



Environment

Social

Governance

Our Approach to ESG

CREATING VALUE FOR EVERYONE

At Solar, we are committed to meeting the needs of our stakeholders and contributing to the development of our country. As our operations have expanded over the years, we have become increasingly focused on conducting our business responsibly and sustainably.

To this end, we have defined our purpose as 'Innovating a Sustainable Future' and we are progressive on our journey for identifying areas where we can improve our operations and create a positive impact on the environment and our people through ethical and transparent business practices. Thus, we are more **ENERGIZED** to create better value for our stakeholders and grow our operations further.

Our ESG Vision

Solar is resolute to integrate sustainability in its core and is striving to focus on safety, quality, reliability along with creating a positive effect on the environment and people.

We know the importance of sustainability in today's world with ever growing climate change issues and challenges. Our commitment to build such business can be seen through our alignment with United Nation's Sustainable Development Goals (UN SDGs).

We at Solar are paving our way to building a better approach to meet our commitment towards sustainability and with our identified key focus areas we have set specific goals and targets. We continuously improve our processes to achieve our goals and targets.

Materiality Assessment

UNDERSTANDING MATERIAL ISSUES OF OUR BUSINESS

Solar places a significant emphasis on conducting business responsibly. We recognize and address significant issues that are pertinent to our business and raised by our stakeholders to achieve long-term success.

Our sustainability strategy development process relies heavily on materiality assessments to identify, prioritize, track, and report the most important sustainability issues. This plays a critical role in our efforts to ensure responsible business practices.

We have aligned our material focus areas with United Nations Sustainable Development Goals (SDGs) to ensure long-term development and growth.

	Environment	Social	Governance
Material Issues	<ul style="list-style-type: none"> Climate Change, Energy and Emissions Environmental Risk and Compliance Water Conservation and Management Waste and Hazardous Materials Management Biodiversity 	<ul style="list-style-type: none"> Occupational Health and Safety Employee Health and Wellbeing Product Safety and Security Human Rights Diversity and Inclusion Customer Satisfaction Community Relations Skill Development Supply Chain Management and Materials Sourcing 	<ul style="list-style-type: none"> Economic Performance Business Resilience Regulatory Compliance Innovation R&D Ethical Business Conduct Critical Incident Risk Management
Impacted Capital	Natural Capital	Manufactured Capital Human Capital Social and Relationship Capital	Financial Capital Intellectual Capital
Impacted SDG's	 	 	

ESG Strategy

OUR FOUR PILLARS OF RESPONSIBLE GROWTH

Our aim at Solar is to become an organisation that constantly delivers strong returns to all the stakeholders, through making best-in-class and sustainable products. To do so, we have come up with a robust ESG strategy.





We have four strategic pillars and 12 focus areas which guides us to contribute towards creating a positive impact on the environment and society and build a sustainable future for everyone.

<p>01</p> <p>Innovating Sustainable Operations</p> <ul style="list-style-type: none"> ▶ Climate Resilience ▶ Water Stewardship ▶ Waste Management ▶ Biodiversity 	<p>02</p> <p>Reinforcing Safety & Well-being</p> <ul style="list-style-type: none"> ▶ Product Safety and Ethics ▶ Employee Health and Safety
<p>03</p> <p>Sustaining Long Term Relationship</p> <ul style="list-style-type: none"> ▶ Value Chain Sustainability ▶ Community Development ▶ Stakeholder Relationship Management 	<p>04</p> <p>Enhancing Employee Growth</p> <ul style="list-style-type: none"> ▶ Human Capital Development ▶ Human Rights ▶ Diversity and Inclusion

Strategic Pillar 1: Innovating Sustainable Operations

We acknowledge the significant threat posed by climate change and we are dedicated to reducing our impact by decreasing emissions, conserving energy, and collaborating with diverse stakeholders. Our commitment to making the world a better place extends beyond a mere goal; it is a pledge we intend to keep.


Focus areas:

 <p>Climate Resilience</p>	 <p>Water Stewardship</p>
 <p>Waste Management</p>	 <p>Biodiversity</p>

Strategic Pillar 2: Reinforcing Safety & Well Being

We at Solar place our utmost importance on the health and safety of our employees and is steadfast in our resolve to uphold rigorous safety standards. Additionally, we are dedicated towards improving the safety and reliability of our products. To achieve this, we have established a network of business partners and customers to ensure the safety of our products at every stage of their lifecycle.

Focus areas:

 <p>Product Safety and Ethics</p>	 <p>Employee Health and Safety</p>
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Strategic Pillar 3: Enhancing Employee Growth

We recognize the vital role that employees play in the growth and success of our organisation. As such, we are resolute in our efforts to augment our human capital by promoting employee engagement, safeguarding human rights, and fostering a culture of diversity and inclusion.

Focus areas:

 <p>Human Capital Development</p>	 <p>Human Rights</p>	 <p>Diversity and Inclusion</p>
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Strategic Pillar 4: Sustaining Long Term Relationship

The inclusivity of stakeholders is a key component in achieving the objectives of sustainable business practices. We are dedicated to working in partnership with our value chain partners, local communities, and other essential stakeholders to promote inclusive and sustainable growth and development.

Focus areas:

 <p>Value Chain Sustainability</p>	 <p>Community Development</p>	 <p>Stakeholder Relationship</p>
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Environment

BEING RESPONSIBLE TOWARDS OUR PLANET

SDGs covered



Strategic Pillar Linkage:

1

Material issues Linkage:

- 1 Climate Change, Energy and Emissions
- 2 Environmental Risk and Compliance
- 3 Water Conservation and Management
- 4 Waste and Hazardous Materials Management
- 5 Biodiversity

At Solar, environmental protection is a central theme that is prioritized when developing products, establishing processes, and creating policies.

In order to achieve sustainable operations and development, we continually seek out new processes, invest in technologies, and pursue initiatives aimed at enhancing eco-efficiency. This helps us reduce our reliance on various resources, minimize our negative impact on the environment, and ultimately benefit our stakeholders.

Key Highlights FY 2022-23

16%

Reduction in Total Energy Intensity

25%

Reduction in Total Emissions Intensity

9%

Reduction in Total Water Emissions Intensity

Key Manufacturing Sites are **ISO 14001:2005, ISO 45001:2018** Certified

Our Sites are **Zero Liquid Discharge** Compliant

18%

Renewable Energy share in the total energy mix

Climate Resilience, Energy and Emissions

Our aspiration to become a pioneer in combating the adverse impacts of climate change while creating value for our stakeholders enables us to innovate, enhance and build better products. Our nature of operations requires us to monitor the potential impacts of climate change on our business and work towards reducing greenhouse gas (GHG) emissions. As part of our commitment to reducing GHG emissions, we have implemented various initiatives to minimize our carbon footprint from



our operating activities. We are continuously exploring innovative technologies and practices to reduce our energy consumption and increase our use of renewable energy sources. Additionally, we are collaborating with suppliers

and partners to implement sustainable solutions across our value chain.

The RE share against the total energy consumption was 18%. The energy intensity has decreased by 16% from FY 2021-22.

Our Initiatives

We carried out several initiatives which are enabling us to reduce our energy consumption and reduction in emissions.

01 Reducing Energy Loss and Carbon Footprint through Innovation and Process Re-engineering

The existing hot air blower curing room was not able to maintain the set point temperature due to maximum heat loss. We took initiative to minimize the heat loss and stabilize the temperature. This resulted in significant energy savings, and cost reduction, achieving a return on investment in four months. Furthermore, this led to reduction in CO2 emission enabling us to decrease our carbon footprint.

03 Switching to energy efficient LED Lights

In our facility, streetlamps with high electricity consumption and maintenance requirements were in use. To address this issue, the bulbs were replaced with energy-efficient LED lights. The replacement of incandescent bulbs with LED lights was a low-cost and time-efficient process. The replacement process was quick and cost-effective. After the replacement, the energy consumption was reduced by about 80%, and the LED lights required less maintenance and had a longer operating life. The switch to LED lights was highly effective and efficient for the facility, resulting in energy and cost savings.

02 Reduce electrical consumption in manufacturing processes

In a manufacturing process, a change was made to the electrical configuration of the motors. The change resulted in a reduction in energy consumption and a significant decrease in cost. In other processes we switched to more energy efficient pumps thus enabling us to reduce our electricity consumption.

04 Switching to EVs

We are aware that internal combustion (IC) engine vehicles contribute significantly to greenhouse gas (GHG) emissions. To mitigate our impact, we have begun phasing out the usage of IC engine vehicles and transitioning to electric vehicles (EVs). This transition has led to a reduction in emissions and has also resulted in cost savings for us.

Filter system enhancements for efficiency and emission reduction

The replacement schedule for filter system depends on various factors, such as operating conditions, fuel type, and filter quality. The filter would be replaced when it failed to meet emissions standards or when the pressure drops across the filter exceeded limits. To increase the overall efficiency of the system, data on operating conditions was analysed to identify the operating trend and a proactive maintenance program was implemented to prevent clogging and maintain performance, including regular inspections, cleaning, and component replacement.

Upgraded Agitators for Improved Efficiency and Sustainability in Sewage Treatment

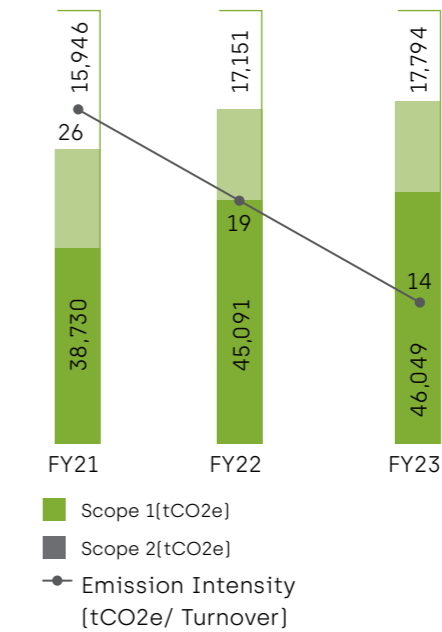
In the previous system, agitators were used for aeration in the bio-culture. However, mechanical breakdowns were frequently experienced, leading to costly repairs and system modification. To improve efficiency, advanced agitators were installed in the aeration system. The upgraded agitators have resulted in decreased energy consumption and emissions, improved plant efficiency, and proper bio-culture growth for effective waste degradation in water treatment. Moreover, the upgraded agitators have reduced power consumption and mechanical breakdown frequency. The utilization of advanced agitators has contributed to sustainable operation and water conservation in the treatment plant. Overall, this technological advancement has revolutionized the aeration system, resulting in efficient and sustainable water treatment operations.



Switching to clean fuel for a sustainable future

Biomass is a sustainable and environmentally friendly alternative to coal, made from green waste. Popular in developing countries, they emit low emissions and come with tax exemptions, making them attractive to those looking to reduce their carbon footprint. Solar is committed to reducing its carbon footprint by exploring the use of biomass fuel, conducting a feasibility study, and partnering with suppliers who specialize in renewable energy. The company is investing in new technologies and establishing a committee to oversee the transition to biomass fuel. By adopting biomass, we at Solar are taking significant steps towards resource efficiency and a sustainable future.

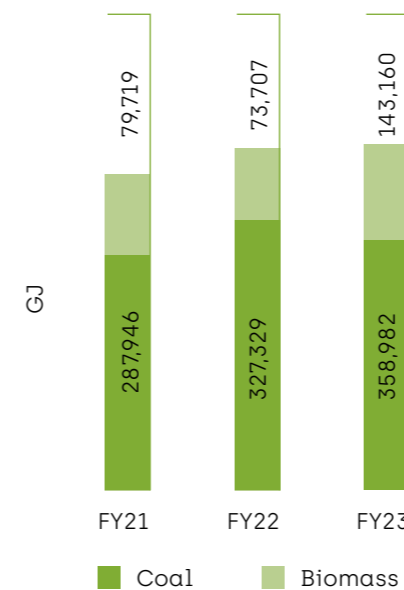
Carbon Emissions



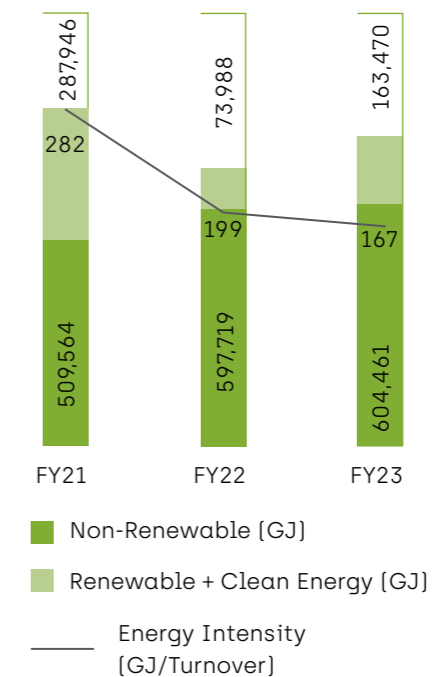
Climate Governance

Solar Industries India Limited places a strong emphasis on risk management, with a dedicated Risk Management Committee that carefully considers the nature, scale, and complexity of the business. The committee supports the Solar Group ESG by ensuring that all significant risks are identified, assessed, and that appropriate risk mitigations are implemented. One of the key risks that Solar has identified is "Climate Change," and we are committed to taking the necessary steps to address this risk. Our risk management efforts aim to ensure the sustainability of our operations and to minimize the impact of potential risks on our stakeholders, including our customers, employees, suppliers, shareholders, and the communities in which we operate. Effective risk management is critical to achieving our long-term growth and delivering value to our stakeholders.

Share of clean fuel



Total Energy Consumption



The consumption table towards biomass shows an increase of 29% in FY 2022-23 from 18% in FY 2021-22 in the consumption of biomass. This trend indicates a growing interest in renewable energy sources, which is a positive development for Solar.

Climate Strategy & Risk Management

Solar has identified "Climate Change" as Strategic Risk. We have outlined the detailed risks, mitigation strategy and key opportunities arising due to climate change.

Risk Mitigation Strategy and Key Opportunities

Risk Identified	Mitigation Strategy	Opportunity Identified
Our inability to reduce carbon emission, adhere to regulatory limits and undertake limiting measures may have an impact on our operations and reputation.	<ul style="list-style-type: none"> ▶ We are implementing various energy conservation initiatives to decrease our overall energy consumption. ▶ We are committed to accelerating decarbonisation efforts and driving action throughout our value chain. ▶ To ensure that we are meeting our sustainability goals, we regularly review our emissions and establish strict targets to reduce them. 	<ul style="list-style-type: none"> ▶ At two of our several sites, we have already implemented use of renewable energy additionally we are exploring the adoption of renewable energy sources to meet our energy requirements. ▶ We have implemented an integrated production system that promotes resource recycling and waste reduction. Our team is actively brainstorming innovative methods to decrease both our emissions and costs.

Decarbonisation

As the world becomes increasingly aware of the impact of climate change, many countries are making the shift towards a low-carbon economy. This has resulted in organisations making significant commitments to decarbonize and achieve net-zero emissions. The preference for electric vehicles and clean energy is growing, creating a sustainable future. The reduction in emissions has led to an increase in the use of electric vehicles, which in turn has led to a greater demand for electricity. India is being positioned as a global power hub, and the most reliable source of electricity in India is coal, which is advantageous for our company. To support decarbonization efforts in the chemical sector, we are focusing on low-carbon product development, energy management, and efficient manufacturing processes. Additionally, we are exploring the use of renewable sources such as hydrogen, solar energy, and biomass briquettes to reduce our carbon footprint.

Metrics & targets

In order to support India's commitment towards Net Zero and its Nationally Determined Contributions (NDCs), we are committed to transitioning to renewable energy sources. Specifically, we are increasing our use of solar energy and biomass briquettes in our overall energy consumption.

Currently, we have achieved an installed capacity of 5MW captive solar plant. We are working towards increasing the share of solar energy at our units and facilities. In addition, we will also focus on increasing the use of biomass to further reduce our reliance on non-renewable energy sources.



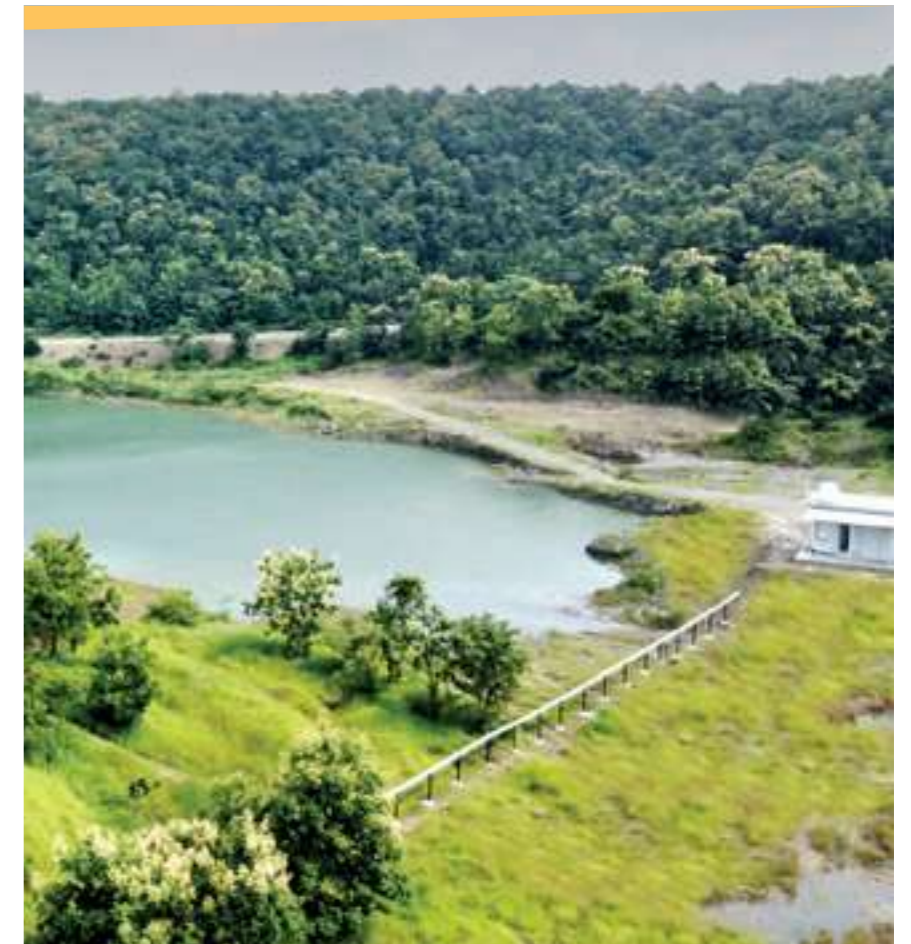
Water Stewardship

At Solar, we recognize the importance of water conservation and have implemented world-class systems to ensure responsible water usage in our operations. We continuously monitor and evaluate our water consumption and implement measures to reduce our usage and improve efficiency. Additionally, we are committed to protecting the quality of our water sources by implementing best practices to prevent contamination and minimize our impact on nearby water bodies. We believe that it is our responsibility to be good stewards of our natural resources, including water. Therefore, we strive to promote sustainable water management practices throughout our value chain, working collaboratively with our suppliers and partners to minimize water usage and protect water sources.

We have implemented Multi Effective Evaporator plant (MEEP) that has enabled us become to 'Zero Liquid Discharge' facility. We treat the wastewater in the ETP and reuse the water in the processes. Our key facilities has a Sewage Treatment Plant (STP) that uses MBBR technology to handle sewage effluents.

As a result of water conservation interventions, we have secured our water supply for our operations. We have not been subjected to any water-related incidents such as plant closures, or interruptions in operations that may have had substantial impacts on revenue or cost in the past four fiscal years.

When compared to FY 2021-22, we have reduced our water intensity by 9% in FY 2022-23.



Our Initiatives

We understand the importance of water and have identified areas where water wastage can occur. We have taken steps to fix issues such as overflowing tanks and leakages in our facilities. In addition to that, we have focused on creating more awareness among our employees about responsible water usage. These efforts have led to a reduction in our water consumption and cost savings.

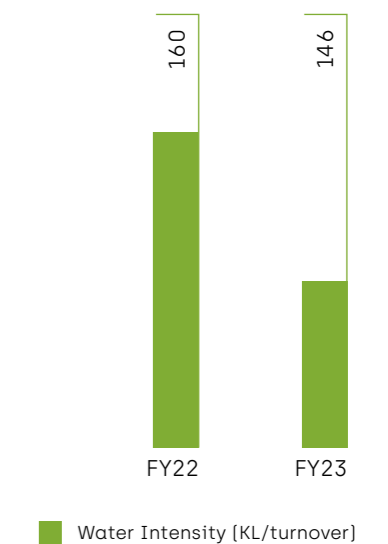
65,787

Water Recycled
FY 2022-23 (KL)

40,771

Water Recycled
FY 2021-22 (KL)

Water Intensity [KL/turnover]



Waste Management

At Solar, we are committed to minimizing the environmental impact of our operations through comprehensive waste management practices. Our team has implemented meticulously designed mechanisms to handle and dispose of both explosive and non-explosive waste generated from our operations. Responsible waste management is a crucial

part of our commitment, and we strive to incorporate the best practices to reduce waste generation, increase recycling and reuse, and ensure the safe and compliant disposal of any waste produced.

Our waste management process focuses on preventing and minimizing waste generation through source reduction and recycling efforts. We take

necessary measures to segregate, store, and dispose of waste in compliance with all applicable laws and regulations, including hazardous waste regulations. At Solar, we are continuously reviewing our waste management practices ensuring they are efficient, sustainable, and aligned with our commitment to reducing our environmental footprint.

Our Initiatives

01

Waste compactors are employed to reduce waste volumes. The machines push the waste together into smaller volumes that make it easier to recycle and reduces the number of waste collections needed to remove the materials.

02

At Solar, we have upgraded the effluent collection system to direct the effluent transfer to the collection tank which solved not only the clogging problem and rainwater load but also the trip/fall hazards can be avoided.

03

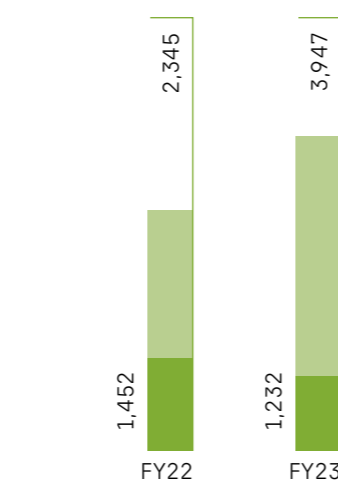
We have identified the waste materials that can be reused and recycled, leading to a reduction in waste generation. Additionally, we raised awareness among our employees regarding the importance of waste reduction. As a result of these efforts, we were able to reduce our resource consumption and ultimately saved costs with minimal effort.

Parameter	Units	FY 2021-22	FY 2022-23
Hazardous Waste Generated	MT	1,452	1,232
Total hazardous waste disposed	MT	941	655
Total Hazardous recycled / reused	MT	511	577

Parameter	Units	FY 2021-22	FY 2022-23
Non-Hazardous Waste Generated	MT	2,345	3,947
Total Non-hazardous waste disposed	MT	2,029	3,412
Total Non-Hazardous recycled / reused	MT	316	535

Waste Generation

MT



■ Hazardous Waste
■ Non-Hazardous Waste

Environmental Risk Compliance

We at Solar prioritize environmental compliance, managing regulatory risks responsibly, and we are dedicated towards improving our environmental performance. Our manufacturing sites in India have certified environmental and safety management systems (ISO 14001, ISO 45001) that identify, manage, and mitigate risks. We continuously monitor our performance, set goals, and take actions to decrease environmental impact and enhance safety culture. We aim to surpass regulatory requirements by adopting innovative and sustainable practices throughout our value chain to reduce environmental impact, promote sustainable development, and support future generations.

During the year we successfully managed to comply with state and national environmental laws and no fines were imposed by any regulatory bodies with regards to environmental compliance.

Product Stewardship

We at Solar Industries are committed to practicing product stewardship to ensure the safe and responsible use of our products throughout their lifecycle. This includes designing products with safety in mind, providing proper training and education to our customers, and implementing appropriate disposal methods to minimize any potential environmental impact. We take pride in our role as responsible stewards of our products and strive to continuously improve our practices to promote the safety of our employees, customers, and the environment.

Biodiversity

At Solar, we remain committed to preserving biodiversity and promoting sustainable development. We believe that protecting our planet's natural resources is essential for the well-being of our communities and future generations. We are committed to minimizing the impact of our operations on biodiversity and have taken several measures to achieve this.

In 2019, we received environmental clearance from the Ministry of Environment, Forest, and Climate Change (MoEFCC) for our key manufacturing site. As part of this clearance, we conducted a comprehensive environmental impact assessment to identify potential impacts on biodiversity and implemented measures to mitigate these impacts.

We also adhere to all relevant laws and regulations related to the protection of wildlife and their habitats. According to the Wildlife Protection Act of 1972, there are no endangered flora and wildlife species in the areas where we operate. However, we remain vigilant and conduct regular surveys to monitor any changes in the biodiversity of our operating areas.

Management Incentive to tackle Climate Change

We have reward and recognition policy in place to appreciate the efforts and contribution of the employees to achieve the organisation's goals. Additionally, the organisation is rewarding individuals who contribute to the excellence journey of the organisation which includes the identification and implementation of projects related to energy savings, water savings, emission reduction, operational efficiency, material and service replacements and other sustainability related projects as well.

Energy saving is one of the most important aspects for us. We have our Technical Heads at each plant unit and considering the importance of energy saving, we are giving targets to reduce energy consumption.

Social

BEING MORE RESPONSIBLE TOWARDS OUR PEOPLE

SDG Linkage



Strategic Pillar Linkage:

2 3 4

Material issues Linkage:

- 1 Occupational Health and Safety
- 2 Employee Health and Wellbeing
- 3 Product Safety and Security
- 4 Human Rights
- 5 Diversity and Inclusion
- 7 Customer Satisfaction
- 8 Community Relations
- 9 Skill Development
- 10 Supply Chain Management and Materials Sourcing

At Solar, we are dedicated to optimizing worker productivity and efficiency by implementing innovative concepts and cutting-edge technologies.

Our goal is to create a work environment that is not only productive but also promotes the physical, mental, and emotional well-being of our employees. We ensure that our employees are **ENERGIZED**, to be more productive, more co-operative and always ready for contributing their best to create value for all stakeholders.

In the past year, the company has remained committed to upholding Environmental, Social, and Governance (ESG) norms, particularly in Human Resources (HR) practices. We have made significant strides in promoting Diversity, Equity, and Inclusion (DEI) by implementing training programs, ensuring fair and equal opportunities, and regularly reviewing our hiring and retention practices.

Our company remains committed to promoting employee engagement and providing competitive compensation and benefits packages. Employee engagement is driven through several initiatives like annual ESAT surveys to track employee engagement levels, feedback mechanisms, two-way communication through quarterly townhalls, addressing employee grievance through dedicated

grievance redressal policy, skill enhancement through training and development, and so on. Our compensation and benefits approach ensures pay parity and covers benefits like medical insurance, group personal accident, parental leaves, etc.

We have a robust induction and training process, to ensure safety and quality standards are adhered to along with a focus of productivity. All new employees are required to go through detailed technical and behavioral trainings in their respective domain areas. We have a systematic and fair Performance Evaluation process for all employees, based on defined key results areas and key performance indicators. Employee performance is reviewed annually for all employees and quarterly for senior management.

We uphold high ethical standards and ensure compliance with all relevant laws and regulations. Our adherence to ESG HR norms has helped us create a positive workplace culture, attract and retain talent, and enhance our reputation and brand image.

Moreover, we are committed to making a positive impact on the community surrounding our operations. By fostering a healthy work environment, we aim to enhance the quality of life for those who live near our impact zones and to promote goodwill in society. At Solar, we are proud to be more than just a business; we are a force for positive change in our community and beyond.

Our Employees

Diversity and Inclusion

Diversity refers to the unique blend of similarities and differences that each employee brings to the workplace, while inclusion involves creating an environment where employees feel valued, respected, and supported by the company. Our commitment to non-discrimination extends to all aspects of diversity, including but not limited to gender, ethnicity, age, sexual orientation, language, religion, and any other characteristic.

Turnover Rate



Hiring and Retention

At Solar Group, we recognize the importance of attracting and retaining top talent in order to achieve our business goals. Our recruitment policies are designed to attract the brightest minds from vocational and university programs, with a focus on diversity and inclusion. Our compensation policies comply with all legal and regulatory requirements, and we uphold the highest ethical standards through effective risk management and controls. We also offer a comprehensive benefits package, including parental leave and insurance, to ensure that our employees are supported and valued.

Training and Development

At Solar, we prioritize the capabilities of our workforce in areas such as customer focus, organisational performance, innovation, environmental health and safety, and corporate ethics. In order to stay responsive to changing business needs, we regularly analyse and refine our training infrastructure, methodology, and programs. Our strong learning culture supports the implementation of top-notch learning and development programs that can be adapted to meet the evolving needs of our employees at all levels. We are proud to report that over 100% of our employees, including casual workers and those with disabilities who are exposed to hazardous manufacturing processes, received safety and skill-upgrading training from the company in the past fiscal year. As part of our people strategy, we place a strong emphasis on employee training and development, and continue developing our workforce for long-term relevance, competitive advantage, and growth, we prioritize flexible and adaptive training programs.



100%

Employees trained on Skill Development initiatives

100%

Employees trained on Health and Safety initiatives

Employee Engagement, Recognitions and Benefits

Our organisation is currently prioritizing digitalization and has implemented various robust human resource practices and

processes to improve employee experience, engagement, and enablement, thereby achieving outstanding outcomes. These initiatives encompass a structured talent management process, employee engagement surveys to monitor employee feedback, a performance management system, among others. We believe that these practices and processes will enable us to enhance our employees' productivity, job satisfaction, and retention rate, resulting in increased organisational growth and success. Moreover, we remain committed to continually improving these practices and processes to align with our evolving needs and the changing business environment.

Employee Remuneration

At Solar, we believe in providing equitable wages to all our employees as it is not only a matter of ethical and social responsibility but also essential for business success. We follow a comprehensive approach to determine wages, which includes factors such as industry standards, skill level, experience, and local cost of living. Providing fair wages not only fosters a positive work environment but also helps in attracting and retaining skilled employees, leading to increased productivity and profitability. By ensuring equitable wages, we strive to contribute towards reducing income inequality and improving the quality of life for our employees and their families.



Employee Health and Safety

Our main priority is health and safety management, and we're dedicated to getting to "Zero Harm." To accomplish this, we are developing a range of strategies.



Our organisational culture prioritizes the wellbeing, competency growth, and safety of all our employees. We provide a range of benefits to support our employees, including life insurance, health insurance, disability coverage, retirement provisions, and Mediclaim coverage. However, the availability of these benefits may vary depending on the operational region and employment level.

Occupational Health & Safety

Our Safety, Health, and Environment (SHE) committee manages our safety governance system. Through regular audits and consultation with both internal and external stakeholders, we strive to continuously improve our Health and Safety (H&S) system. Our objective is to foster a culture where H&S is viewed as a critical

component of ethical business practices, leading to higher levels of productivity, dependability, and motivation among our workforces.

We take a proactive approach to H&S by designing and operating our facilities with a focus on accident prevention. This includes minimizing risks that could harm our workers, contractors, or the local community, as well as mitigating any potential adverse effects on the environment.

Safety Incident/Number	Category	FY 2020-21	FY 2021-22	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) [per one million-person hours worked]	Employees	0	0	0
	Workers	0.06	0	0.01
Total Recordable Injury Rate	Employees	0	0	0
	Workers	0.06	0	0.01
No. of fatalities	Employees	0	0	0
	Workers	0	0	0
High consequence work-related injury or ill-health [excluding fatalities]	Employees	0	0	0
	Workers	0	0	1

Process Safety Event	Unit	FY 2020-21	FY 2021-22	FY 2022-23
Tier -1	Number per million hours worked	0.15	0.68	0.42

Emergency preparedness plans and mock drills

Emergency preparedness strategy comprises the following elements:

Risk Assessment: We conduct preliminary risk assessment to identify prospective dangers and their chance of happening.

Emergency Response Team: Our emergency response constitutes of trained personnel and their roles and duties that are well defined. First-aid providers, individuals in charge of evacuation, communication, and coordination will all fall under this category.

Communication Plan: We have well-defined plans for communicate in case of emergency. This covers how to communicate with employees and workers, vendors, clients, and the public.

Evacuation Procedures: Clearly outlined evacuation plan is available which includes the specifics related emergency exits, alternate routes, and designated assembly sites.

Drills and Exercises: We conduct regular mock drill to identify the gaps in the existing emergency preparedness plan and further improve the response process.



Our Initiatives

1 Eliminating human risks

We have identified several areas in our manufacturing facility where the potential for accidents exists. To mitigate this risk, we have implemented automation to reduce the need for human intervention.

2 Improvising on safety of our personals

We identified areas within the facilities where lighting was inadequate, and machinery posed potential risks to personnel carrying out manufacturing activities. As a result, we made improvements to the working conditions by installing systems to enhance personal safety.

Supply Chain Management

At Solar, we recognize the vital role of our supply chain partners in our business success. We prioritize engagement with all our suppliers through constant dialogue, cultivating strong relationships, and urging them to embrace responsible supply chain practices.

Supporting small and local businesses in the areas where our plants are located is important to us, as it creates jobs and builds stronger communities. External suppliers and contractors generally prefer hiring workers from nearby communities, further contributing to local economic growth.

We also prioritize the health and safety of our employees and partners. We work closely with our vendors to strengthen their occupational health and safety requirements across all our plants.

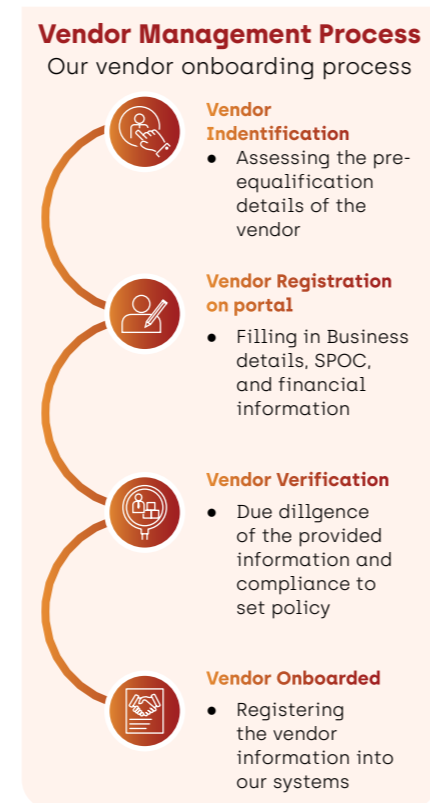
Some of our vendors have even customized their processes to meet our needs and supplied products that meet our specifications.

To further strengthen our supply chain management, we have significantly digitized our operations. This enables us to quickly evaluate, onboard, and validate suppliers at various stages of our value chain. Their knowledge, products, and services enable us to bring value to our customers.

Our aim is to have a deeper engagement with our suppliers to increase social and environmental awareness and continuously improve their sustainability performance. By collaborating closely with our suppliers, we can ensure that we meet our customers needs while contributing to a better world. We work with local vendors on our projects to ensure timely and efficient acquisition of supplies, improving the overall experience.

Vendor Management Process

Our vendor onboarding process



Innovation

Our ability to thrive and succeed in a highly competitive environment is primarily driven by our robust R&D expertise and technological capabilities. Our extensive industry experience over the years has enabled us to consistently deliver products that perform well in critical downstream industries.

At Solar, we foster an innovative culture that welcomes ideas that drive future growth. Our dedicated team continuously monitors the evolving industry and customer needs, gathering information and bringing new ideas to the table. Our innovative approach drives productivity, enhances operational performance, and enables us to create a differentiated value proposition.

We introduced several initiatives to improve our operational efficiency. We installed digital tools for vendor management, supply chain management, and distribution tools that enable better forecasting.

In addition to developing new products, our R&D team is striving to improve the quality, safety, and performance of our existing product range. The 'Centre of Excellence' at Solar features a sophisticated laboratory for High Energy materials accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL), supporting our efforts to create an efficient and technologically advanced R&D facility.

Our product development team constantly works towards coming up with new product range suitable for market demand, as well as economic and eco-friendly uses. Our subsidiary, Economic Explosives Limited, in collaboration with Terminal Ballistic Research Laboratory (TBRL), has designed and tested the advanced Multi-Mode Hand Grenades (MMHG). Our goal is to introduce sustainable products such as super green primary explosives and develop insensitive munitions (NTO), which will enhance the safety standards of our munition technology.

Our Customers

We are committed to enhancing customer satisfaction by providing safe, reliable, and high-quality products that add value to our customers. We engage with our customers through various channels, including client visits, technical seminars, and safety workshops, to understand their needs and deliver top-notch services. We conduct performance analyses to ensure that we provide the best-in-class solutions to our business partners.

To continuously improve, we regularly collect and analyse customer feedback. We handle customer complaints promptly and effectively, carefully analysing each complaint and taking corrective or preventative actions as necessary. Our dedicated technical team not only resolves customer problems but also ensures that customers are adequately trained on product usage and are compliant with statutory regulations related to transportation and storage.

Overall, our goal is to build strong relationships with our customers by providing outstanding products and services that meet their needs and exceed their expectations.

Our Community

Our CSR programs are aligned with our mission to support the socio-economic growth of the regions where we operate. Our community development initiatives are carefully planned and implemented in accordance with our strict CSR Policy. We offer a variety of organized interventions in fields such as education and infrastructure, striving towards inclusive development of communities in the vicinity of our operations and registered office.

At Solar, we believe that quality education is a fundamental human right that empowers individuals both socially and economically. Therefore, we provide education to young people from disadvantaged social groups. To this end, we have contributed to the growth of infrastructure and construction of local educational districts. We are also aiding indigenous and underprivileged students to support their education.

Our Initiatives

1. Promoting Education

We believe in right to education and strive to contribute to promoting this, we identified areas near to our sites and contributed towards construction of school and its facilities, providing supporting equipment and financially supporting underprivileged children.

2. Working towards preventive Healthcare

Our communities plays a vital role in our value creation and giving back to it is what we believe is our duty. In regards, with better healthcare, we contributed through constructing advanced OPD, provisioning medical equipment's to for the hospital and enabling the provision of low-cost services for the financially weaker section of the society.

3. Promoting Sanitation

We promoted better sanitation practices and provided a Sanitation Van to collect garbage from homes for better disposal and create cleaners, healthier and better surrounding for all. Furthermore, we worked towards promoting better menstrual hygiene practices among the under privileged girls and women of the community.

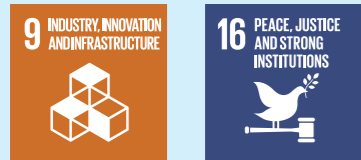
4. Working towards skill development

We continuously strive towards accomplishing the national objective of 'self-reliance' which includes making strides in enhancing the skill sets of the underprivileged youth. Our endeavours encompass not only the establishment of better infrastructure but also bringing skill development programs to the under-privileged section of the community to enhance their prospects of future employment.

Governance

DOING BUSINESS WITH ETHICS AND TRANSPARENCY

SDG Linkage



Strategic Pillar Linkage:

4 3

Material issues Linkage:

- 1 Economic Performance
- 2 Business Resilience
- 3 Regulatory Compliance
- 4 Innovation
- 5 R&D
- 6 Ethical Business Conduct
- 7 Critical Incident Risk Management

To achieve successful integration and management of sustainability in any organisation, committed leadership, clear direction, and strategic influence are crucial.

Elements like ethics and transparency cannot be established without a robust governance structure. At Solar, we have implemented a comprehensive sustainability governance framework that enables us to effectively execute our sustainability strategy throughout the organisation. This structure facilitates the management of goal setting and reporting processes, strengthens relationships with internal and external stakeholders, and ensures overall accountability for our sustainability efforts.

We are dedicated to enhancing good governance practices at Solar by integrating Fairness, Accountability, Disclosures, and Transparency into our

business practices and work culture. Our corporate governance model is built upon these essential pillars, demonstrating our unwavering commitment to responsible management.

Board Composition

The Board at Solar consists of members with diverse experiences, knowledge, expertise and skills that are best suited to meet the governance and strategic needs. Our Board members possess years of expertise and exposure in fields such as business, industry, finance, law, administration, economics, and others, which enhance the Board's overall performance and value.

To achieve a diverse board, we ensure that three factors are in place. They are as follows:

1 Optimum composition

This factor establishes guidelines for the number of independent, non-independent, executive, non-executive, and Women directors to ensure a well-rounded board.

2 Functional diversity

This factor considers directors who have knowledge and experience in different domains such as finance, legal, risk management, and other industries to bring a broad range of perspectives to the board.

3 Stakeholder diversity

This factor is concerned with having directors on the board who represent the interests of external stakeholders, such as customers, shareholders, and community members.

By ensuring these three factors are in place, we can build a board that is diverse in terms of composition, knowledge, and stakeholder representation. This can lead to better decision-making, increased innovation, and improved Company performance.

Board Policies

We have created a robust sustainability policy framework that aligns with our mission and drives our ESG agendas forward. Our Sustainability Policies are carefully crafted to address the diverse needs of our business and encompass a range of areas such as:



Our comprehensive approach to sustainability ensures that we are addressing all facets of our business operations and demonstrates our commitment to making a positive impact on the world around us. We believe that by incorporating these policies into our day-to-day operations, we can create a sustainable business that benefits all stakeholders, including our employees, customers, and communities.



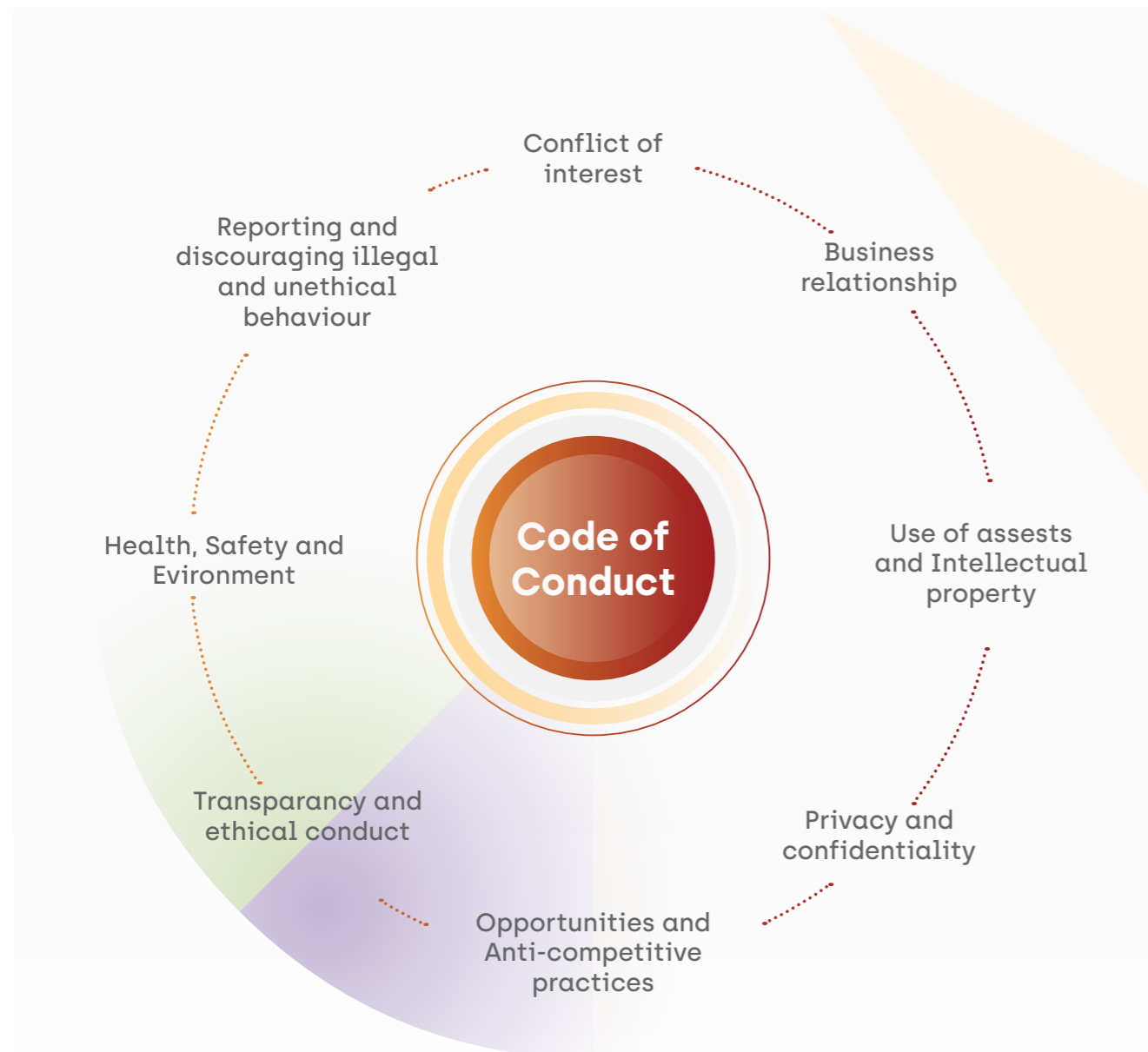
Business Conduct

Ethical governance is a top priority for Solar, and we consider it to be one of our most valuable assets. Our ongoing efforts include the implementation of significant measures customised to demonstrate and integrate ethical values and behaviour standards throughout all levels of the organisation, in order to promote a culture of high discipline and conduct. In addition, we are

working to boost the morale of our organisation, management, and employees to ensure that our actions and operations align with our business ethics principles.

We enforce a comprehensive Code of Conduct policy that extends to all levels of personnel, including Board Members, Key Managerial Personnel, Employees, and Workers. This policy serves as a guide to ensure that

everyone is fully aware of their responsibilities in maintaining appropriate workplace behaviour. This encompasses a wide array of subjects that are critical in cultivating transparency and encouraging effective functioning throughout the organisation.



Human Rights

Our Company operates in a heavily regulated industry, and we maintain the utmost commitment to adhere to the legal compliance standards. A core component of this commitment is our steadfast dedication to upholding human rights. We believe that respecting and advancing human rights is not only a legal obligation but a moral imperative that transcends legal requirements.

To this end, we take a proactive approach in ensuring that our policies and practices align with our human rights values. This includes providing equal opportunities for all employees and implementing measures to improve workplace safety. We are committed to continuously evolving our practices to ensure that we are creating a positive and inclusive work environment that respects human rights and enables our employees to thrive. We have a zero tolerance for any kind of harassments and human rights violations.

In FY 2022-23, no cases were filed on human rights abuse.

Policy Advocacy

Our organisation has an advocacy policy that aligns with the principles of trade associations and a code of conduct to enhance transparency. This policy is communicated throughout the Company and displayed on the website. Implementation is overseen by the Managing Director, with monitoring by the SCRC, which also reviews any grievances or complaints. The responsible Committee of the Board reviews the SCRC report annually to ensure that the Company remains aligned with its principles and core elements.

In addition to government advocacy efforts, Solar's regulatory affairs and government affairs teams represent the Company's stance to various trade associations, including FICCI, CII, SAFEX International, EMWA, QCFI, and Vidarbha Industries Association. They also participate in meetings with regulatory bodies as representatives of these trade associations.

Information & Cyber Security

Our organisation focuses on Information security best practices to ensure data privacy and safeguard sensitive information, these are crucial components of our risk management framework, and we prioritize upholding their requirements to ensure our data's security and privacy.

Our Information Security practice outlines measures and controls to protect information assets' confidentiality, integrity, and availability as per ISO 27001:2013.

We have business continuity and incident response procedures in place, which we test annually.

- ▶ Comprehensive inventory of Information Assets (Hardware, Software, Service, etc.) is being maintained to enable risk assessment and implementation of proportionate Cyber Security controls and efforts. Risk assessment is being done on every quarter which covers all area of information security.
- ▶ Periodic security assessment of internet / intranet applications, network devices and servers are conducted along with threat mitigation strategy of the observed vulnerabilities.

- ▶ Comprehensive access control measures are used for providing access to resources on need-to-know basis and least privilege principle, while providing centralized manageability for access authentication and authorization.
- ▶ Secure mailing and messaging systems is implemented. Spam gateway is configured to prevent email spoofing, identical mail domains, email phishing and malicious links.
- ▶ Vendor risk management framework is provisioned to evaluate, assess, approve, review, control, monitor and manage the risks and materiality of all the vendors and outsourced activities.
- ▶ Content filtering / Anti-Phishing services is subscribed to, from external providers, to restrict access of un-appropriated website.

The Data Privacy Policy focuses specifically on personal data privacy, detailing procedures, and controls to comply with regulations and mitigate related risks. Additionally, we continuously implement new cybersecurity measures, including advanced technologies and regular testing and updating, to stay ahead of potential threats. We also provide information security awareness emails to employees and training to end users.

We take the security of our products and the data they handle seriously and are committed to maintaining a robust cybersecurity system to prevent breaches or data loss. The risk management committee oversees information and cyber security.