint.

GHG emissions from Carbon Black Unit

(tCO₂e)



Total GHG emission in FY 2021-22



■ SC ■ CB

In FY 2021–22, 82.86% of our reported GHG emissions were from the Carbon Black unit, while the rest were from the SC unit. For the Carbon Black unit, we are in the progress of switching from secondary oil to coke-oven gas, which is a cleaner fuel than secondary oil. Once implemented, it will reduce our direct emissions significantly (by 5,000 tCO₂e).

Our Carbon Footprint

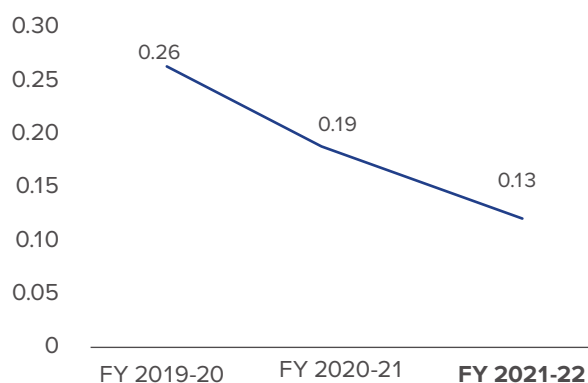
Advanced Materials Unit

Our Advanced Materials unit is a fully electrified unit. We are in the process of collecting the baseline data for our Advanced Material unit's GHG performance, which will help us to set our future targets. We are planning to source 90% renewable energy for our future Graphitisation Project unit, which will mean that our product CO₂ footprint will be 78% lower than that of synthetic graphite products manufactured in China.

Emission Intensity

The emission intensity for our SC unit during FY 2021–22 was 0.13 tCO₂e/MT of raw coal tar processed, a reduction of 32% compared to FY 2020–21.

SC Unit GHG Emissions Intensity



In FY 2021–22, we have set the baseline intensity for the Carbon Black unit at 2.19 tCO₂e/MT carbon black produced. We are under the implementation of various projects that enhance our Scope 1 and Scope 2 emissions performance.

Scope 3 Emissions

We have a backward-integrated unit, so our raw material sourcing through various pipelines enables us to avoid emissions and the energy use associated with them. In the previous year, 60% of our raw coal-tar feed was sourced from Dolvi, Maharashtra and transported by road (a total of 2.92 million km per year). We have switched over to use the railway, which will reduce our Scope 3 emissions by 1,300 tCO₂e for the same amount of raw coal tar. We are planning to account for our GHG emissions from FY 2023–24 onwards.

Towards a Low-carbon Economy

Globally, climate change has posed unpredictable risks; however, it has also created many opportunities for industries to align themselves towards low-carbon technologies. Our business activities and product offerings play a crucial role in building the low-carbon economy. We cater to the emerging needs for innovative, high-performance, and quality carbon products that support the energy transition to a low-carbon future.

Our products are made for the current generation and will help us create a better planet for future generations. Some of these products include anode components of LiBs used in EVs. Additionally, the efficient manufacture of carbon black leads to an overall reduced footprint in the tyres and automotive industries.

We have recently embarked on a joint venture with TMC Inc, setting up the world's first commercial polymetallic nodule–processing plant in India. This collaboration will focus on producing cathode precursors with the lowest carbon footprint. These cathode precursors, which are used in LiBs, will be converted to cathode active materials at the proposed facility.

Note: The inventory is based on the principles of accuracy, relevance, completeness, and consistency. We have quantified our emissions according to Greenhouse Gas (GHG) Protocol and the ISO 14064 standard. Emissions were calculated using the IPCC Second Assessment Report's 100-year global-warming potentials and included emissions of CO₂, CH₄, and N₂O. We record and track monthly usage volumes of feedstock materials, electricity, and fossil fuels, as well as production volume. The feedstock is measured daily, using digital logbooks. Diesel oil is recorded on a use basis, in consumption records maintained by the Utility team. Electricity consumption is recorded through on-site meters and verified through bills. All data is recorded in SAP and cross-verified from logbooks. The factors considered when deriving the emissions from diesel oil are sourced from WRI's GHG Emission Factor Database (2014), and emissions resulting from the use of electricity are derived from the Central Electricity Authority's (CEA's) CO₂ Baseline Database for the Indian Power Sector (v 16). The emission factors for mixed gas are obtained from the supplier.

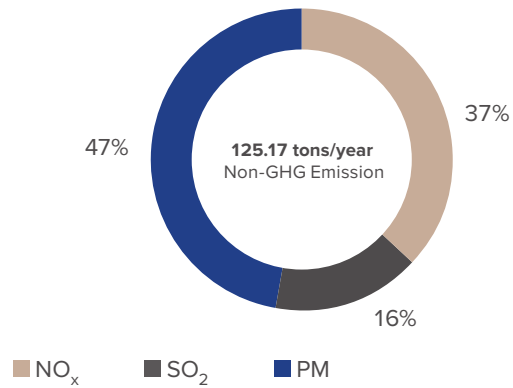
Our Scope 1 emissions figures are different to those given for the previous year, because we have changed our methodology.

Non-GHG Emissions

We reduced our non-GHG emissions via intervention throughout our operations. It starts with the procurement phase, where we choose a feedstock That emits less. Our investments in energy efficiency, cleaner fuel, and technological upgrades also help to reduce the pollutant loads from our process stack columns. We comply with all environmental regulations laid down by state and central governments to keep the environment clean and liveable for communities in the vicinity of our plants. We have set up a continuous emissions monitoring system (CEMS) throughout our Vijayanagar Plant to monitor all SO₂, NO_x, CO, and suspended particular matter (SPM) emissions from all sources. Every year, we measure the flow rate and calculate the overall pollutant load from our stacks. One of the seven locations where we conduct monthly ambient air– quality monitoring by authorised third parties is on the plant’s property. The other six are undertaken in neighbouring villages. Throughout FY 2021–22, we have consistently stayed well within the compliance limits established by the Karnataka State Pollution Control Board (KSPCB) and/or Central Pollution Control Board (CPCB), as appropriate. We recycle all wash oil solvents and employ separate scrubbing systems to reduce the release of volatile organic compounds (VOCs) into the air.

Non-GHG Emissions for FY 2021-22

(tons/year)



Water



At Epsilon Carbon, we are committed to water accessibility and reducing our water footprint in the communities surrounding our operational boundaries.

We rely entirely on a third-party water supply for both domestic and operational needs and do not collect ground or surface water. We understand that freshwater availability will reduce in the coming years as a result of overexploitation and misuse of water resources. Thus, we have conducted annual water-footprint exercises across our offices, which activity provides us with suggestions for actions to reduce our water consumption. We measure and monitor the amount of water consumed regularly and use water-abatement techniques to ensure that no bodies of water are harmed as a result of our operations. We resort to freshwater consumption when there is an insufficient quantity and quality of recycled water. Water is a major requirement in our manufacturing and boiler operations. Our Speciality Carbon and Carbon Black units also need water for cooling purposes.

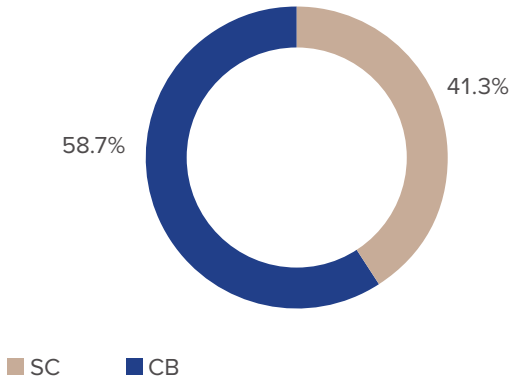
Water Reduction Initiatives

We are constantly monitoring, reviewing, and optimising our water consumption through the use of new technologies. We have implemented steam traps at strategic locations to recover water in its condensed form for recycling. We use a common tank to collect the condensed water and use it again in operational boiler processes.

We have successfully used a waste-heat recovery system for the dual in-line boiler in our R1 reactor. This has considerably reduced our quench-water consumption, due to a reduction in smoke temperature in the dual boiler. Furthermore, we have eliminated water consumption for all processes in our Advanced Materials unit.*

* Water is used only as a cooling medium and for domestic use.

Unit-wise Water Consumption FY 2021-22
(m³/year)



Water Consumption

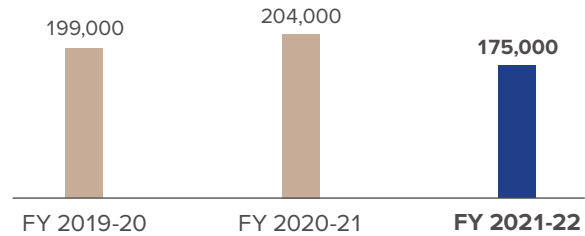
- In FY 2021–22, we have been able to reduce our actual consumption of externally procured water for our SC unit’s operations by 12.32% with respect to the baseline consumption in FY 2019–20. We have also consumed 14% less water than in the FY 2020–21 reporting period.
- Additionally, we have also started monitoring the Carbon Black unit’s water consumption, as 58.7% of our overall water consumption belongs to this unit. Since the commissioning of our operations, we have ensured that water circularity and quality is maintained.
- The amount of freshwater procured in FY 2021–22 for our SC operations was 174,889 kilolitres (kL), and for our Carbon Black operations it was 248,556.50 kL. Specific water consumption for our speciality carbon unit was 0.89 kL/MT, while for our Carbon Black unit it was 4.3 kL/MT. We believe that our specific water consumption for the Carbon Black unit will be considerably reduced as we step up our production capabilities.
- Due to our water interventions, there has been a 17% reduction in specific water consumption at the SC unit when compared with previous years’ figures.

We have had zero incidents of non-compliance with discharge limits and have used 100% of our wastewater at our Vijaynagar facility.

Water Recycle

We make every effort to recycle water. We have also had a 70 kilolitres per day (KLD) on-site sewage treatment plant (STP) for treating wastewater generated by domestic usage. The treated wastewater from the STP is reused for gardening, road washing, and other miscellaneous purposes. Our STP is equipped with electro-mechanical equipment (magnetic filters) to avoid iron particles in refined naphthalene flakes and reduced black particles in the refined naphthalene.

Water Withdrawn for our SC Operations
(kL)

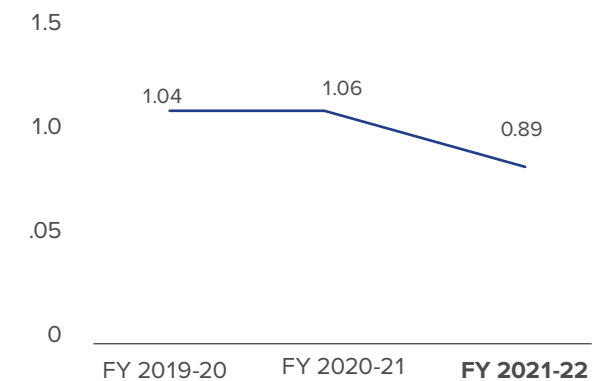


Our Vijaynagar factory is equipped with an ETP unit wherein we follow KSPCB norms to ensure treated water quality and standard tests are compliant with these norms. The concentrated sludge from the ETP unit is fed into the Multiple-Effect Evaporator (MEE) for further treatment, product concentration, and recovery of water from wastewater. This recovered water is then reused in industrial operations (such as in cooling towers) and for horticultural purposes.

Water Security

Freshwater scarcity is one of our generation’s most serious natural resource issues, posing a serious threat to global health and security. Water security is one of our prime concern as we frequently operate in water-stressed areas. Our Vijaynagar facility is located in an area where water stress can be high; hence, we are constantly working to reduce our water consumption. To understand the full scope of our water footprint, we track the water use and withdrawal data of our Vijaynagar facility, and we use the WRI Aqueduct Tool to assess water stress on an annual basis. Epsilon recognises the importance of conserving and replenishing its water resources, which is why replenishing groundwater is an important component of our water circularity strategy. We have rainwater-harvesting systems at our Vijayanagar plant for the purpose of groundwater recharge. To ensure that our water is clear and good, we have a piezo well to monitor the quality of the groundwater and drain-water sampling.

Specific Water Consumption at our SC Unit
(kL/MT)



Raw Material and Waste

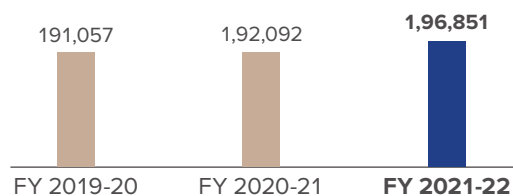


Redesigning our operations and aligning with innovative models of waste circularity.

Our circularity approach provides us with a competitive advantage over our peers, because we can produce finished goods with greater resource efficiency. Resource efficiency and waste minimisation is one of the core to our business strategy and a fundamental design feature of our business model and operations.

With the overarching goal of delivering sustainable innovation to our internal and external stakeholders, our Corporate Materials policy directs our organisational strategy to fulfil our commitments towards sustainable procurement and minimises our use of natural resources in the supply chain. Our main and most important raw material is raw coal tar, and we consistently measure and track all raw material consumption at both unit and corporate levels.

Raw Material Coal-tar Consumption (MT)



In FY 2021–22, our raw coal-tar consumption by our SC operations slightly increased (by 2.27%). This year we have used around 396.26 MT of Sodium Hydroxide along with Raw Coal Tar.

In FY 2021–22, baseline data on raw material consumption by our Carbon Black unit placed it at 106,514.73 MT.

Baseline data for our Advanced Materials unit will be reported in subsequent years.

Our use of captive feedstock for our Carbon Black and Advanced Materials operations and our 100% backward-integrated process for our SC operations both serve as examples of how circularity is at the centre of our design and thinking. We provide our clients with a distinctive value proposition, with industry-leading material efficiency.

Raw Materials Used in Our Operations

SC Unit

JSW Steel Ltd provides us with coal tar; this is a waste by-product of the iron and steel production process. We use raw coal tar as a feedstock for our SC operations. We are in a long-term supply contract for our raw coal tar; this enables us, uniquely, to provide a consistent, captive, and strategic single source of raw material.

Carbon Black Unit

SC produces anthracene oil; this is a by-product that is redirected as feed into our carbon black production process. Containing 0.3% sulphur, our carbon black feedstock is purer than the conventional feedstock used in India, which typically contains 3% sulphur. This results in lower process emissions.

Advanced Carbon Unit

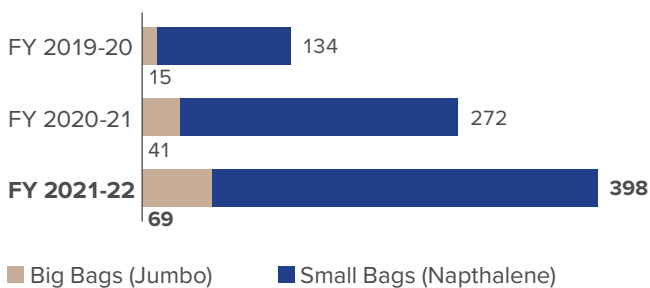
Speciality Carbon unit supplies the raw material to our Advanced Materials unit making it 100% backward integrated. Advance material unit uses patent-pending technology which is built on an unique, environmentally friendly process to create high-performance, high-quality graphite anode material for lithium-ion batteries.

Packaging Material

We are constantly reducing our packaging footprint and its environmental impact at all our plants. We use jumbo and naphthalene bags to pack our finished goods; currently, our bags are made up of 100% virgin material, but we are exploring alternatives and will be including recyclable components in our packaging materials in the future. To reduce damage to the packing bags, we are constantly working to improve our standard operating procedures (SOPs). Additionally, to reduce the quantity of bags sent for disposal, we are reclaiming the damaged bags and using them to package other materials for internal use. We make reused Polypropylene (PP) bags at Sambalpur for the internal processing of coal-tar pitch.

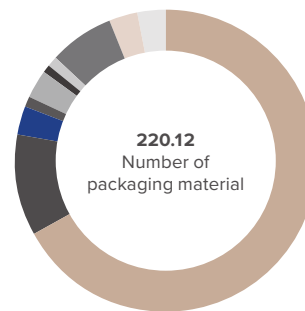
Packaging Material for Our SC Unit

('000 bags)



Packaging Material for Our Carbon Black Unit

('000s)



- Paper Bag - 67%
- Corrupted Sheet - 11%
- Jumbo Bag Cover - 3%
- Truck Liner - 1%
- Truck Seal - 3%
- Plastic Pallet - 1%
- Wood Pallet - 1%
- HDPP Bag - 7%
- Zip-lock Polythene - 3%
- Jumbo Bag - 3%

Apart from packaging bags, we are also embarking on an initiative to reduce the environmental impact of our pallet use. In our carbon black warehouse, we frequently reuse wooden pallets to store our packages. The used wooden pallets that arrive are repaired and used to store our packages. Presswood pallets are another option that we are looking into for our domestic and international carbon black supplies. As with our wooden pallets, we frequently reuse plastic pallets for storage in our SC and Carbon Black units.

We are using the QR code system for efficient inventory management and asset tracking, so we can reduce spillage and reuse our packaging material to decrease our virgin resource consumption.

Raw Material and Waste

Waste Management

We have designed and implemented a closed-loop system that redirects our by-products towards new product development, thereby maximising our resource efficiency and the economic, environmental, social, and aesthetic value throughout our operational value chain. These actions all work to minimise our waste generation.

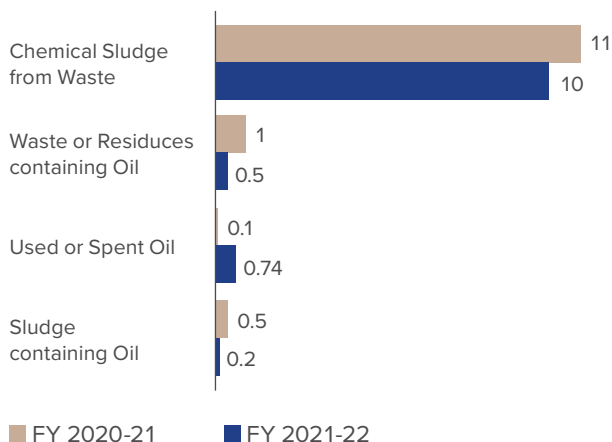
We are committed to the minimisation of waste through continual improvement in the manufacturing process; this is reflected in our corporate IMS policy. To ensure that there is a minimum amount of operational waste generation, we recover and reprocess all our off-spec products. The small quantity of waste that is generated is disposed of in line with all applicable HSE requirements.

We gather all our hazardous waste then arrange for it to be transported and disposed of in accordance with India’s 2016 Hazardous Waste Management Rules. We continuously stay well within the permitted limits for the generation of hazardous waste, monitoring our solid-waste generation against the consent limit on a regular basis. Even though our operations only produce relatively small amounts of hazardous waste, we are dedicated in lowering that amount through the use of technological solutions.

In FY 2021–22, we reduced our hazardous waste by 1.16 MT (or 9.21%) compared to FY 2020–21. Sludge from our on-site wastewater treatment facility accounts for more than 87% of the hazardous waste generated by our operations. As a result, we are taking focused action to lower sludge generation at our wastewater treatment facility. The use of anthracene oil crystal separation to reduce sludge in anthracene oil is one example of this.

Hazardous Waste Composition

(MT)

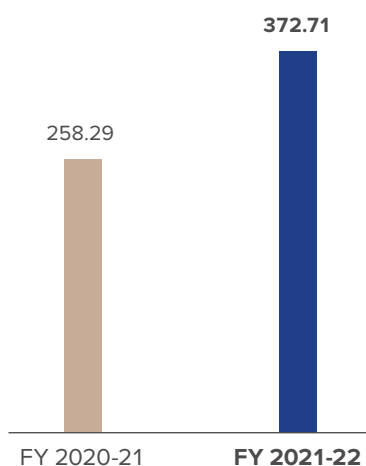


This year, we have decreased our SC sludge generation at our ETPs by 9% (our target was 5%).

Residue-containing oil, spent oil, and sludge-containing oil are sold to authorised resellers, while the chemical sludge from wastewater is disposed of through the common hazardous waste treatment, storage and disposal facility (CHWTSDF).

Non-hazardous Waste (Scrap)

(MT)



Most of the non-hazardous waste is made up of municipal waste, food waste, and drums/containers. Drums and containers are sold to authorised scrap dealers for recycling. We have increased our operations this year, so our scrap waste has increased by 44.3%, (114.42 MT). Municipal waste, food waste, and e-waste are all sent to landfill.

The KSPCB’s applicable laws and regulations are followed when managing the small amount of biomedical waste that the medical centre inside our plant generates. We have a contract with a shared biomedical waste treatment facility for the classification, collection, storage, handling, and disposal of biomedical waste in accordance with the pertinent acts and regulations. Records of waste generation and final disposal are properly maintained according to the standards established by the KSPCB.

Biodiversity

Afforestation and Plantation Initiative

Through positive action, we are making sustained efforts to restore ecological balance in the air, water, and land domains and are committed to zero harm to our natural biodiversity through our operations. 'Restoring Ecosystems' is the goal of all the Epsilon Carbon team's ESG efforts. This theme aligns with the Epsilon Group's philosophy of inclusive growth. Through this campaign, we are focused on bringing about a positive change in the state of the environment. According to the detailed environmental impact assessment that was undertaken for our Vijaynagar facility, our operations do not have any potential impact on local biodiversity. This ensures that there will be no significant impact on the nearby flora and fauna, which is one of our key priorities.

There is an area of high biodiversity value more than 10 km away from our operational unit. This is the Daroji Sloth Bear Sanctuary. Other than this sanctuary, there are no wildlife sanctuaries or national parks within a 10 km range of our plant. In our vicinity, there are four reserved forest areas, all of which have an open layer of shrubs and bushes. Zero species on the International Union for the Conservation of Nature (IUCN) red list and the national conservation list have been identified as having a habitat in areas that might be affected by our operations. As per our five-year CER plan, adopted in FY 2020–21, we have taken up afforestation and wildlife conservation as a top priority, even though our operations do not have a negative impact on biodiversity. Under this plan's comprehensive 'ecological restoration by plantation' component, many other aspects of ecosystems will be met, including soil moisture conservation and the plantation of numerous species of trees and shrubs.

In FY 2021–22, there are 56 acres of land under green-belt development, a figure that is higher than the previous year's 50 acres. We have planted 3,094 tree saplings and 12,870 shrubs, and the survival rate for these saplings and shrubs is 60%. This developing green belt will serve to restore ecological balance, minimise pollution, and act as a carbon sink to mitigate climate change. We also keep our campus green and neat, using potted plants as road dividers. The pot costs INR 400 and the plant costs INR 100, and the pots can be branded with the Epsilon Carbon logo. This project has already started in the town and has received donations from various benefactors.

56 ACRES
of land planted

15,964
saplings

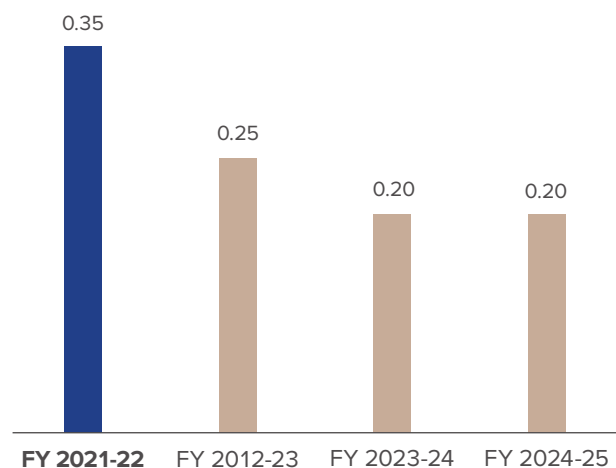
60%
survival rate of saplings

21+
types of flora species planted

Continual Afforestation



Five-year Green-belt Development Budget Projection (INR Crores)



The upkeep of the plants will be undertaken by the town authorities. A healthy ecosystem is essential to a green planet, as well as to the local communities; therefore, in order to maintain this balance, we have allotted a budget of INR 1.5 crores to this project. This is a five-year budget, the purpose of which is to continue our afforestation and wildlife conservation activities between FY 2020–21 and FY 2024–25.

06

Engaging with our Communities

For us, acting responsibly and giving back is synonymous with good business practice and creating value for society by protecting and supporting our communities.

Our Success Factors:	
Suppliers and Contractors	88
Meeting our Customer's Needs	96
Community Engagement	98





Our Success Factors: Suppliers and Contractors



At Epsilon Carbon, our suppliers and contractors are our critical partners. Their support is integral to implant sustainability throughout our value chain.

Our commitment to sustainability continues with our suppliers, who help us track our sustainability impact and devise plans to reduce any unfavourable impact. Full backward integration is a critical and differentiating pillar of our supply chain sustainability journey. Further, we are also advancing towards adopting a strategy to adopt a more diligent approach towards taking ownership of our suppliers' sustainability performance.

At the same time, we also work on enhancing value for the communities we operate in, going beyond mere compliance and integrating technologically and digitally innovative solutions. We also support local economies by employing local suppliers, supporting a stable local economy, and maintaining strong community relations. As of FY 2021–22, 42.7% of Epsilon Carbon's suppliers are employed locally, and 37% of our expenses are associated with local suppliers.

42.7%

of suppliers are local suppliers

Governance

Our governance system considers all the different facets of supply chain sustainability. Our dedication to uphold standards for H&S, ethics, sustainability, diversity and inclusion, and environmental protection throughout our supply chain is reflected in our Corporate Materials policy. We are also committed to conduct regular evaluations in support of the preservation of the environment and resources throughout our supply chain.

Our HSE Policy is integrated throughout our product life cycle. We instituted an IMS through which we communicate with our external service providers. Our RM strategy outlines the liquidity risks and risk mitigation techniques that result from having to pay vendors and suppliers for the goods and services that will be obtained from them.

Head of Commercial Management and Materials oversee supplier compliance to the HSE-system and is also responsible for supplier audits and selection, outsourcing process controls, and taking HSE considerations into account when buying new machinery and production consumables, etc. Safety in logistics is the responsibility of our Logistics Manager. Our Legal Officer oversees all matters relating to the Contract Labour (Regulation and Abolition) Act 1970, the Contract Labour (Regulation and Abolition) Central Rules 1971, Amendment to the Contract Labour (Regulation and Abolition) Central Rules 2017, the Workmen’s Compensation Act 1923, the Workmen’s Compensation (Amendment) Act 2000, and Act No. 46 of 2000. Our suppliers have the facility to report their grievances through our grievance policy.

Procedural standards compliance is the responsibility of our HSE Officer, and induction training for contractors and their employees is the responsibility of our Senior HSE Manager. Our on-site doctor is responsible for the half-yearly medical examination offered to our workmen.

Implementation

At Epsilon Carbon, all procurement policies are executed at both our operational units and our corporate offices. The corporate team has structured a governance framework for engaging with suppliers; this includes selection criteria, contracts, legal matters, and other supporting considerations. Our suppliers’ quality assurance manual outlines the involvement of the plant-level team when conducting performance evaluations on quality, delivery, and dependability. The corporate team also makes the final decisions regarding the purchase of large pieces of equipment, modifications and technological advancements, and the acquisition of spare parts from original equipment manufacturers (OEMs). Moreover, our supplier selection process is increasingly integrating suppliers’ ESG performance into its requirements.

Raw Materials and Cleaner Production

Raw materials form the backbone of our green operations. Our carbon feedstock has a 90% lower sulphur content than traditional feedstock, which lower our operations’ sulphur oxide (SOx) emissions. Unlike reactors fuelled by conventional fossil fuels, our reactors use cleaner fuels (coke-oven gas and blast furnace gas).

Coal tar, a waste product of the coke oven, is used in our production process. A closed-loop system is used to produce carbon black, with the product being recovered through filtration before being transported as loose black for densification. We can reuse the primary raw material effectively due to our well-integrated system process. Anthracene oil and coal-tar pitch, by-products of our SC process, are reprocessed as vital feedstock for the creation of carbon black and anode material.

We have enough feedstock on hand for our unit operations to last at least 12 days. Additionally, we have a strategy in place to reduce the risks associated with the supply of our raw materials. We work continuously towards reducing our energy requirements and dependency on virgin materials.

Green Design in Supply Chain Management

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

We employ our sourcing, manufacturing, distribution, shipping, and remanufacturing/ recycling processes to mitigate the harmful effects of our operations on the environment. We are always working to integrate environmentally friendly technologies and processes into every part of our value chain. We encourage green suppliers, and are in the process of developing a new green reverse value chain. This value chain will integrate leftover materials and the process of recycling into our production process. Carbon and the residual materials created by most of our production operations are highly recyclable.

Our Supplier Sustainability Framework

- > Supplier Code of Conduct
- > Supplier Engagement and Capacity Building
- > Supplier Monitoring, Assessment, Review, and Evaluation
- > IMS

Our Success Factors: Suppliers and Contractors

Epsilon Carbon is the world’s first and only 100% backward-integrated facility producing synthetic graphite. Additionally, it is India’s only backward-integrated company with a dedicated source of raw materials for coal-tar derivative products.

Green Supply Chain

Green Raw Materials

- Cleaner coke-oven gas and blast furnace gas used as secondary fuel in reactors
- Tail gas from carbon black production supplied to steel units as heating fuel
- 90% lower sulphur content

Green Logistics: Transport

- Captive feedstock for Carbon Black and Advanced Materials unit avoids long-distance transport
- End-to-end logistics network optimises delivery schedule, thereby lowering the environmental impact of our logistics

Green Product Recovery

- Waste by-products of the iron and steel industry used as SC unit feedstock
- SC by-product redirected as feed into our Carbon Black unit
- Packaging bags and wooden pallets reused

Green Production

- Reduction in energy consumption and waste heat recovery
- Minimisation of process emissions (GHGs and non-GHGs)



Logistics and Transport

Epsilon Carbon holds an annual contract with a fleet of tanker transportation, as well as one with truck transporters for our carbon black business. Carbon black requires smaller size of trucks due to higher volume (and lower density of product).

Generally speaking, 10- or 12-wheeler trucks are used for the domestic delivery of carbon black.

The flow of trucks was established in May 2021, and adjustments are being made to further reduce logistical costs. A dedicated tanker fleet is used for liquid transportation in coal-tar operations. When transporting coal tar and carbon black, logistics are arranged on an as-needed basis. For this reporting year, Epsilon carbon has used freight tiger to indent vehicles which are used to transport supplies domestically. Indents are updated on the Freight Tiger portal to ensure that the transporter is updated on the vehicle requirements and provided with necessary directions regarding time taken,

vehicle size, and vehicle quality, etc. We sensitise our logistics service providers towards the environmental impact of goods spillage. With this in mind, our logistics service providers are instructed to ensure the removal of spilled goods and to clean the area, should an untoward accident occur. Epsilon Carbon is also implementing the Transporter Emergency Card. We carry out periodical inspections of the relevant documents pertaining to the vehicle and labour compliance.

Various parameters of all the trips made by our transport logistics service providers are analysed on a monthly basis. These parameters are evaluated to enhance the performance of transporters in regards to on-time placement and delivery. Criteria relating to vehicle and transit safety, damages, and critical incidents are built into our transport service provider’s rating systems. We are also considering broadening the evaluation standards to incorporate more ESG-related variables.

Infusing Sustainability in Our Logistics Value Chain

Digital tracking of finished goods

- Trackability, error proofing, 24 x 7 inventory check, accurate dispatching, improved customer satisfaction

Loading carbon black paper bags in trucks with stretch-wrapped bags on pallets

- Controlled damage, less manpower, vehicles, and time required, improved ease of handling

Recycling incoming export wooden pallets for Carbon Black paper bag dispatches

- Reduced consumption of natural resources, decreased costs

Recycling high-density polyethylene (HDPE)/PP bags used to pack coal-tar pitch (for inter-unit transfer)

- Reduced disposal of plastic

Transition to railway transportation for shipping liquid coal tar

- Ensures faster movement of product, saves on cost and diesel consumption
- The use of railway rakes to ship coal tar from our Vijaynagar facility is in progress

Recycling Presswood pallets for carbon black exports

- Minimal use of natural resources, costs saved, quality maintained

Digital Logistics

Freight Tiger

Epsilon Carbon introduced Freight Tiger, a platform providing end-to-end solutions for logistics operations, into its operational system. Using this platform, Epsilon Carbon assesses various data parameters, including the live monitoring of trucks in transit.

Freight Tiger provides a platform for managing freight transactions for the logistics and transportation industry. It has access to various carriers' telematics data. Freight Tiger provides an end-to-end streamlining logistics network that ensures business can move faster and do more.

Digitalising Warehouse Management

A warehouse management system (WMS) should comprehensively consolidate all your critical warehouse data into one easily accessible platform. It should give selected members of your supply chain a full view of your activities, lightning-fast reporting, real-time statistics, and accurate planning capabilities.

Tracking Fixed Assets

Epsilon Carbon has recently introduced a QR code system to track its fixed assets. This QR code system, paired with mobile technology, has helped Epsilon Carbon simplify its inventory management and the asset-tracking process.

Our Success Factors: Suppliers and Contractors

Supplier Selection

Epsilon Carbon is increasingly integrating sustainability and the ESG performance of suppliers into its supplier selection process.

Epsilon Carbon creates and regularly updates an approved list of suppliers, in order to be able to track back to the source of the product. This is crucial in order to fulfill customer inquiries as and when required. The procurement process at Epsilon Carbon defines and applies IMS criteria for the purpose of selecting contractors. Epsilon Carbon also verifies its suppliers' conformance to requirements and delivery performance through audits and reviews.

In our Quality Assurance and Supplier Assessment SOP we specify a procedure for the integration of new vendors. The process begins by floating an enquiry for a new vendor. All potential suppliers are required to have a quality system that is compliant with ISO9001: 2015 or IATF: 16949. These potential suppliers are required to maintain a quality system and incorporate quality planning, quality performance, reliability, and information security into their practices. The vendor is approved as per the company's requirements. Post approval, Epsilon Carbon visits the supplier's site to establish confidence in their quality management system.

Epsilon Carbon plans supplier audits to develop a specific group of suppliers that have passed its audit. Upon attaining approval for the plant trial batch and scoring a minimum of 60% in the supplier audit, the new supplier is considered for inclusion in the company's list of approved suppliers.

Strengthening Supplier Relationships

We fortify our relationships with our employees, contractors, suppliers, and service providers and their workmen by providing them with the support they need through our policies and procedures.

All employees of Epsilon group, are required to sign our Code of Conduct when the contract is awarded. ECPL Group requires suppliers, service providers, channel partners, and agents to conduct business in a legal, ethical, and socially and environmentally responsible manner.

Epsilon Carbon categorically forbids child and adolescent labour in relation to the company's commercial endeavours. All our suppliers and operational units are monitored for incidents of child labour or of workers being exposed to hazardous work conditions. Epsilon Carbon conducts internal and external audits to effectively abolish child and forced/compulsory labour within its sphere of influence.

Supplier Evaluation Audit Criteria

- **Company Profile**
- **Environment and Safety Compliance**
- **Management**
- **Quality**
- **Logistics**
- **After-market Practices**
- **Competence**
- **Finance**
- **Sourcing**
- **Productivity**
- **Product Development**
- **Legal Compliance**
- **Social Issues**

RM processes at Epsilon Carbon provide suppliers with a robust system for identification of internal and external Issues and identification of external parties. The system also helps suppliers to address risk and opportunity, take preventive actions, and plan for contingencies.

Quality, safety, and environmental care are ECPL's corporate values. In order to minimise the risks and consequences of potential accidents, ECPL has laid down Fire Safety and Human Safety policies within its safety management processes. The Fire Safety policy ensures that the supplier is compliant with all the requirements mentioned in the fire assessment report, while the Human Safety policy ensures that the supplier conducts a self-assessment as per ECPL's defined check sheet. This assessment is then further audited by Epsilon Carbon.

All workers and service providers undergo thorough medical check-ups. Before entering the facility, they are provided with PPE and are required to complete H&S training and gain H&S clearances related to their fitness and age.

Our policies also outline a section with regards to change management. Suppliers are required to have in place a 4M (man, method, machine, material) change management process. The process applies to all parts and to the sub-assembly of new developments, as well as to mass production, and must be submitted to ECPL on a monthly basis. The process should consider initiation, risk evaluation, notification, implementation, and verification.

ECPL's Quality Management System (QMS) Expectations for Suppliers

The supplier will develop, implement, and improve a QMS certified to ISO 9001, unless otherwise authorised by ECPL.

- **Certification to ISO 9001 through a third party bearing the accreditation mark of the International Accreditation Forum Multilateral Recognition Agreement**
- **Certification to ISO 9001 with compliance with other customer-defined QMS requirements Certification to ISO 9001 with compliance with other customer-defined QMS requirements**
- **Certification to IATF 16949 through third-party audits, or provision of a roadmap to certification**
- **Compliance with ISO 14001: 2015 and ISO 45001: 2018, or provision of a roadmap to compliance**



Our Success Factors: Suppliers and Contractors

Supplier Training and Skill Development

Training ensures that anyone entering the factory premises is conversant with safe working practices. At regular intervals of three to six months, Epsilon Carbon conducts training and skill development sessions for our transporter representatives on safe working practices. Transport representatives pass on this training to all drivers, helpers, and other persons engaged by the transporter. Epsilon Carbon also provides in-house training to drivers on the digital logistics platform Freight Tiger; this training covers the transportation of materials and people. Our SOPs mandate that high-risk activities are supervised by the HSE team.

We also provide rooms in which drivers and other workers can rest. Our canteen facilities provide free-of-charge, wholesome, and nutritious meals and are open to employees and workers, including those engaged in our transport services.

In the event of an unexpected personnel shortfall, we make sure that staff members are not overworked. We inform our suppliers in advance of the need for more workers. Moreover, as a contingency plan, we train operators for critical operations (such as boiler operations) to accommodate the absenteeism rate. This also helps operators build a multi-faceted skillset for themselves, while equipping them with the training to handle several different operations when required.

Education and Skill Development System for Suppliers

Our suppliers are encouraged to develop systems that determine whether their workers are equipped with the necessary skills required to maintain and upgrade their performance and effectiveness. The purpose of such training is to ensure that workers are provided with appropriate education, training, or experience. Moreover, the effectiveness of this training can be enhanced by defining specific training methods and their frequency.

Suppliers can draw up training calendars, which are subject to ECPL audit, for manpower across all levels. These calendars ensure that workers are provided with ample training and skills, thereby equipping them to make the right decisions when required. If undertaken, the training will provide workers with the ability to operate, inspect, and test various instruments. The suppliers can then assess their workers' skills by drawing up skill charts for each person. These skill charts can then be used as a verification system to ensure that workers are assigned to the tasks where they will be most efficient and productive.

Supplier Training and Skill Requirements

- **Operational Standards**
- **Product Knowledge**
- **Handling Equipment**
- **Customer Requirements**
- **Working Practice Training**
- **Quality Improvement Tools**
- **5S Visualisation Method**
- **Abnormality Handling**
- **HSE Training**
- **Cost Reduction**

Monitoring

Epsilon Carbon carries out pre-qualification due diligence on environmental matters, H&S, social responsibility, anti-corruption issues, and compliance with laws and regulatory parameters. We continue our supplier monitoring process during contract execution and renewal. We monitor the compliance and performance of our suppliers and contractors, based on which the list of approved suppliers is updated.

Epsilon Carbon uses various different methodologies and tools during the supplier review process. For some parameters, document reviews are considered critical, while for other parameters, the integration of digital tools such as Freight Tiger may be more relevant.

A supplier performance rating and evaluation is conducted by Epsilon Carbon on a quarterly basis. Several facets of supplier performance, including quality, delivery, HSE compliance, and 4M Change are rated to develop an overall supplier rating. Epsilon Carbon further ascertains a grade (A, B, C, or D) using a decision matrix based on the overall supplier rating calculated for the supplier.

Supplier audits and inspections are also carried out on a yearly basis, as per the Standard (SOPs), and cover aspects like facilities, infrastructure, and capabilities. These audits are conducted either at the supplier’s site or through a self-assessment that requires suppliers to respond to ECPL’s supplier audit checklist. Suppliers are also required to have a documented internal audit process that covers their QMS, including a QMS audit, manufacturing process audit, and product audit. This internal audit helps us ascertain the facets that require improvement.

Where a supplier repeatedly violates or is non-compliant with Epsilon Carbon’s QMS and HSE practices, it may have to bear financial penalties or, in some cases, will see its contracts terminated with immediate effect, unless rectified within a stipulated time period. If specified policies and systems are not followed by a supplier, Epsilon Carbon is entitled to sever the relationship.

Our suppliers are encouraged to determine and select opportunities for improvement and implement any necessary actions to meet customer requirements and enhance customer satisfaction.

Statutory and Regulatory Requirements

Ensure compliance with applicable statutory and regulatory requirements in the country of receipt, country of shipment, and customer-identified country of destination (if provided)

Ensure compliance with customer-defined special controls for products with statutory and regulatory requirements (including those related to suppliers, if defined by customers)

Frequency of Supplier Review



MONTHLY

Transport service suppliers



QUARTERLY

Manpower service suppliers



HALF-YEARLY

Raw material suppliers

Meeting our Customers' Needs



We strive to improve our customers' experiences and therefore actively listen and respond to customer feedback during our interactions with them. One of the key drivers of our organisation and our success is customer satisfaction.

Over a 10-year period, we have made our mark within the market as a reliable and responsive supplier to our customers.

We pay attention to our customers' feedbacks specially paying attention to different challenges and issues faced by them with respect to our product. This data is gathered and analyze in order to improve our product as well as the overall experience of our customers towards our products. We ensure that we recognise any areas of concern, assess customer perceptions and deliver according to customer choices, needs, and requirements.

Valuing Our Customers

Epsilon Carbon and its suppliers jointly shoulder the responsibility for determining and selecting opportunities for improvement. We then implement any actions necessary to meet customer requirements and enhance customer satisfaction. To do so, we improve our products, processes, and services to meet requirements and to address the future needs and expectations of our customers. Our products are improved with each piece of feedback received, allowing us to reduce and prevent undesirable consequences. We also endeavour to improve the performance of our products and the effectiveness of our QMS. Crucially, our transparent pricing policies are benchmarked to global indices, and our robust

customer support reflects our commitment to our vendors and customers.

We are highly committed to ensure our product quality, and our customers know that our Supplier Quality Assurance Manual is developed as per EPCL's customer-specific requirements. Overall, we strive to build long-term relationships with our customers by providing them with high-quality products that are sustainably delivered. During our visits and in our frequent interactions with different teams, we offer the most sustainable solutions across our value chain.

Customers, Products, and Initiatives

We serve our clients with sustainable products that have the lowest carbon footprint in the present market. As the world faces the impacts of climate change, our customers have become more ecologically conscious and, in order to meet their expectations, we have set a new benchmark in low sulphur and nitrogen oxides, as well as lowering the CO₂ emissions from our Carbon Black unit. Customers look for consistency in manufacturing, and we meet their high standards by focusing on achieving a high process capability index (Cpk) value. We make sure to deliver on time and are mindful of cost competitiveness. With this in mind, we have digital platforms in place to support our logistics.

The digitisation of our warehouse operations helps in maintaining transparency with respect to the quality of the product and in the movement of products through the supply chain. These smooth and on-time deliveries to our customers are possible because of our state-of-the-art application that enables the tracking of our vehicles. This transparency within our supply chain also helps build trust with our customers and results in better customer satisfaction. In addition, we have 30 different partners assisting us with warehousing and logistic support, allowing us to deliver on time and create happy customers.

We make sure that our products are environmentally suitable and lawfully compliant. We take special care to answer the needs of all our stakeholders, including our customers, and frequently evaluate our product design. The product design may be modified from the initially approved one in response to the collective recommendations of our customers and suppliers. After these recommendations have been verified, we go through an internal approvals process before starting production. To ensure we have met our customers' requirements, we receive documented approval or waivers from our customers before any changes and recommendations are implemented.

We ensure that we comply with standard regulations and norms. In accordance with EU REACH compliance, we use standard MSDS for each one of our products. These documents give insights into the composition and use of each product that we have and ensures that each one is of the best quality. During the reporting year, we have not received any complaints from our customers related to non-compliance with or compromised H&S due to our products.

In addition, we also treat the privacy of our customers as one of our topmost priorities; for the reporting year, we have received no penalties or complaints regarding violation and have experience no breaches of customer privacy nor any loss of customer data.

Knowing Our Customers

We constantly work towards knowing our customers better. Our reliability goes beyond borders, as we fulfil demands for our beneficiaries overseas for coal-tar pitch, carbon black and naphthalene. Our senior management is heavily involved in delivering to customers; for example, our Head of Marketing has taken responsibility for conducting market studies to establish and update benchmarks related to our products. Our teams continuously work to analyse any complaints and feedback and to ensure that no breach in compliance related to product quality or customer requirements occurs. We have seen no rejections nor returns of any products, which demonstrates the excellence of our various quality assurance gateways.

We always have a buffer stock of product available for customers, in the unlikely event of a sudden disruption to our services that is beyond our control (e.g. logistics failure, natural causes, or accidents). To ensure timely delivery, we will replace delayed or damaged products from that buffer stock.

In certain events where our customers' deliveries overshoot the timelines due to unavoidable circumstances, we conduct a thorough review of the incident and evaluate our approach to avoid any further such issues. To avoid any delays that might affect customers, It is a requirement for our logistics teams to frequently check SAP and real-time stock availability and notify management should there be a shortage of any material listed in our customers' schedules. We have several plans to avoid line-of-delivery stoppage; our Head of Logistics shoulders the responsibility for maintaining and monitoring the various checks we have in place and for ensuring that an ample quantity of buffer stock is always available to satisfy deliveries in a timely manner, even in the case of an emergency. We try our best to avoid and/or mitigate any risks that may lead to the disruption of our supply to our customers.



Community Engagement



Epsilon Carbon's CSR interventions are guided by the expressed needs and development preferences of the communities in which we operate.

We work with communities in India to support their economic, educational, and entrepreneurial foundations, with the focus being on making them more self-sufficient.

Our Approach

Communities around us, in our villages and cities, are an indispensable component of our economic and social ecosystem. As a socially conscious company, we believe that we significantly contribute to the advancement of our nation by actively shouldering the responsibility for empowering local communities to achieve their ambitions. As part of our CSR and CER initiatives, we design projects (both independently and through collaborations with NGOs) that create long-term value for our stakeholders.

Governance

Our CSR policy outlines our company's sustainability and community development goals. These are intended to positively impact and influence communities in the direct impact zone (DIZ) villages we operate in, as well as to instil a sense of social responsibility and commitment within our employees, partners, and customers.

Our CSR committee members for FY 2021–22 are Mr. Mohinder Kumar Singhania, Mrs Tarini Jindal Handa, Mr. Vinod Kumar Handa, and Mr. Saiprasad Jadhav. The

committee governs and reviews the Annual CSR Plan and periodically monitors the company's progress in this regard. Our HR and Public Relations team continuously engage with local communities to resolve their grievances, should there be any.

Implementation

Our CSR incorporates needs-driven, community-centric, and development-oriented programmes that we develop in conjunction with our implementation partners. Our approach to these projects begins with a thorough assessment and analysis of the communities in question and of any prevalent issues affecting these communities. We then engage in participative, bottom-up, and consultative interactions with our stakeholders.

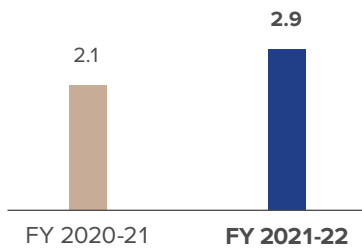
We conduct extensive due diligence when selecting our implementation partners (i.e. the people who will carry out the projects within the communities). Our employees are also invited to various social events organised by the communities local to our operational sites.

Our community assessments assist us in identifying the communities' needs and aspirations, ascertaining any existing socio-economic issues, and allocating available resources. These evidence-based inputs aid in the design of CSR projects, determining the intervention process that will be most responsive to the needs of the community.

Investing in Communities

Year-on-year CSR and CER Investment in Communities

(INR in Crores)



We believe that the sustainable growth of our company and the communities around us go hand in hand in creating goodwill for our stakeholders and business.

Epsilon Carbon supports activities that facilitate the development and growth of communities around our operating locations. These activities contribute both in raising corporate value and encouraging the sustainable development of society and the environment.

Through our CSR and CER initiatives, we aim to improve the quality of life of the global communities we serve; this is achieved through long-term value creation for all stakeholders.

We also strive to nurture in our employees and partners a sense of social commitment and awareness of our communities, our stakeholders, and the environment.

Our Impact So Far...

17 Programmes	50+ Volunteers	200,000+ Beneficiaries
2,000+ Educational Beneficiaries	INR 2.92 CR Total Funds Mobilised	50+ Livelihood Beneficiaries



Community Engagement

**Aligning Our CSR goals with the United Nations' (UN's) SDGs**

The 17 SDGs put forward by the UN have paved the way for companies, enterprises, and individuals to ensure a sustainable future for all. Epsilon Carbon has been committed in undertaking noteworthy action to fulfill the UN's SDGs through its CSR and CER initiatives. We support the following SDGs through our work.

**Good Health and Well-being**

Epsilon's contribution to this SDG includes but is not limited in upgrading medical equipment for hospitals, providing healthcare facilities and shelter for the elderly, providing prosthetic limbs to people who need them, and increasing the availability of COVID-19 testing.

**Quality Education**

Epsilon Carbon has contributed to the development of need-based infrastructures in educational institutes, providing trained teachers and intervening to enhance the quality of students' education and learning outcomes.

**Gender Equality**

Gender equality is a major CSR focus area at Epsilon Carbon. Awareness campaigns, skill development programmes for women, the employment of women, and the development of Anganwadi centres are some of the initiatives that we support.

**Industry, Innovation, and Infrastructure**

Epsilon believes in the power of infrastructure and innovation and supports the growth and development of communities. In FY 2021–22, Kudathini town, through Epsilon Carbon's endeavours, became only the second town in Karnataka to have LED streetlights installed. We also financially supported the construction of proper drainage systems in Sulthanpur village.

**Zero Hunger**

Epsilon Carbon believes that swift action needs to be taken to provide food and humanitarian relief to those at the brink of starvation. Our contributions towards the distribution of nutritious food during the COVID-19 pandemic brought relief for several families in India's tribal communities.

**Life on Land**

Epsilon Carbon believes that animals and their habitats possess intrinsic value. As such, our partnerships with organisations such as Bark India ensure that significant efforts are channelled towards animal welfare and wildlife conservation.

At Epsilon Carbon, we believe in the provision of quality care and holistic forms of treatment for people of all ages.

Through our CSR initiatives, we have ensured the provision of quality medical infrastructure and equipment in hospitals, made quality healthcare facilities and nursing homes available to elderly people, and empowered several persons with disabilities by providing them with prosthetic limbs.



Elderly Care

Epsilon believes that access to healthcare for people of all ages, including social, financial, and medical support for elderly people, is crucial to India's economic and social development.

Epsilon Carbon has partnered with **Wishes and Blessings**, an organisation that manages **Mann Ka Tilak** (a nursing home in New Delhi). We have donated INR 24,00,000 to ensure the provision of housing, hygiene facilities, a nutritious diet, recreational activities, medical check-ups and treatment, safety and security, and holistic care to the elderly.

We have also donated INR 200,000 to expand the infrastructure at Mann Ka Tilak, allowing the home to accommodate eight more elderly people who need emergency shelter and care.



18+
elderly people supported

COVID-19 Relief: Enhanced Coronavirus Testing

INR 20,00,000 was contributed to Vijaynagar Institute of Medical Sciences, Ballari for the provision of reagents on a rental basis. This allowed the increased testing of COVID-19 cases in Ballari District, Karnataka.



Community Engagement

Empowering People with Disabilities

In line with our aim of ensuring good health and well-being for people of all ages, we also believe in supporting greater rights for persons with disabilities and creating an inclusive and enabling environment for them. Epsilon Carbon contributed INR 10,00,000 to Gokul Society for the Handicapped in Dehradun, Uttarakhand to provide additional support and facilities to disabled people.



SEVEN PEOPLE WITH
DISABILITIES PROVIDED WITH
PROSTHETIC LIMBS



160 DISABLED PEOPLE AND
STUDENTS POSITIVELY
IMPACTED



TWO UPGRADED COMPUTER
CENTRES FOR STUDENTS
IN BIRI AND KHANDARA
VILLAGES (RUDRAPRAYAG
DISTRICT OF UTTARAKHAND)

Upgrading Hospital Medical Infrastructure

ECPL has signed a memorandum of understanding (MoU) with Vijaynagar Institute of Medical Sciences (VIMS), Ballari to upgrade the equipment and medical facilities in the institutes's anaesthesia department under the guidance of Ballari District Administration. Epsilon Carbon contributed INR 44,93,648 to VIMS for the upgrade of its medical infrastructure.

As a pre-eminent government hospital, VIMS sees an enormous inflow of patients from the neighbouring districts and states of Andhra Pradesh and Telangana. The hospital treats patients within various specialisations and has performed a wide range of intensive and esoteric surgeries.



We believe that inclusive and quality education for all is fundamental to India’s development and to raise India’s next generation of leaders.

Our interventions span needs-based infrastructural development in educational institutes, the provision of trained teachers, and interventions designed to enhance the quality of students’ education and learning outcomes.

Our initiative introduced the concepts of model government schools, Nali Kali, model libraries, and model Anganwadi centres to different regions of India. This has effectively helped to improve the quality of education in these regions.



Upgrading Teaching and Learning Facilities

In a continuation of our upgrade initiatives in educational institutions, we have successfully upgraded 10 Nali Kali classrooms in four DIZ villages. Additionally, four government schools were renovated to provide proper toilet facilities and were beautified with illustrations of the Stone Chariot, Tung Bhadra Dam, Taranagar Dam and Kumarswami Temple.

Epsilon Carbon contributed INR 8,76,150 towards the implementation of these initiatives.

2,000
students positively impacted



The support we offer to students has continued with our partnerships with West Wind Education, the Jan Vikas Society, and the Saksham Foundation. Epsilon Carbon’s financial contribution of INR 2,50,000 has supported over 201 students in the underprivileged communities of India.

100
students from
slums provided with
educational resources

101
orphans provided
with an education

Community Engagement

Building a Model Library in Ballari

Epsilon Carbon invested INR 25,81,924 towards the upgrade of the Dodda Anthapur and Vitalpur's general library, in association with the Zilla Panchayat (district council) of Ballari. This library now provides residents with backed-up computers, comfortable furniture, purified drinking water, book stacks, LED lighting, and fans, etc.

3,000

students impacted



Supporting Teachers to Ensure the Provision of Quality Education

Along with supporting students and young people in their educational endeavours, Epsilon Carbon is also committed to ensure that teachers are provided with the support and resources they need to ensure the delivery of quality education.

In FY 2021–22, Epsilon Carbon contributed INR 2,90,000 to support four 'guest teachers' in four government schools in Sulthanpur, Chikkanthapur, Kodlau, and Toranagallu villages, with honorariums provided each month. Additionally, we provided teaching opportunities to local qualified youth, thereby helping them to earn a livelihood.

60

benefactors



Our partnership with JSW Foundation, in the form of an INR 30,00,000 contribution to their flagship initiative 'Museum of Solution' (MuSo), has been successful in inspiring, enabling, and empowering 500 children to learn, inquire, seek challenges, and find solutions through their own efforts.

500

students and youth impacted



At Epsilon Carbon, we work to advance gender equality and empower women by developing their entrepreneurial and leadership abilities. Through organised skill-development programmes, we hope to financially emancipate and create employment opportunities for rural women.



Epsilon Carbon’s financial assistance of INR 1,00,000 to Breakthrough Foundation improved awareness in women and girls that helped dispel the hesitation about and myths surrounding COVID-19 vaccination.

50
women impacted

Epsilon Carbon contribution of INR 6,60,000 to Anirudha’s Academy for Disaster Management provided employment to women through their ‘Charaka Project’.

100
women in rural communities employed

Anganwadi centres focus on the social, physical, psychological, and cognitive development of children, preparing them for primary schooling.

In January 2022, Epsilon Carbon signed a tripartite MoU with the Women and Child Development Department, Ballari and CHF India Foundation to upgrade Anganwadi Centres in DIZ villages. Through Epsilon Carbon’s INR 23,85,814 investment, this project will upgrade 10 Anganwadi centres (into model Anganwadi centres) in Ballari district, Karnataka. This will be achieved by adopting digital teaching and learning systems, installing solar electrification, developing play areas, providing furniture, renovating buildings and toilets, and beautifying the Anganwadi centres.



Community Engagement

Innovation and infrastructure are the key to unleash solutions to economic and environmental challenges while facilitating the generation of employment and income.

Epsilon Carbon donated INR 7,72,800 to light up Panchayath town, Kudathini with 1,000 LED streetlights.



Epsilon's contribution to this initiative made Kudathini town only the second town in Karnataka to have LED streetlights installed. Kudathini will be energy-efficient and environmentally friendly for many years to come.

2,000

people in slums and other rural Kudathini village communities benefitted



Construction of Drainage Systems

Epsilon Carbon's financial assistance of INR 8,81,008 to the Gram Panchayath (village council) of Sulthanpur village prevented the spread of communicable diseases through the construction of random rubble (RR) masonry, drainage, cement concrete (CC) block drains, RR drains with floors, and culverts with a CC road-drainage system.



2

ZERO HUNGER



Epsilon Carbon contributed INR 10,00,000 to the No-one Sleeps Hungry campaign in association with Annada organisation to provide ration kits to around 900 families spread across remote locations such as Raigad, Jalna, Thane, and Osmanabad in the state of Maharashtra.

This support came at a critical period during the COVID-19 pandemic, when income sources dried up for many vulnerable families.

900

people in tribal communities supported

Epsilon believes that animals and their habitats possess intrinsic value. Humanity continues to rely on animals, and it is imperative that animal welfare and wildlife conservation are incorporated in development projects.



To support animal welfare, Epsilon contributed INR 10,00,000 to Bark India Charitable Trust.

Bark India aims to ensure the harmonious and balanced existence of the human–animal environment, making animal welfare its primary focus through medical treatment and care.

Epsilon Carbon has supported various of Bark India’s programmes, including its Sick Animal Rescue Programme, Animal Birth Control and Anti-Rabies Programme, Animal Adoption Programme, and School Awareness Programme. We have also supported other activities like the initiative’s veterinary medical camp, stray dog feeding, and kennel space construction.



1,000
animals benefitted

Afforestation and wildlife conservation is a top priority for Epsilon Carbon’s CER. ECPL is developing a green belt to restore ecological balance, minimise pollution, and act as a carbon sink to mitigate climate change. A five-year budget of INR 1.5 crores has been set for FY 2020–21 to FY 2024–25.



56
acres covered

Community Engagement

Other CSR Initiatives Supported by Epsilon Carbon

Promoting Sports Development

At Epsilon, we are committed to all aspects of nation-building. Sport is a unifying force. It fosters youth development and holds the power to build and define the character of a nation.

In pursuit of giving talented athletes the chance to pursue their passion for their chosen sport, Epsilon contributed INR 35,00,000 to the Inspire Institute of Sport (IIS) to support them in their quest to help Indian athletes achieve the Olympic dream.

IIS is India's first privately funded high-performance training institute in Vijaynagar, Karnataka. The institute trains athletes across five Olympic disciplines: Athletics, Boxing, Judo, Swimming, and Wrestling.



200
athletes
undergoing training

3
Olympic medals

5
Olympic qualifiers

18
national
record holders

75+
national championships

513
national and
international medals



Epsilon Carbon's Contribution to Bharat Sevashram Sangh's Cyclonic Relief Fund



INR 50,000
contributed

ಮಾನ್ಯ ಅಂಗನವಾಡಿ ಕೇಂದ್ರ-2 ಚಿಕ್ಕ ಅಂತಾಪುರ
ಜಿಲ್ಲೆ ಬಳ್ಳಾರಿ
ಜಿಲ್ಲೆ ಬಳ್ಳಾರಿ
ಅನುವಾದನ ನಿರೀಕ್ಷಣಾಧಿಕಾರಿ
ಇಂಡಿಯಾ
CHIF
ಶಿಕ್ಷಣದ ಅಭಿವೃದ್ಧಿ (CER) ವರ್ಷ : 2021-2022
ಎಪ್ಸಿಲನ್ ಸಾಬೂನ್ ಕಂಪನಿಯು

ಜ್ಞಾನ ವಸತಿಯಲ್ಲಿ
ಪ್ರಜ್ಞಾಕ

ಮಕ್ಕಳ ಸಹಾಯವಾಗಲಿ
1098
ಮಕ್ಕಳ ಸಹಾಯವಾಗಲಿ
1091



07

Ethics and Values at Work

We remain committed to sound and effective practices in corporate governance, as well as full and fair disclosures. Our persistent pursuit to achieve higher standards sets us apart and leads to greater transparency and integrity in our actions.





epsilon
carbon

Corporate Governance and Business Conduct

At Epsilon Carbon, we are committed to the values of trust, integrity, community building, innovation, and growth. Our Governance model steers our journey towards ingraining these values into our systems and processes.

Through our Governance model, we achieve our targets of excellence by realising and maintaining an environment where all our stakeholders experience and attain the highest levels of fairness, transparency, accountability, and integrity.

We make sure that our policies and procedures clearly state what we expect from our stakeholders in terms of business ethics and values. We ensure that our goals, plans, and actions to fulfil our values are clearly communicated and understood by all stakeholders. Our Corporate Governance policies enable us to be a stronger business with high ethical standards. With these policies in place, we are committed to manage our business with the highest integrity in terms of our legal, social, environmental, and ethical compliance.

What Makes us Unique?



We are trustworthy



We have integrity



We are engaging



We embrace challenges



We are positive

We strive to be transparent, sensitive, and open

We reflect on our systems, principles, and procedures

We enable and empower people

We encourage innovation

Our people are upbeat and inspired

Our Corporate Governance model inculcates these five key features within business decisions across all our business activities



Fairness



Transparency



Honesty and integrity



Ethics



Legal Compliance

Transparency and Accountability at Epsilon Carbon

Our values and integrity drive our endeavours, and innovation, collaboration, and quality in practice help us to build our business. We remain committed in adding value for our stakeholders and communities and adopt business practices that are in line with the best ethical and environmental standards.

Our Governance Framework

Our Board of Directors and Board Competence

As the highest governing body, our Board of Directors is made up of a pool of directors with strong sectoral and functional experience and expertise, chaired by our MD. There are ex-officio members on the board as well.

The Board of Directors plays a vital oversight role. Discussions with senior leaders and external advisers to the board cover a wide range of matters including strategy, financial performance, compliance, and public policy. The board's guidance fosters company values, impacts the entirety of Epsilon Carbon's business, and enhances stakeholder confidence. The board also monitors managerial conduct and safeguards the interests of our stakeholders by maintaining the highest standards of corporate governance.

The board and our senior management constantly interact with the stakeholders to obtain an understanding of any issues at the core of our business policies and standards. They also work to find more collaborative approaches to challenges that are critical to our business. Stakeholder feedback enables us to keep advancing reforms to corporate governance policies and disclosures.

RM and the Code of Conduct are two other principles that direct our corporate governance strategy, as are stakeholder aspirations and expectations. Our board displays a well-balanced combination of experience and competence in business strategy, market understanding, and stakeholder management. When necessary, it also calls in external consultants for advice. Moreover, to further broaden and improve the experience and competence of the board, as well as to reinforce our governance standards and ensure our ethical business conduct, we have now added independent directors to our corporate board.

Board Committees

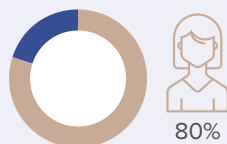
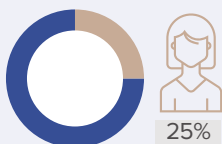
The Board overlooks the functionality of its sub-committees on CSR and POSH. The sub-committees convene at least once each quarter. Additionally, the executive-level committees monitor and mitigate risks related to the business environment, the supply chain and company operations. The committee convenes once a month to review operations. At the plant level, functional committees have been instituted for department-level operations; these perform functional reviews on a monthly basis. The plant-level committees report to the executive-level department teams, which in turn report to the CEO. Each executive-level team monitors and mitigates any risks related to the business environment, the supply chain, or company operations. These teams convene monthly to review plant operations and report to the board on a quarterly basis, highlighting key risks and opportunities and taking stock of various aspects of the organisation's performance.

Board-level Committees

CSR Committee

As per Section 135 of the Companies Act 2013, Epsilon Carbon has constituted a CSR Committee of the Board of Directors. The committee governs the company's CSR policy, reviewing it regularly and recommending the company's Annual Business Plan for CSR to the board for approval.

Mrs. Tarini Jindal Handa | Mr. Vinod Kumar Handa | Mr. Saiprasad Jadhav | Mr. Mohinder Kumar Singhania



POSH Committee

Our POSH policy is aligned with statutory requirements. The committee, which includes an advisor from an NGO, works in compliance with the statutory requirements to address concerns and complaints from employees regarding sexual harassment.

Ms. Alka Munjwani (Presiding Officer) | Ms. Khyati Danani | Ms. Shalini Mayank | Mr. Prashant Sawant | Dr. Sonya Mehta (NGO Representative)

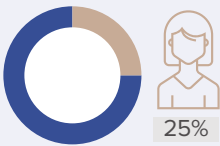
Corporate Governance at Epsilon Carbon

Executive-level Committees

Grievance Committee

The Grievance Committee provides oversight on the grievance process; this includes reviewing all grievances, and any grievance trends, setting timeframes for grievance resolution, identifying opportunities for improvement, and ensuring the timely resolution of grievances.

Mr. Mohinder Kumar Singhania | Mrs. Tarini Jindal Handa | Mr. Vinod Kumar Handa | Mr. Saiprasad Jadhav



New Committees

To strengthen the board's oversight on corporate governance issues, Epsilon Carbon has instituted additional board-level committees: the Nomination and Remuneration Committee and the Audit Committee. The board is currently drawing up the committee objectives and procedures necessary to institute an ESG and Sustainability Committee.

Nomination and Remuneration Committee

The Company constituted a Nomination and Remuneration Committee of the board on 3 February 2022. The committee adopted the policy on 'Remuneration of Directors, Key Managerial Personnel, and Senior Managerial Personnel'; this contains the criteria for determining the qualifications, competencies, positive attributes, and independence of an appointed director (executive/non-executive/independent) of the company. The committee also manages the remuneration of the directors, key management personnel and senior management.

Mr. Nirmal Kumar Jain | Mr. Lokendra Jain | Mr. Vikram Handa

Audit Committee

The Company constituted an Audit Committee of the board on 25 May 2022. The committee recommends the appointment of auditors of the company, reviews and monitors the auditors' independence and performance, examines the company's financial statements, values company undertakings and assets, monitors the end use of funds raised through public offers, and carries out any other board-assigned responsibilities.

Mr. Nirmal Kumar Jain | Mr. Lokendra Jain | Mr. Vikram Handa | Mr. Saiprasad Jadhav

Plant-level Functional Committees

**Safety Committee****Employee Engagement Committee****Ideation Committee****Knowledge-sharing Committee****ESG Governance**

Our CEO is updated on our organisational performance and compliances on environmental and social aspects every month by the HODs for the Environment, HR, and Industrial and Public Relations. The CEO, in turn, reports to the board every quarter.

Our CFO updates the board on all matters related to financial performance, risks, and opportunities on a quarterly basis. The CFO and CEO deliberate at board level and delegate authority to senior executives on an as-needed basis.

Compliance

Compliance is the absolute minimum standard that Epsilon accepts for conducting business. We consistently abide by the legal requirements of the locations where we conduct business, and each of our employees is responsible for adhering to applicable laws and regulations in their functional roles. This responsibility is monitored at various levels, starting with department managers and moving up to HODs, plant heads, senior management (the CEO and CFO), the MD, and finally the Board of Directors.

We regularly train our employees on the Code of Conduct and functional requirements to ensure that all rules and regulations are followed. A compliance checklist is used to monitor our compliance status. Annual internal audits are also used to assess our performance in relation to compliance requirements. The findings of such audits are then presented to the Board of Directors.

Corporate Ethics and Code of Conduct

Epsilon Carbon has instituted a Code of Conduct and various other related policies that govern our employees' actions and decisions throughout all business functions. The Code of Conduct is applicable to all directors, independent directors, and senior management, as well as to all employees of ECPL Industries Limited, including ECPL Group (company employees (core, contract, retainer, consultant, or any other category)). The Code of Conduct serves as a reference point and a minimum standard for the company and its people

Our Commitment to Code of Conduct

No political contributions during FY 2021–22	One confirmed case of corruption during FY 2021–22	100% of employees have been given anti-corruption awareness training during their induction programmes	There were no actions pending or completed during the reporting period regarding anti-competitive behaviour or violations of anti-trust and monopoly legislation	There were no incidents of discrimination during the reporting period
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with reference to roles, responsibilities, and ethics. ECPL Group requires its employees, suppliers, service providers, agents, and channel partners (dealers, distributors, and others) to abide by this Code of Conduct and other relevant policies and to carry out their roles and responsibilities with integrity, accountability, and transparency.

The Department HOD takes decisions pertaining to the employee Code of Conduct with active support from the HR team. The teams oversee, guide, and monitor the active implementation of ethical business practices, including any incident reviews and the quarterly reporting to the board. In addition to the Code of Conduct, Epsilon Carbon has also instituted relevant practices and policies relating to non-discrimination, child labour, grievances, sexual harassment, and conduct and discipline, among others.

Vigil Mechanism and Whistleblower Policy

The Vigil Mechanism, as part of our Whistleblower policy, allows employees and directors to make protected disclosures to the management at Epsilon Carbon regarding suspected cases of unethical behaviour, fraud, violation of the Code of Conduct, or other financial negligence or manipulation. Through this policy, Epsilon Carbon ensures that deviations from company policies and systems are dealt with in a fair and unbiased manner as provided in Section 177 (9–10) of the Companies Act 2013. The policy also covers the whistle-blower mechanism aspect of the SEBI Listing Agreement. Through this policy, we instituted a strictly confidential reporting system that safeguards against the victimisation of the complainant. This fosters a safe and encouraging workplace where employees are comfortable reporting potential and existing violations of company policies and applicable laws.

The Whistleblower and Ethics Officer regularly conducts detailed investigations of the reported incidents and raise such issues with the CEO. The management team at Epsilon Carbon constantly undertakes activities to enhance employee awareness of business ethics and associated policies.

Conflict of Interest and Anti-bribery

Our anti-bribery policy guides our employees’ actions in situations where their personal interests might contradict the interests of the company. The policy reflects our zero-tolerance approach to acts of bribery and corruption by our employees, agents, representatives, joint-venture partners, suppliers, contractors, and sub-contractors. Our employees will not resort to bribery or corruption when conducting company business. Furthermore, they will not provide (either directly or indirectly) any undue pecuniary or other advantages to obtain, retain, direct, or secure business advantages for the company.

The policy is an extension of the practices and principles that support our commitment in fighting acts of bribery and corruption. These policies are communicated regularly to management, employees, and other stakeholders.

Our Tax Strategy

Our tax strategy is an extension of our principle of no interest and penalty. Based on our growth and operational business plans, and on changes to regulatory norms, we assess our tax strategy from both a short-term and a long-term perspective. We analyse various aspects of our tax strategy to create a sustainable and development-oriented business model.

In the initial phase of the expansion plan, we assessed our tax benefits during and after the execution of the project. The assessment considered our approach to indirect and direct taxes and other state tax. It also assessed whether to opt for taxation amendments (if they were suited to the business) or to forgo/ choose not to take an available option. Our short-term taxation strategy considers quarterly and monthly taxation compliance based on probable budgeted business and the assessment of actual taxation based on our budget. Our taxation-related risks are monitored quarterly, based upon the company’s actual quarterly performance and probable future business.

We ensure that our stakeholders can refer to our HR team to raise tax queries; the HR and Finance teams work together to resolve any such individual issues. Additionally, we participate in industry meets organised by industry members of the government, as a public policy advocate on taxation amendments. We also arrange periodic interactions with our stakeholders to discuss their views on all areas of engagement that concern them.

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