

# उन्नति के सफर पर।



## **About the Report**

This is an extension of Solar's Integrated Annual Report for FY 2021-22 which is prepared to showcase Solar's ESG commitments and transparency towards our stakeholders. The report provides stakeholders with a comprehensive assessment of our non-financial metrics. The report should be read alongside Solar's Integrated Annual Report for FY 2021-22.

The ESG Report is prepared in alignment with the principles contained in the International Integrated Reporting Framework (the International Framework) published by the International Integrated Reporting Council (IIRC). This report covers the guidelines and commitments related to the GRI Standards, United Nations Global Compact (UNGC) principles, National Guidelines Responsible Business Conduct (NGRBC), Sustainable Development Goals (SDGs) and Dow Jones Sustainability Indices (DJSI) and other relevant frameworks. It demonstrates our strategic alignment with the global commitment to combat climate change. It covers the financial year from April 01, 2021, to March 31, 2022.

## **Reporting Boundary**

This report covers the non-financial aspects of Solar Industries India Limited. The non-financial reporting covers Indian operations, which contribute to ~85% of revenue.

## **Limitations**

This document includes statements and commitments presenting the Company's future expectations, which may involve risks and uncertainties such as changes in government policies, global markets, operational incidents, megatrends, etc. We cannot guarantee that such statements will become a reality. Occasional differences in data and percentages in the graphs and tables are due to the rounding-off effect of values.

## About the company

A global manufacturer of industrial explosives and initiating systems, Solar Industries India Limited (Solar or SIIL) continues to lead the industry space despite the challenges. Leveraging its early-mover advantage as a private player in the defence sector, it now stands at an inflection point to capitalise on emerging opportunities in the sector.

For more than 25 years, we have continued to grow our capacities, capabilities and in turn, value for our stakeholders. Our passion to explore emerging opportunities and re-engineer our business processes has led to our growth in the industry.

We have met our customers' needs and contributed to the nation's development with our innovative strategies and focused commitments. With an integrated business model, we have widened our market presence globally to more than 65 countries. Led by our Chairman and visionary, Mr. Satyanarayan Nuwal, the Company is positioned perfectly to deliver sustainable growth with a well-balanced business portfolio that extends across industrial explosives and ammunition. Prudent capital investments across businesses have strengthened our market leadership for key products in domestic and international markets.

## Our ESG Focus

**ESG PURPOSE:** Innovating a Sustainable Future

**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

### APPROACH:

ESG is an emerging global megatrend, and it is imperative for organizations to integrate ESG as a strategic lever to generate new growth opportunities and create value. Our materiality analysis exercise has enabled us to identify the key focus areas crucial for our business and stakeholders.



SIIL is committed to taking sustainable actions in a line with its strong policy framework which guides on how a SIIL should operate consistently to ensure that the processes are not deviating or deteriorating over time. We consider ourselves accountable for our activities and take necessary steps to improve efficiency by aligning everyone to meet the desired goals and targets or when it comes to expectations and issues. Our policies guide us about what needs to be done, how it needs to be done and who's responsible for doing it.



## OUR ESG STRATEGIC

### Our ESG Strategic Pillars:

#### *Strategic Pillar 1: Innovating Sustainable Operations*

We understand that climate change is a major threat, and we are committed to minimizing our impact by lowering emissions, conserving energy, and partnering with various stakeholders. This is more than just a goal; it is our commitment to making the world a better place.

#### Focus Areas:



#### *Strategic Pillar 2: Reinforcing Safety & Well Being*

Employee health and safety is the top priority for the group with a commitment to ensuring high safety standards for our people. Furthermore, we are committed to enhance safety and reliability of our products. We create a network of business partners and customers to ensure product safety throughout the product's life cycle.

**Focus Areas:**



**Strategic Pillar 3: Enhancing Employee Growth-**

We are mindful of importance of employees in organization’s growth story. We are committed to enhancing our human capital through employee engagement, protecting human rights, and instilling diversity and inclusion.

**Focus Areas:**



**Strategic Pillar 4: Sustaining Long Term Relationship-**

Stakeholder inclusiveness is one of the fundamental requisites for achieving objectives of business sustainability. We strive to collaborate with our value chain partners, local community, and other significant stakeholders to ensure inclusive and sustainable growth and development.

**Focus Areas:**



**Stakeholder Engagement**



**Delivering on stakeholder aspirations**

Stakeholders help us shape our ambition. At the end of the day, they define our growth trajectory. Their concerns and perspectives matter to us to build long-term value.

Stakeholders	Why they matter	Key concerns and expectations	Modes and frequency of engagement	
Customer	Our customers entrust us with their requirements and contribute to our business growth.	<ul style="list-style-type: none"> <li>Product safety, quality and reliability</li> <li>Confidentiality in case of sensitive contracts</li> <li>Operational efficiency Innovation</li> </ul>	One-to-One Interactions	Continuous
			Site-Visits	Periodic
			Customer Meeting	Periodic
			E-mails	Need based
			Feedback mechanism - Online Survey	Annually
			Digital Channels	Continuous
			Trial and Improvement Programs	Periodic
Shareholders & Investors	The financial resources we seek are funds mobilised from financial institutions and investors in form equity, debt and accruals.	<ul style="list-style-type: none"> <li>Company's financial performance</li> <li>Consistent Dividend Payouts</li> <li>Timely dissemination and communication of material information</li> <li>Effective Risk Management</li> </ul>	Annual general meetings	Annually
			Conference call	Quarterly
			Press Release	Quarterly
			Annual reports	Annually
			News channels	Event based
			Website Updates	Continuous
			Stock Exchange Releases	Periodic/ Event based
			Investor Grievance Redressal Mechanism	Permanent
Business Partners	As an important channel to source input materials and services, our business partners contribute to value-chain significantly.	<ul style="list-style-type: none"> <li>Contract Management</li> <li>Timely Payment</li> <li>Fairness in Business Dealings</li> </ul>	E-mail Communication	Need based
			Site Visits	Periodic
			One-to-One Interactions	Continuous
			Business Partner Survey	Annually
			Structured Meetings	Periodic
Employees	Employees are the backbone of all our operations processes. We always harness their skills and expertise that are essentials for business growth	<ul style="list-style-type: none"> <li>Wellbeing &amp; Safety</li> <li>Compensation as per industry standards</li> <li>Growth opportunities.</li> <li>Talent and Skill Management</li> <li>Diversity &amp; Inclusion</li> <li>Career development</li> <li>Job security</li> </ul>	Employee Engagement Survey	Annually
			Grievance Mechanism	Permanent
			Awards and Recognition	Annually
			Face to Face Meetings	Continuous
			Cultural Events	Event Based
			Trainings and Workshops	Periodic
Government and Regulatory Bodies	Engaging with Government and regulatory bodies is an important aspect of the business. They ensure that all laws, policies and compliance are followed while doing business.	<ul style="list-style-type: none"> <li>Compliance with Industry Norms, Laws and Regulations in substance and spirit</li> <li>Participation in various industry forums and meets</li> <li>Collaboration on National Agenda</li> </ul>	Reports	Engagement as per the need
			One-to-One Interaction	
			Events	
			E-mail Communication	
			Letters	
Communities	We are working at the grassroots to perform our duty towards society and communities.	<ul style="list-style-type: none"> <li>Community development</li> <li>Livelihood opportunities</li> <li>Health and sanitation initiatives</li> </ul>	CSR initiatives	Engagements whenever required.
			Field visits	
			Face to Face interactions	
			Collaboration through NGOs	

## Materiality Assessment

Our sustainability strategy is informed by the materiality assessment. Through this assessment, we identified key environmental, social, and governance (ESG) issues that are affected by our operations most significantly and are most important to our business and our stakeholders. Our materiality assessment exercise included inputs from various stakeholders such as customers, suppliers, employees, community, shareholders and investors, and regulators.

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

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

## Environmental Performance



### Key Environmental Highlights FY 2021-22

**ZERO LIQUID DISCHARGE**

in the Environment

**29%**

Reduction in Total Energy Intensity

Key Manufacturing Sites are

**ISO 14001: 2015, ISO 45001: 2018**

Certified

**27%**

Reduction in Total Emission Intensity

**33%**

Reduction in Total Water Intensity

### Safeguarding our natural ecosystem

As one of the largest manufacturers of industrial explosives and explosive initiating devices, we recognise the environment-related risks associated with our business activities. Our environmental approach focuses on improving our existing processes and systems and adopting more efficient processes to reduce our carbon footprint and safeguard our natural resources.

Solar Industries is aware of its environmental duties and is highly committed to environmental preservation. Our efforts are aimed at reducing our ecological footprint, conserving natural resources, and improving the ecosystem in which we operate.

### Climate Change, Energy and Emissions

Solar Industries aspires to be a pioneer in combating the adverse impacts of climate change while attaining long-term growth. We strive to enhance our understanding of the possible effects of climate change on our business, lower GHG emissions, and outline a viable decarbonization plan to strengthen our resilience and adaptive capacity. To reduce GHG emissions from our operating activities, we have undertaken several initiatives in FY 2021-22 in order to embrace more possibilities for emission reduction.

- Conversion of Chillers compressors of CFC (R22) based gases to A134
- Installation of Online Continuous Emission Monitoring System (OCEMS) at Boiler stack as per CPCB guidelines
- Air and stack monitoring conducted by authorised agency on a quarterly basis

As a global enterprise operating in various geographies, our businesses are exposed to a wide spectrum of risks. It is essential to have the necessary systems and processes in place to manage risks, while meticulously balancing the risk-reward proposition of all stakeholders.

To address the risk related to climate change, Solar is committed to strengthen our focus on climate-related disclosures. All our sites are Environmental Management System (EMS) certified and are planned according to the recommendation of ISO 14001 to reduce negative the environmental impact.

### Climate governance

At Solar group, we place our maximum focus on risk management, our dedicate Risk Management committee takes into consideration the nature, scale and complexity of the business while assisting



the Board in ensuring that all material risks have been identified, assessed and adequate risks mitigations are in place. Solar has identified “Climate Change” as one of the key risks.

### **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.

<b>Risk</b>	<b>Mitigation Strategy</b>	<b>Key Opportunities</b>
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"> <li>- Undertaking energy conservation initiatives to reduce our total energy consumption.</li> <li>- Accelerating decarbonisation and catalysing action across the value chain.</li> <li>- Constantly reviewing our emission and setting stringent targets.</li> </ul>	<p>We are looking to inculcate renewable energy sources to meet our energy demands also, we’ve put in place an integrated production system that encourages resource recycling and waste reduction. We are also brainstorming innovative methods to reduce our emissions and costs.</p>

### **Decarbonisation**

With rising awareness about climate change, countries are transitioning to a low-carbon economy, with organisations making significant commitments towards decarbonisation and achieving net-zero emissions. This has led to an increase in clean energy demand and the growing preference for electric vehicles around the world for a sustainable future. There is a trend to reduce emissions and hence there is a trend to shift to electrical vehicles. India is being positioned as a global power hub. There is a notable trend of shifting to electrical vehicles, which has created a greater demand for electricity. The most reliable source for electricity in India is coal, which augments well for our Company. Decarbonisation efforts in chemical sector requires focus on low carbon product development, energy management, efficient manufacturing processes, and using renewable sources such as hydrogen, solar energy, biomass briquette, etc.

### **Metrics & targets to tackle climate change**

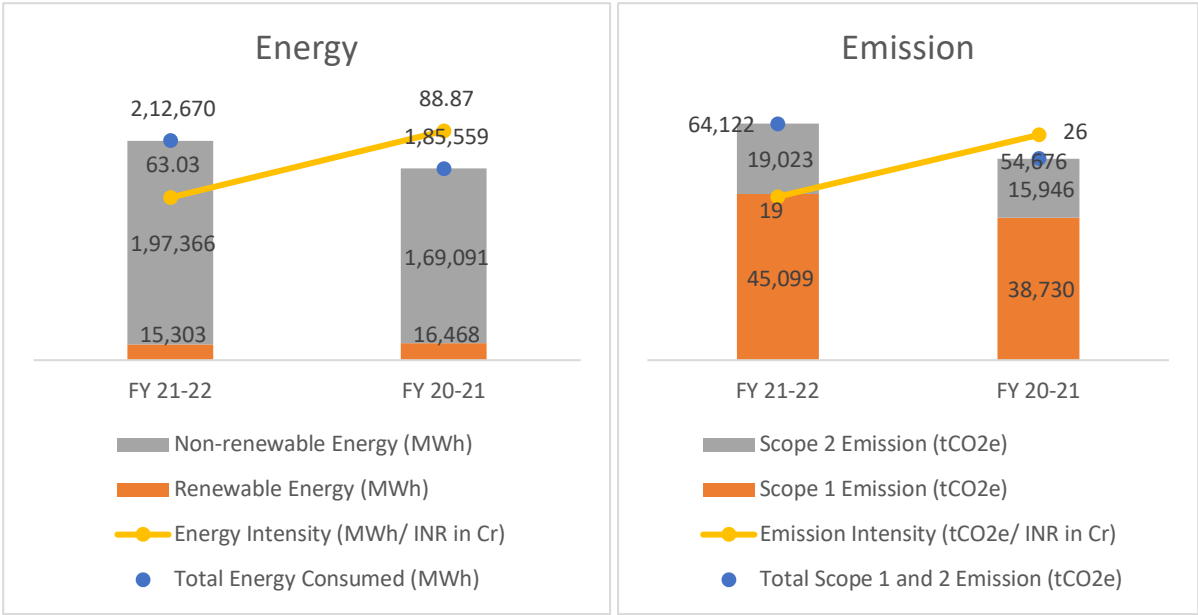
To support the Nationally Determined Contributions (NDCs) and India’s commitment towards Net Zero, we are continuously moving towards renewable energy sources such as increasing the share of solar energy and biomass briquette in our total energy consumption.

Installation of 3MW captive solar plant is in progress which will increase the total solar capacity to ~5MW. Going forward we will target to increase the share of biomass briquette in our total energy consumption.

### **Management Incentive to tackle Climate Change**

1. We have "Sabaash" Award programme to appreciate the efforts and contribution of the employees to achieve the organization’s goals. Additionally, the organization is rewarding individuals who contribute to the excellence journey of the organization which includes the identification and implementation of projects related to energy savings, water savings, emission reduction, operational efficiency, material and service replacements and other related projects as well. On successful completion of the projects, the organization rewards the employees.

2. 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.

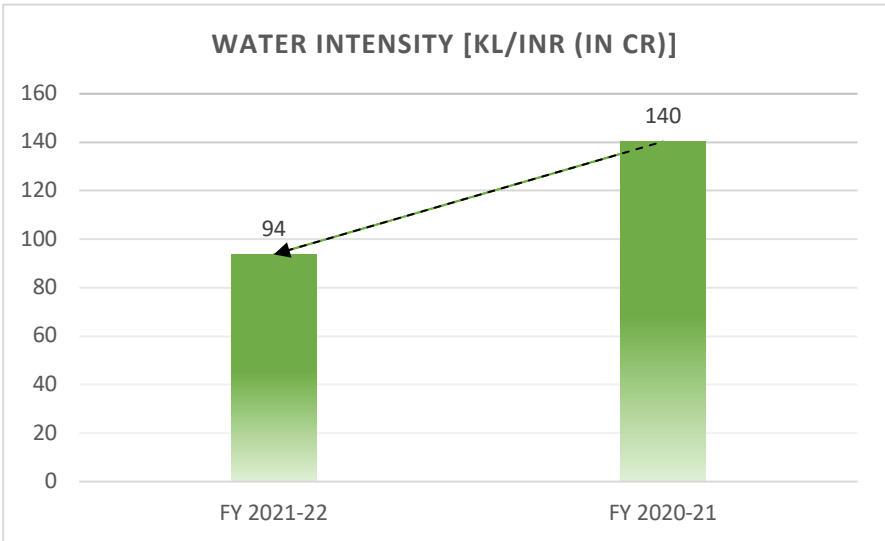


### Water Conservation and Management

Water is invaluable and any disruption can imbalance our ecosystem. The disparity between water availability and usage is a critical problem. This issue is intensified by deforestation, land-use change, and over-abstraction of groundwater for industrial and other usage

At Solar, we have established world-class systems to ensure that water is utilized responsibly in our operations. In FY 2022, we implemented the following water conservation measures at our key manufacturing facilities.

- To achieve zero liquid discharge, we have installed Multi Effective Evaporator plant (MEEP)
- Installed Effluent Treatment Plant (ETP). The treated water from the ETP is used for gardening purposes
- One of our key facilities has a Sewage Treatment Plant (STP) of 150 CMD 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.



## Reduction of sludge generation in ETP

### Intervention

To overcome the issue of the large amount of sludge production from ETP, we replaced the lime neutralization process with soda ash which reduced the sludge generation

### Benefits

- Complete elimination of sludge build-up
- The technology has eased handling and storage while also saving many man-hours.
- The use of filter bags is no longer required
- Less steam and power consumption



### Waste and Hazardous Material Management

At Solar, waste management practices are meticulously designed to reduce the environmental impact. We have established waste management mechanism to handle and dispose of our explosive and non-explosive wastes. In FY 2021-22, we adopted the following waste minimisation initiatives.

- Incorporation of MEEP for reuse and recycling of effluent. About 83 KLD of effluent is recycled every month
- Reduction of sludge generation in ETP operation by 99% using Sodium carbonate in place of Lime
- E-waste generated at the site is sorted and sent to recyclers authorised by SPCB

Parameter	Unit	FY 2020-21	FY 2021-22
Waste Recycled/Reused	MT	542.11	2302.88
Waste Disposed (through authorized recyclers and vendors)	MT	374.40	432.09

## **Biodiversity**

We strive to minimise the impact of our operations on biodiversity. Biodiversity plays a very important role as it provides the ecosystem services namely provisional services which includes water, timber, woods, etc., regulating services which provides natural water purification, carbon storage, climate regulation, etc., cultural, and other supporting services.

We have received environmental clearance from the Ministry of Environment, Forest and Climate Change (MoEFCC) for our key manufacturing site. According to the Wildlife Protection Act of 1972, there are no endangered flora and wildlife species in the areas where we operate. During our project commissions stage, we plan our projects such that we required minimum forest clearance and we also do compensatory afforestation along with our yearly tree plantation drive. We have yearly targets for tree plantations, we proposed to plant 1.2 lakhs trees over the span of ~2100 acres.

## **Air quality**

As a Company, we recognise the impact of our greenhouse gas (GHG) emissions, and we continuously monitor and take necessary actions to reduce them. An Online Continuous Emission Monitoring System (OCEMS) has been installed to monitor the suspended particulate matter (SOx and NOx) emissions. We also use scrubbers across our operating units to mitigate SOx and NOx emissions.

Conventional chilling compressor, with hydrofluorocarbon (HFC) refrigerants, have been replaced to reduce the use of ozone-depleting substances. We strictly adhere to emission standards. The trapped boiler ash is disposed of to the brick manufacturers. This helps create value from the waste generated. We have also installed a digital screen at our factory to display the advanced air quality data.

## **Compliance**

We consider environmental compliance as our utmost priority and strive to mitigate regulatory and legal risks in a prudent manner. We are committed to adhering to regulatory requirements and improving environmental performance in accordance with the guidelines of the Ministry of Environment, Forest and Climate Change (MOEF&CC), Pollution Control Board and Central Ground Water Authority (CGWA). We have not paid any significant<sup>1</sup> fines related to the environmental violation, and ecological issues in the past four fiscal years.

Our commitments are benchmarked with Environment Management System (ISO 14001:2015) and Occupational Health and Safety Management Standard (ISO 45001:2018) certifications.

We regularly conduct internal and external audits to ensure compliance with our environmental, safety and health commitments.

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<sup>1</sup> Significant means more than INR 7.5 lakhs

## Social Performance



Our Human Resources department is in charge of workforce planning and productivity, along with employee advancement and promotion. The department has the goal of using new technologies and innovations to improve employee performance and efficiency, as well as to create a positive work experience and prepare employees for changes brought about by internal and external factors. At Solar, we prioritise our people in every decision we make in order to enable them to thrive and overcome any challenges.

### Community Relations

We are actively contributing towards areas of community development with efforts directed towards multiple areas. Our CSR initiatives are in line with our goal of contributing to the socio-economic development of the areas where we do business. Our community development projects are well-structured and carried out in compliance with our CSR Policy. Throughout the year, we made concerted efforts to serve the economy through promoting community development and welfare.

We at Solar believe that a good education is a basic human necessity. Economic and social empowerment emanates from education, and we are committed to educating children from weaker sections of society. As a response, we make continuous efforts in the areas of supporting equal educational opportunities. We extended our efforts to provide access to school for children who are typically deprived as part of our commitment to empowering children with the right to education. Throughout the year, we helped schools in Nagpur and the surrounding areas with infrastructure and other facilities. We have helped construct schools in Nagpur and in nearby districts. We are working towards the education of underprivileged and tribal students.

Our relentless efforts in building and renovating hospitals and rehabilitation centres show our commitment to the health and hygiene needs of the communities in the areas we operate. We remained committed to supporting the disadvantaged in society with healthcare. We collaborated with other community-based organizations to organize free medical check-up camps in specified districts and villages, as well as ambulance services. We also contributed to the Construction of the Ophthalmic Care Hospital and the Upgradation of Infrastructure and medical equipment at a Cancer hospital in Nagpur.

The pandemic has put human capabilities to the test, making it critical for organizations to step in and strive for society's well-being. Supply of basic food products and Personal Protective Equipment (PPE) kits, as well as the development of a COVID-19 care centre and the distribution of pulse oximeters, are among the relief steps we've taken to tackle COVID-related inconveniences. As the second wave of Covid-19 hit the country and hospitals faced acute shortages of medical equipment, we donated ventilators to various hospitals near Nagpur.

We are also making progress towards skill development of the youth of the underdeveloped in our endeavour to achieve the country's goal of being 'self-reliant'. We have helped build infrastructure while also curating dedicated skill development programmes to help them with future employment.

We have not received any grievances from local communities in FY 21-22.

INR 29.71 Crore CSR spent in last 5 years and INR 5.5 Crore in the reporting year. The following project initiatives/ CSR activities were undertaken by Solar in the reporting year.

Initiatives	Description	Location
<b>1. Environment</b>		
1.1 - Initiatives for Wildlife Protection	Wildlife Welfare & Protection	Khapri, Maharashtra
<b>2. Education</b>		
2.1 - Providing education to Tribal Students	Promotion of Education	Nagpur, Maharashtra
2.2 - Providing education to underprivileged children		Nagpur, Maharashtra
2.3 - Contribution to setting up of training center in Rural area	Rural Development	Thadipawni & Narkhed, Maharashtra
2.4 - Contribution to skill development programme.	Skill Development	
<b>3. Healthcare</b>		
3.1 - Upgradation of Hospital infrastructure and Provisioning of Medical Equipment	Promoting healthcare including preventive healthcare activities	Nagpur, Maharashtra
3.2 - Distribution of Ventilators, Oxygen Concentrators and other Medical Equipment	Disaster management including relief rehabilitation and reconstruction	Nagpur, Maharashtra
3.3 - Free Vaccination		
3.4 - Awareness Campaigns		
<b>4. Other</b>		
4.1 - Infrastructure upgradation of Gaushalas and Improving the livelihood of local farmers through cattle welfare		Nagpur, Maharashtra

### Building a skilled, committed and a diverse workforce

At Solar Industries, we are building a skilled, committed and diverse workforce and developing high-performing individuals. Our collaborative and harmonious work culture motivates employees to not only enrich competitiveness but also develop personal capabilities.

Our employees are our key strength, which has led us to achieve the results and various milestones in our organization's journey. The Company believes that attracting, developing and retaining talent is crucial to organizational success. The Company has several initiatives and programs to ensure employees experience a holistic and fulfilling career with Solar. The Company is constantly engaged in building employee competence in all areas of the business.

The Behavioural and Functional Competency framework is being institutionalised, with due focus on developing leadership capability; technical and functional expertise; and research capabilities of employees to develop in-house products with impeccable safety, quality and reliability standards. Several management development tools are being practiced for competency building amongst all levels of employees and focused succession planning and talent pool building is in progress. Coaching and Mentoring program are being imparted for employees occupying critical roles and positions. For new talent, a structured and rigorous onboarding and induction process is being followed to assure adherence to safety and quality standards from day one in the organisation. Management Development Programs are continuously planned and executed to hone the leadership capability of employees. The Company is maintaining smooth Industrial relations and statutory compliance at all plants and offices.

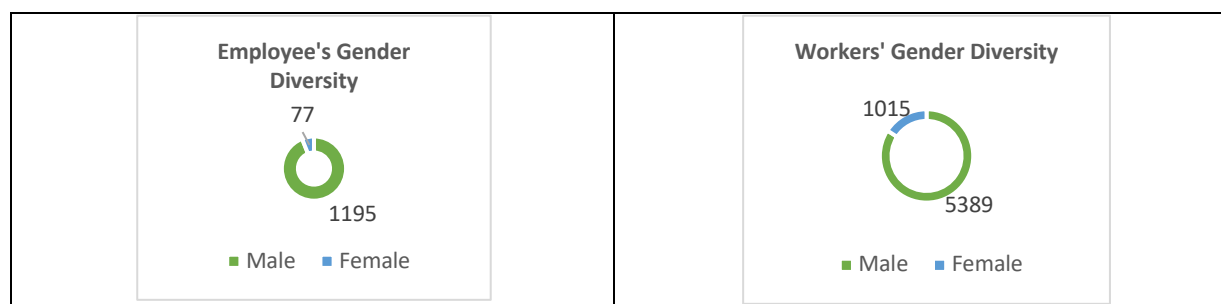
With a focus on digitalization, we are also implementing several robust HR practices and processes to enhance employee experience, engagement and enablement to deliver exemplary results. Some of the initiatives include structured talent management process, employee engagement surveys to check employee pulse, performance management system and so on.

## Diversity & Inclusion

We continue with our efforts to improve diversity and inclusion (D&I) across all levels to achieve their full potential. With 34 locations of presence, our diverse workforce represents our commitment to D&I. We now have increased participation of women, differently abled people and employees with international experience.

Employees want to work in a diverse, equitable, and inclusive environment where they can develop both personally and professionally. Our DEI strategy is founded on our core values, we do not discriminate against our employees, based on gender, ethnicity, age, sexual orientation, colour, religion, or other characteristics, to grow and prosper in an environment that recognises their contributions.

Diversity Indicator	Percentage
Women in Total Workforce	3.47



## Hiring and Retention

Solar Group has a recruitment strategy in place to attract a new generation of exceptional employees, with an emphasis on vocational and university students. Our remuneration policies and procedures are in accordance with all statutory and regulatory obligations and are strengthened by good risk management and controls, which ensure that remuneration activities are carried out responsibly. Solar doesn't discriminate amongst genders and provides equal job & remuneration structure. The remuneration ratio for males to females is 1:1 at the same level with the same years of experience. At Solar, employee goals are measurable that are pre-defined on annual basis with the line managers. The employees are appraised based on the measured objectives by line managers. 100 percent of the employees are appraised during the reporting period.

Turnover rate for permanent employees and workers									
Category	FY 2021-22			FY 2020-21			FY 2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	10.11%	2.41%	12.52%	7.39%	2.61%	10%	6.88%	3.12%	10%
Permanent Workers	11.88%	0.22%	12.10%	11.61%	0.39%	12%	13.22%	0.78%	14%

At Solar, we provide flexible working to employees in general shifts. We have the provision of Maternity leave as per the Maternity Benefit Act, Government of India. We provide paternity leave also as per the defined policy. We provide childcare facility such as creche facility.

## Training and Development

In FY22, we executed several development initiatives for leadership development and training on technical, safety and health aspects. Several training programs were also conducted on non-technical skills regularly, enabling our workforce to learn quickly and adapt to changing workplace dynamics. These programs were conducted both physically and virtually. We have also onboarded freshers from various campuses for specific roles within the company, where there are rigorously trained and placed internally as per requirement.

Being an employee-centric organisation, we pay special attention to nurturing talent and guiding them to be successful in their careers. In the reporting period, we conducted several development initiatives covering a wide array of topics. We undertook a leadership development initiative to prepare next-generation leaders from our talent pool. Several technical training sessions were conducted to help employees develop various skills.

We examine workforce capability needs for skill and competence development, customer focus, organisational performance, innovation, EHS, and business ethics. We analyse and develop our training infrastructure, methodology, and programmes in response to evolving business needs. In accordance with our strong learning culture, we continue to deploy best-in-class learning and development programmes that are adaptable and customizable to cultivate our workers at all levels for long-term relevance, competitive advantage, and growth.

2,606

Training and development sessions covered

90,548

Person-hours of training completed

## Employee health and well being

To ensure employee welfare, we have formulated sound human resource (HR) policies that aid employees in addressing and resolving their complaints and grievances. A cross-functional team has been created for the effective implementation and communication of HR policies.

Leadership communication at the plant level is conducted every month or every quarter to provide a channel for employees to interact with the top management. We also provide our employees with benefits like insurance, retirement provisions, healthcare, and disability coverage, and strive to create a work-life balance for our employees

Our employees are at the heart of our operations. To foster performance excellence, we invest in employee well-being and satisfaction. Our work culture ensures our employees' safety, health, competency development, and general well-being. Life insurance, healthcare, disability coverage, retirement provisions, and Mediclaim coverage are among the benefits provided to our employees. However, exposure to these benefits varies depending on operational region and level of employment. In FY 21-22, no significant concerns were raised.

## Human Rights

Our business strategy works in controlled regulatory environment. This means that we must adhere to legally obligatory rules, with a special emphasis on respect for human rights as a constitutionally protected subject. Regardless of the legislative framework, Solar places a high value on human rights. It goes without saying that we not only respect but also actively promote human rights, for example, through steps to provide equal opportunities or to enhance workplace health and safety. During the onboarding process, we comply with all industry regulations and check all the relevant human rights issues such as human trafficking, forced labour, child labour, etc.



We respect human rights in accordance with internationally accepted standards and follow proper due diligence when it comes to prevent human trafficking, discrimination of any type, forced and child labour. Solar respects the rights of employees to free association and representation and all the workers are members of the recognised employee associations (unions). We have one employee association.

In the reporting year, we have not received any complaints for child labour/ forced labour/ involuntary labour, sexual harassment, and discriminatory employment. We do not have any pending complaints for the child labour/ forced labour/ involuntary labour, sexual harassment, and discriminatory employment. We have POSH policy which is internally available to all the employees. We provide POSH-related training to all the employees. We have a dedicated committee to address the employees' grievances.

## **Occupational Health and Safety**

The health and safety of workers are critical to our business model. Our primary focus is on health and safety management, and we are committed to achieving 'Zero Harm'. We are continuing to create a variety of approaches in order to reach this goal. To achieve our safety-related goals, we work on developing safety leadership capability at all levels; working with contract employees by strengthening the deployment of contractor safety management standards; improving competency and capability for hazard identification and risk management; improving road and transportation safety throughout the Company; conducting mock drills establishing industrial hygiene and improving occupational health.

We ensure a safe work environment for our employees through safety measures and extensive training and awareness programmes. Global standards like ISO 45001:2018 are followed to ensure occupational safety and we are certified for the same. Our health and safety policy takes and hazards of working on our products. We conduct Hazard Identification and Risk Analysis (HIRA) and Job Safety Analysis to ensure safety at the workplace, while also providing safety induction manual to visitors before entering the premises.

Mental well-being is as important as physical safety. To ensure mental wellness we follow the 5S workplace management (Sort, Set in Order, Shine, Standardise and Sustain) to provide a rewarding and pleasant workplace to our employees.

The Safety, Health, and Environment committee is in charge of our safety governance system. We adhere and incorporate the recommendation and guidelines of PESO (The Petroleum & Explosives Safety Organization). We try to continuously enhance our H&S system through auditing and collaboration with both internal and external stakeholders.

The goal is to foster a culture in which H&S is viewed as a benefit to sound business practise, increased productivity and reliability, and a more engaged workforce. We design and operate our facilities with the goal of avoiding accidents that could endanger our employees and contractors, as well as the surrounding community or have a negative impact on the environment. We will continue to foster a culture in which everyone knows their responsibility in making Solar a safer place to work.

64,333 Person-hours of safety training

11,284,198 Hours of injury-free work

<b>Safety Incident/Number</b>	<b>Category</b>	<b>FY 2021-2022</b>	<b>FY 2020-2021</b>
<b>Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)</b>	<b>Employees</b>	0	0
	<b>Workers</b>	0	21.09
<b>Total recordable work-related injuries</b>	<b>Employees</b>	0	0
	<b>Workers</b>	0	0
<b>No. of fatalities</b>	<b>Employees</b>	0	0
	<b>Workers</b>	0	2
<b>High consequence work-related injury or ill-health (excluding fatalities)</b>	<b>Employees</b>	0	0
	<b>Workers</b>	0	1
<b>Process Safety Events – Tier 1 (Number of events per million hours worked)</b>	<b>Employees</b>	0	0
	<b>Workers</b>	0	0

# EHS Management through effective IT systems

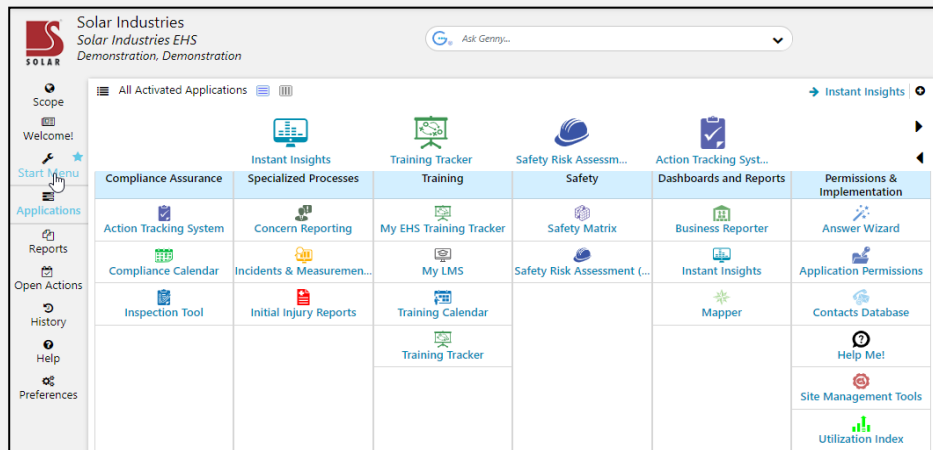
## Intervention

Existing tools such as spreadsheets with isolated systems are inadequate for the EHS requirements of the explosives industry. We have adopted six application modules that enhance our safety management system. These modules are as follows:

1. **Concern reporting:** Used for reporting any workplace and process related concerns
2. **Action Tracking System:** Report of non-compliance action regarding EHS audit
3. **Incident & Measurement:** All FIRs & incident investigation is carried out through this module
4. **Inspection tools:** All audits and inspections are carried out through this module
5. **Safety Risk Assessment:** All safety risk assessments are carried out through this module
6. **Training Trackers:** Training matrix and monthly training calendar are prepared through this module

## Benefit

- Managing all HSE activity in single base system
- Easy for data mining about EHS related activity
- Performance transparency & accountability
- Operational compliance
- One step towards total Digitalization for HSE management system. (80% paperless work is done through this software)



## Customer Satisfaction

Our commitment to customer satisfaction remains undeterred, largely driven by our business that caters to customers across several industries. We strive to meet customer aspirations with products that meet their specific targets and results. Catering to B2B model of business, our customer portfolio comprises global multinationals, leading companies, and government (defence) bodies in key geographies. Our sales team works closely with customers, developing deep customer insights to drive the customer experience.

We strive diligently to improve the customer satisfaction by providing safety, reliability, and high-quality products that add value to our customers. We interact with our customers through a variety of channels, including client visits, technical seminars, and safety workshops. We determine the customer's needs and conduct a performance analysis to ensure that we provide the best-in-class services to our business partners.

We collect and analyse consumer feedback on regular basis. Customer complaints are handled fast and effectively, with each complaint analysed and corrective or preventative action taken. Our dedicated technical team not only addresses customer problems but also guarantees that customers are adequately instructed on how to use the products and adhere to the statutory regulations governing their transportation and storage. 185+ No. of customers with more than 10 years of association. In FY 21-22, no significant concerns were raised.

### **Sustaining brand Solar**

With the support from our team of experts and advanced operational processes, we continue to fortify the brand value of Solar. This empowers us to be a preferred partner for diverse clients in the domestic and international markets. Founded upon its values, ethics and policies, we have delivered value for all our stakeholders, unlocking potential opportunities that came along our way. Carrying the legacy and trust forward, we are among the few private players in the industry to be entrusted with orders worth INR 2982 Crore. The criticality of defence sector lies in host of issues like stringent approval processes, timely delivery, maintaining confidentiality, contemporary technology, multiple trials etc. We have successfully implemented several strategies to enrich our offerings that position's us the preferred player across key product categories.

### **Supply chain management**

The supply chain partners are essential to Solar, and we engage with all our suppliers through constant dialogue. We cultivate strong relationships with our suppliers and urge them to embrace and implement the concept of responsible supply chain. Solar supports the purchase of goods and services from small and local businesses in the areas where our plants are located. External suppliers and contractors who work on plant operations and other projects typically hire workers from adjacent communities. We're also working to strengthen the vendors' occupational health and safety requirements in all our plants. Some of our vendors designed their procedures specifically to fit our needs and supplied products that met our specifications. Solar works closely with local vendors on its projects, ensuring a better experience in terms of acquiring supplies on time.

We have significantly digitised our operations around supply chain, where evaluation, on-boarding and validation of suppliers is done in quick time. Operating with our integrated business model, we are involved with suppliers at various stages of our value chain. Their knowledge, products and services enable us to bring value to our clients. A deeper engagement with suppliers is aimed to increase social and environmental awareness and continuously improve the sustainability performance of suppliers.

7396 No. of Suppliers

### **Focused on innovation**

Our ability to thrive and succeed in a competitive environment is largely driven by our robust R&D expertise and technological capabilities. Our rich-industry experience, over the years, has empowered us to consistently deliver products that perform at critical downstream industries.

Solar promotes an innovative culture where ideas that drive future-growth are welcomed. A dedicated team continuously monitors the evolving industry and customer needs, gathering information and bringing new ideas on the table. Our innovative approach drives productivity, enhances operational performance and enables us to create a differentiated value proposition.

Among the several initiatives, during the year we installed digital tools for vendor management, supply chain management and distribution tools, that enabled better forecasting and increased operational efficiencies.

Along with developing new products, our R&D team is striving to improve quality, safety and performance of the existing product range. The 'Centre of Excellence' at Solar consists of a sophisticated laboratory for High Energy materials accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL), to support our endeavours of creating an efficient and technologically superior R&D facility.

Over the past year, our product development team has introduced new product range suitable to market demand as well as economic and eco-friendly uses. Our subsidiary, Economic Explosives Limited along with Terminal Ballistic Research Laboratory (TBRL) have designed and tested the advanced Multi- Mode Hand Grenades (MMHG). We are aiming to introduce sustainable products like the super green primary explosives and develop insensitive munitions (NTO), which will be capable of enhancing the safety standards of our munition technology.

INR 70.12 Crore R&D expenditure in the last 5 years.

108 R&D team strength

252 New ideas in last three years

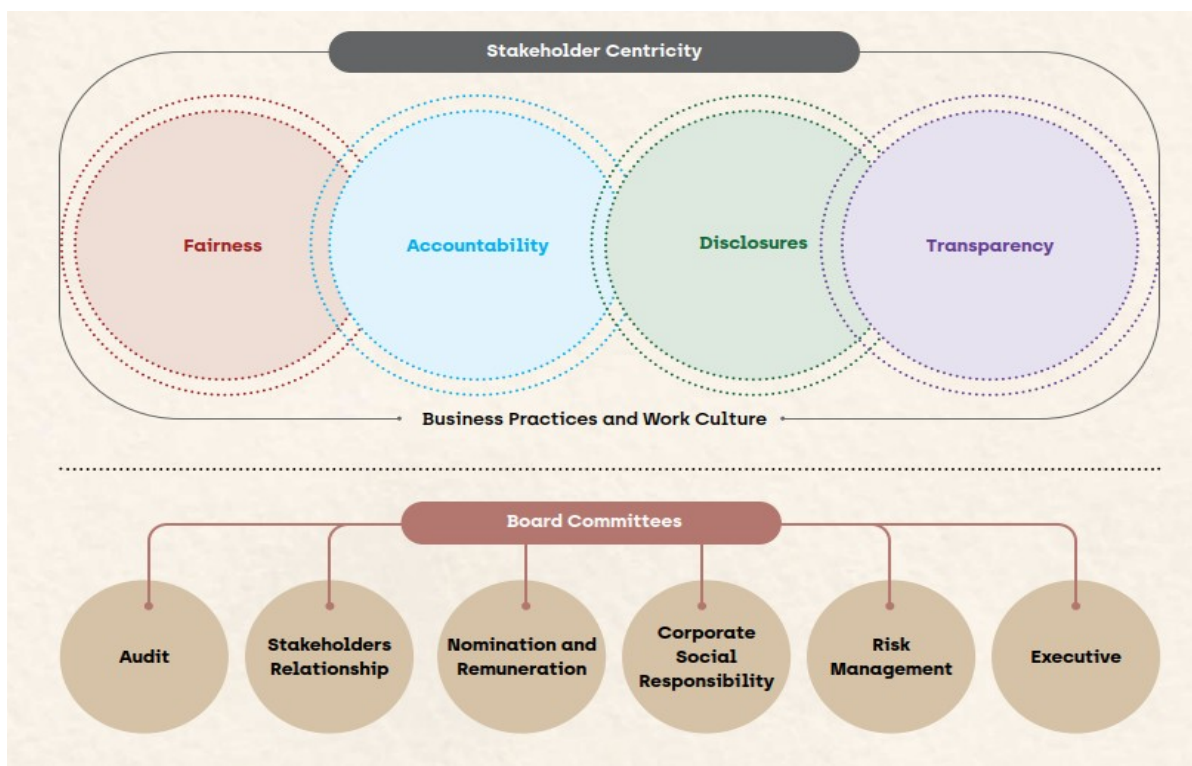
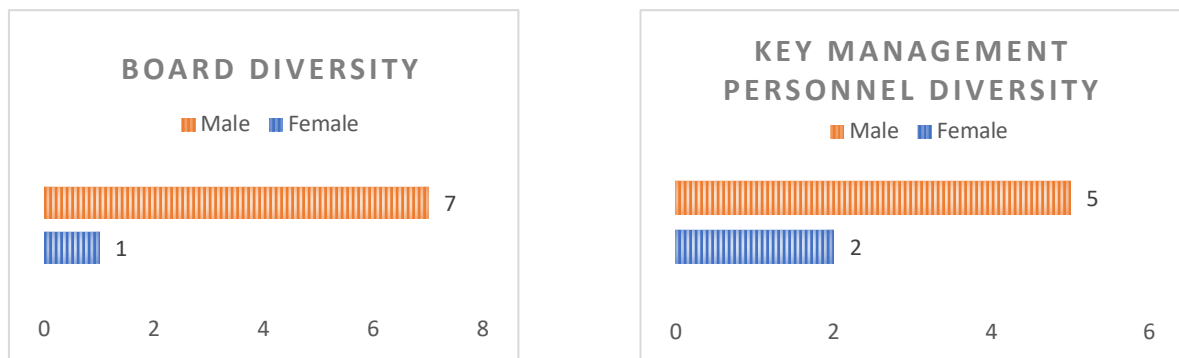
## Governance

At Solar group, we make a conscious effort to incorporate our stakeholder’s interests in all our operations and business discussions. We identify ourselves as a stakeholder’s centric company. Built over the pillars of Fairness, Accountability, Disclosures, and transparency, and integrated into our business practices and work culture our corporate governance model shows our commitment toward enhancing the good governance practice at Solar.

The Company has total eight Directors of which four are Executive Directors and four are Non-Executive Independent Directors including a woman director. The composition of the Board is in conformity with Regulation 17(1) of SEBI (LODR) Regulation, 2015.

At solar we have six dedicated committees (namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, and executive committee.) for overseeing all the operations and implementation

We have a consistent flow of feedback from all stakeholders, and it forms an integral part of our strategy for sustainable growth. As part of our long-term value-creation philosophy, we have built strong relationships with vendors, who have adopted to our requirements and modified their operations to ensure consistent quality of delivery at all times.



## Our Policy Framework

We have developed a comprehensive sustainability policy framework to drive our ESG agendas, in line with our mission. The Policy assists in securing vital information, ensuring regulatory compliance, supporting management in decision making and increasing accountability. Our existing policies and code of conduct give us confidence in addressing sustainability concerns in ways that benefit our customers, shareholders, and society.

Our Sustainability Policies are crafted to address the needs of the entire gamut of our business needs, and include policies on:

Environment	Social	Governance
<a href="#">Policy on Life Cycle Sustainability</a>	<a href="#">Human Rights Policy</a>	<a href="#">Code of Conduct</a>
<a href="#">Environment, Health &amp; Safety</a>	<a href="#">Employee Well Being Policy</a>	<a href="#">Anti-Corruption &amp; Bribery Policy</a>
<a href="#">Product Responsibility Policy</a>	<a href="#">Stakeholder's Engagement Policy</a>	<a href="#">Whistle Blower Policy</a>
	<a href="#">Customer Satisfaction Survey &amp; Monitoring Policy</a>	<a href="#">Corporate Social Responsibility</a>
	Rewards & Recognition Policy	<a href="#">Terms and conditions of appointment of Independent Directors of the Company</a>
	Job Rotation Policy	<a href="#">Familiarisation Program for Independent Directors</a>
	POSH Policy	<a href="#">Nomination &amp; Remuneration</a>
		<a href="#">Policy on Disclosure of Material Events</a>
		Grievance Redressal Policy
		Employee Code of Conduct

## Risk Management

At Solar group, we place our maximum focus on risk management, our dedicate Risk Management committee takes into consideration the nature, scale and complexity of the business while assisting the Board in ensuring that all material risks have been identified, assessed and adequate risks mitigations are in place. At Solar, risk management is part of our ongoing strategy and remains a critical component of good corporate governance. We proactively manage risks to achieve our strategic goals and deliver value to our stakeholders. Our ability to better predict and respond to changes in industry not only enables us to minimise any adverse impact on the business but also helps us to take advantage of opportunities.

## Regulatory Compliance

While we strive to meet our organizational objectives and value creation for our stakeholders, we also make sure that our operations and activities adhere to all applicable laws, rules, policies, and regulations. In the reporting year under review, there were no adverse comments with respect to our product and service from the organisations which directly control our organisation PESO, DGMS and Mines.

## Ethical Business Conduct

At Solar, ethical governance is of paramount importance and one of our most valued assets. We are always working toward and implementing substantial measures that are tailored to show and integrate ethical ideals and behavioural standards across all organisational levels to instill high levels of discipline and conduct. Furthermore, we are bolstering the organization's, management's, and employee's morale to ensure that our actions and operations adhere to our business ethics principles.

## **Innovation**

Our capacity to broaden our knowledge base and innovate our operations can go a long way. Intellectual capital is incredibly valuable in our industry. In a highly competitive environment, we differentiate ourselves by leveraging our systems, manufacturing capabilities, and insights to manage risk, supply the high-quality products, control costs, and develop our business. To increase the performance of our machinery and equipment, we are continually working to strengthen our knowledge-based capital. We will strengthen our push for operational efficiency and resource optimization by incorporating relevant technologies, integrating learnings into the organisation, and supporting an innovative culture.

Furthermore, technology and a culture of continuous improvement are essential enablers in achieving the strategic objectives of industry leadership and cost leadership. We will continue to improve our manufacturing processes, cost competitiveness, and environmental performance by developing competencies and collaborating with technology and research partners. Despite shifting client expectations, the development of renewables, and mounting regulatory challenges, we aspire to constantly innovate and adapt to change.