



# ESG

At GMM Pfaudler



**A**S a leading provider of technologies, systems and services for a wide range of pharmaceutical and chemical industries in the manufacturing sector, we are cognizant of the environmental footprint of our operations and that of our customers. Therefore, designing sustainable products and conducting business responsibly to contain the environmental impact of our operations and the value chain, providing a safe and inclusive workplace, and fostering holistic growth are integrated within our organizational fabric.

**Our Approach**

**Our** operational and future growth strategies put responsible Environmental, Social and Governance (ESG) principles at their core. These principles help us design and deliver quality products that help GMM Pfaudler and our customers lead with sustainability and create long term value for our stakeholders.

We are progressively sharpening our ESG focus and undertaking initiatives to

improve our processes and policies, enhance resource efficiencies as we scale business. In line with our intent to expand the scope of our disclosures, we have adopted GRI core option for sustainability reporting to share the highlights and challenges of our ESG journey with our stakeholders transparently.

For GMM Pfaudler, adherence to ESG principles is more than just ticking the boxes. It is

about making a tangible and lasting difference in the world. Our mission and values guide our purpose and help us focus on what is important. As the leading supplier of corrosion-resistant technologies, we are committed to accelerating the world’s move toward a sustainable future and positively impacting our people, communities, and the planet.

**Our Purpose**

ESG will be the corner stone of GMM Pfaudler’s long term strategy with a commitment to create value for our people, our communities and our planet.

**Creating a sustainable future for our Company and our Stakeholders**



**Sustainable and environmentally-friendly working practices**

Strengthening our product portfolio while respecting our stakeholder concerns and reducing our environmental impact



**Innovative technologies**

We provide unique and innovative technologies, systems and services that deliver high-value solutions to our customers



**Reliable & Dynamic**

We are committed to consistently delivering on our promise of expertise in technologies, systems and services by anticipating the needs of customers



**Inclusive Culture**

Our people are the driving force driving our ability to do and achieve more. We value diversity and provide a real opportunity to cultivate meaningful relations



**Longer Lifespan**

Our equipments have a longer operational lifespan of over 10-15 years, reducing the need for replacement and waste generation

## ESG Policy

**Our** ESG policy is designed to address the impact of our operations and footprint on society and the environment, as well as identify and deploy mitigation measures. The policy outlines our commitment to embedding ESG principles into our business activities and functions and across our supply chain. The **GMM Pfaudler ESG Policy** can be found at: <https://www.gmmpfaudler.com/index.php/file/EnvironmentSocialGovernancePolicy.pdf>

Our ESG policy includes the following major elements that align with Company's Strategic Plan and the UNSDGs:

	<b>SDG 3:</b> Good Health and Wellbeing
	<b>SDG 4:</b> Quality Education
	<b>SDG 7:</b> Affordable Clean Energy
	<b>SDG 8:</b> Decent Work and Economic Growth
	<b>SDG 9:</b> Industry, Innovation and Infrastructure
	<b>SDG 11:</b> Sustainable Cities and Communities
	<b>SDG 12:</b> Responsible Consumption and Production
	<b>SDG 14:</b> Life below Water

## ESG Highlights FY22

### Environmental Highlights



**9,476<sup>GJ</sup>**

Renewable Energy generated and consumed (as electricity)

#### ISO 14001:2015

Our manufacturing sites are Environmental Management System certified

### Social Highlights



**100%**

Health and Safety training to workers

#### ISO 45001:2018

Our manufacturing sites are aligned to Occupational Health & Safety Management System

### Governance Highlights



#### Periodic review

We perform compliance check & corporate reviews periodically

#### ESG Steering Committee

Dedicated ESG committee is formed at leadership level to guide and implement the ESG elements in the organisation

## Stakeholder Engagement




**Transparent** and regular stakeholder engagement is integral to our sustainable growth roadmap and achieving the triple bottom line - people, planet, and processes. We engage with our stakeholders and seek their views on emerging and existing risks, economic opportunities and environmental and social

parameters as we consider to expand our footprint. Additionally, we need to understand and address stakeholder concerns and get insights into issues that are important to them to earn their trust and support.

Our internal stakeholders include our employees, Board and Senior Management. External stakeholders include

customers, shareholders/ investors suppliers, investor relation/public relation agencies, communities and regulators. We engage with our stakeholders through a broad spectrum of channels that facilitate two-way communications and disclose transparent and regular information on our progress and challenges to them.

### Stakeholder Engagement Matrix

Stakeholders	What can we offer them?	Why are they important to us?	How do we engage with them?	Key ESG concerns
<b>Employees &amp; Senior management</b> 	<ul style="list-style-type: none"> <li>• Learning and development</li> <li>• Benchmarked compensation</li> <li>• Objective and fair performance review &amp; timely feedback</li> <li>• Progressive career growth</li> <li>• Conducive and inclusive work environment</li> <li>• Enabling an innovation-led culture</li> </ul>	<ul style="list-style-type: none"> <li>• A motivated workforce is key to realizing business and sustainability goals</li> <li>• Engaged employees deliver higher productivity and strengthen competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>• Internal communications through multiple channels, including leadership messages, townhalls, shop floor meetings, newsletters</li> <li>• Intranet</li> <li>• Grievance redressal channels</li> </ul>	<ul style="list-style-type: none"> <li>• Product Quality and Customer Satisfaction</li> <li>• Corporate Governance</li> <li>• Responsible Supply Chain</li> <li>• Climate Change, Emissions, and Waste</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>• High-quality products</li> <li>• Seamless pre-sales and after-sales service</li> <li>• Opportunity to provide feedback about products and services</li> <li>• Value for money</li> </ul>	<ul style="list-style-type: none"> <li>• Satisfied customers are the source of recurring revenues</li> <li>• Positive word of mouth and recommendations can get new customers</li> </ul>	<ul style="list-style-type: none"> <li>• One-to-one interactions and meetings</li> <li>• Customer satisfaction surveys</li> <li>• Company website</li> <li>• Helpline numbers and grievance recording mechanism</li> </ul>	<ul style="list-style-type: none"> <li>• Product Quality</li> <li>• Customer satisfaction</li> </ul>
<b>Shareholders / Investors</b> 	<ul style="list-style-type: none"> <li>• News of the latest company developments</li> <li>• Details of long-term plans</li> <li>• Clarifications about events that might be of concern</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders are the source of the Company's capital</li> <li>• As part owners of the Company, they deserve to have a say in the tactical and strategic plans of the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Media</li> <li>• Email</li> <li>• Quarterly conference call</li> <li>• Analyst &amp; Investor meetings</li> <li>• General meetings</li> <li>• LinkedIn</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Climate change</li> <li>• Water usage and waste disposal</li> <li>• CSR</li> </ul>

Stakeholders	What can we offer them?	Why are they important to us?	How do we engage with them?	Key ESG concerns
<b>Suppliers / Vendors</b>  	<ul style="list-style-type: none"> <li>● Revenue generation</li> <li>● Business growth</li> <li>● Innovation</li> <li>● Brand loyalty</li> <li>● Key to growing the demand for a sustainable supply of equipment and materials</li> </ul>	<ul style="list-style-type: none"> <li>● Strategic lever for operational and cost efficiencies</li> <li>● Delivering on quality commitments</li> <li>● Finishing new and in-progress projects on time and within budget</li> <li>● Technology adoption and advancement across the value chain</li> <li>● Integrating ESG parameters across the value chain</li> <li>● Reducing carbon footprint</li> </ul>	<ul style="list-style-type: none"> <li>● One-to-one discussion</li> <li>● Online survey</li> <li>● Supplier meets</li> <li>● Review and Audits</li> <li>● Contractual Agreements</li> <li>● Capacity building and training</li> </ul>	<ul style="list-style-type: none"> <li>● Product Stewardship</li> </ul>
<b>Investor Relations and Media</b>  	<ul style="list-style-type: none"> <li>● News of the last company developments</li> <li>● Transparency / clarifications about events that might be of concern</li> </ul>	<ul style="list-style-type: none"> <li>● Enhancing financial and brand reputation</li> <li>● Boosts visibility among potential customers and investors</li> <li>● Creating sustainable impact</li> </ul>	<ul style="list-style-type: none"> <li>● One-to-one discussion</li> <li>● Online survey</li> <li>● Quarterly Investor Meets</li> <li>● Media announcements</li> <li>● Interviews</li> <li>● Annual Events</li> </ul>	<ul style="list-style-type: none"> <li>● Product Quality and Customer Satisfaction</li> <li>● Occupational Health and Safety</li> <li>● Corporate Governance</li> </ul>
<b>CSR Partners</b>  	<p>Partnerships to foster sustainable development of the communities around our operations and cascade benefits to the ecosystem</p>	<ul style="list-style-type: none"> <li>● Strengthening societal license to operate</li> <li>● Community engagement to conduct business without disruptions</li> <li>● Create a more sustainable ecosystem</li> </ul>	<ul style="list-style-type: none"> <li>● CSR programs</li> <li>● Face-to-face meetings</li> <li>● Online survey</li> <li>● Community meets</li> <li>● Review &amp; Impact studies</li> </ul>	<ul style="list-style-type: none"> <li>● Community Development</li> <li>● Training &amp; Education</li> <li>● Occupational Health &amp; Safety</li> </ul>
<b>Industry bodies, Regulators</b>  	<ul style="list-style-type: none"> <li>● Sustainability</li> <li>● Make in India</li> </ul>	<ul style="list-style-type: none"> <li>● Key for ensuring compliance, interpretation of regulations and uninterrupted operations, obtaining/ granting permissions</li> </ul>	<ul style="list-style-type: none"> <li>● Discussions on applicable regulations</li> <li>● Appropriate amendments and regular inspections</li> </ul>	<ul style="list-style-type: none"> <li>● Timely approvals</li> <li>● Adaptation to changing regulations</li> </ul>

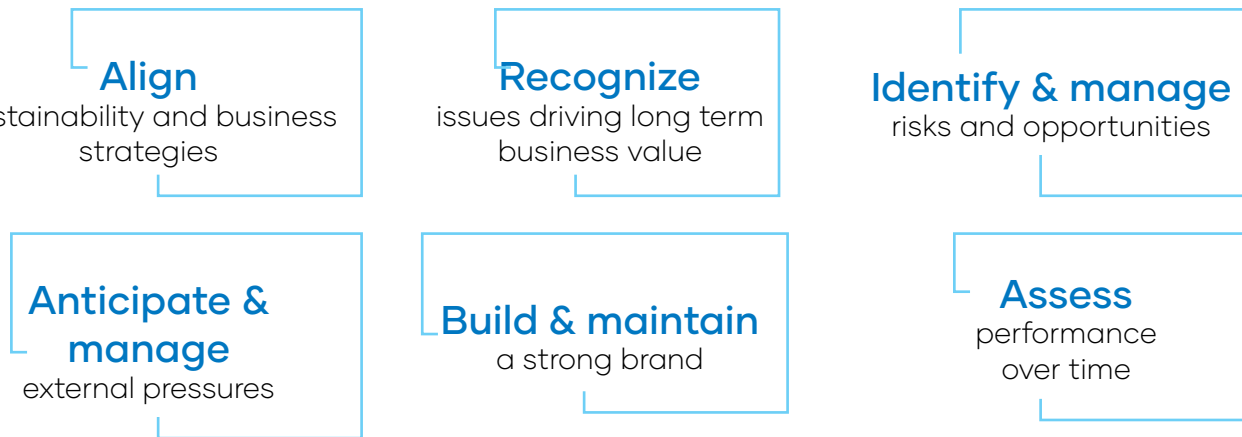
## Materiality Assessment

In FY22, we undertook a detailed materiality assessment to identify issues that are critical for our continued business growth and parameters that can impact our stakeholders the most through a structured engagement with them.

A series of one-on-one discussions and online surveys with internal and external stakeholders helped us garner their insights and assess risks and their potential to impact our value creation abilities.

Additionally, a comprehensive desk review was carried out to evaluate material topics relevant to our Company.

### Our materiality assessment aimed to:

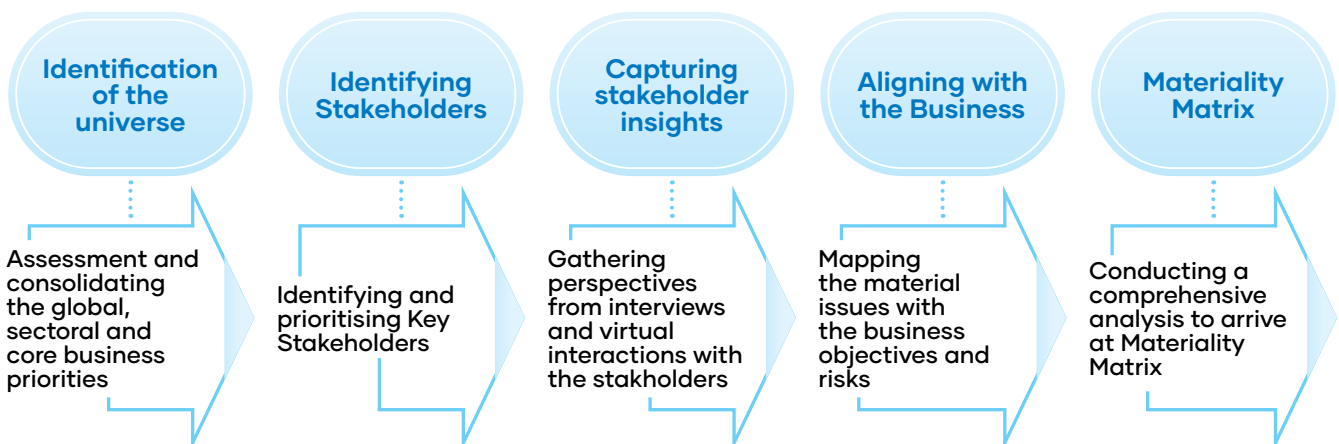


### The Assessment Process

The materiality assessment process began with identifying the broad universe of external environment trends and our business priorities. We came up with a set of 19 potential topics.

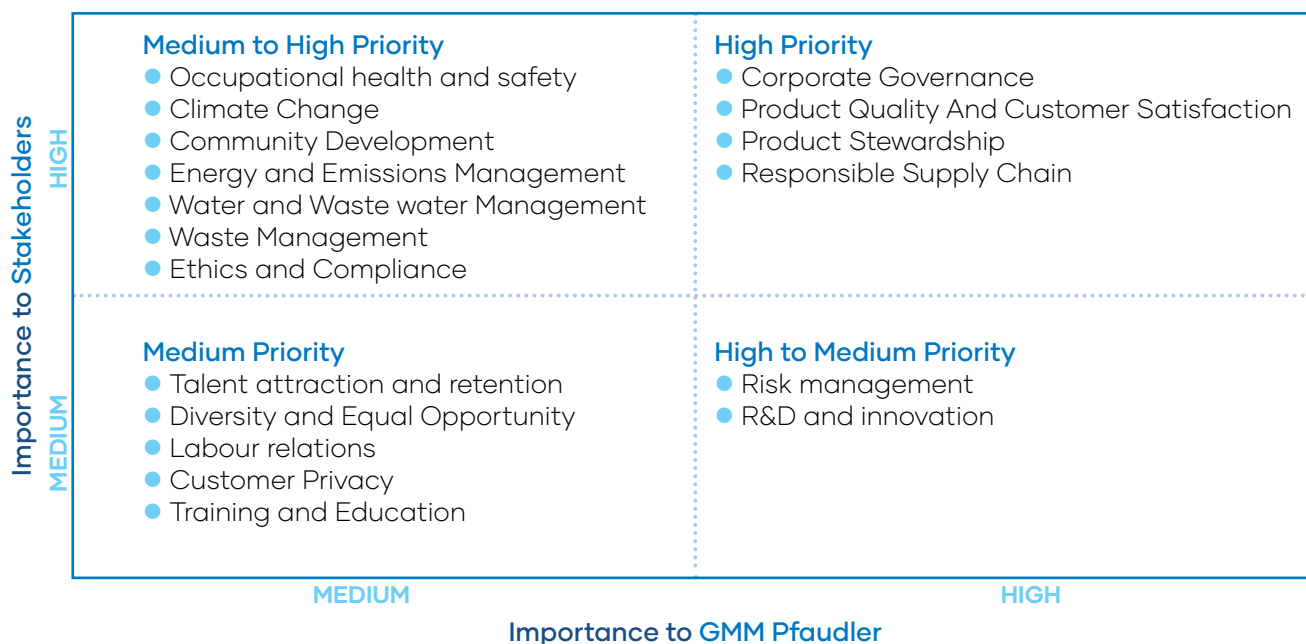
Thereafter, we prioritized key stakeholders for detailed discussions on the universe of issues identified and any additional concerns they may have.

The identified material topics were further prioritized based on their significance to our Company and key stakeholders to develop our final list of material issues. The identified material issues have been woven into our 3-year ESG led growth roadmap between 2022 and 2025.



### GMM Pfaudler Materiality matrix

We depict the relative significance of issues through the materiality matrix. We have identified the following material issues to define our ESG priorities as shown in the High and High to Medium priority quadrants in the matrix below:



#### GMM PFAUDLER Material issues

- Corporate Governance
- Product Quality and Customer Satisfaction
- Product Stewardship
- Responsible Supply Chain
- Risk Management
- R&D and innovation
- Occupational health & Safety
- Climate Change
- Community Development
- Energy and Emissions Management
- Water and Wastewater management
- Waste Management
- Ethics and Compliance

The synergistic and interdependent relationships between our material topics and business imperatives help us accelerate our sustainability journey in line with our stated strategic goals.



## ESG Strategy

An agile, scalable and responsive roadmap empowers us to translate our ESG goals into an effective execution framework to create sustainable value

for our stakeholders. This roadmap guides us as we work towards meeting our financial and non-financial commitments, establishing scalable and responsible

operational models, building a future-ready talent pool and generating sustained financial returns while protecting our planet and people.

## Strategic Framework

To guide our Company on a sustainable growth path, we used the findings of our Materiality Assessment to frame our ESG strategy. Built on the four pillars of Environment Protection and Climate Resilience, Responsible Business Conduct, Workplace Symphony and Social Stewardship, the strategy has nine focus areas. These goals are augmented by a robust governance structure to ensure adequate oversight and transparent monitoring of progress and disclosures.

### To nurture long-term business sustainability



#### 1. Environment Protection and Climate Resilience

- Low Carbon and Climate resilient operations
- Water and Waste Management



#### 3. Workplace Symphony

- Human Capital Development
- Health and Safety



#### 2. Responsible Business Conduct

- Responsible Supply Chain Engagement
- Ethics and Compliance
- ESG Communication



#### 4. Social Stewardship

- Human Rights
- Community Development

### Supported by Robust ESG Governance Structure

## ESG Governance

A sustainable business can only be built when it has the guard rails of a robust governance structure that can provide the required framework and suggest course corrections where needed. Our ESG Governance structure ensures that the sustainability commitments made by GMM Pfaudler are woven into the appropriate elements of our business operations.

You can read more about ESG Governance structures on page 67 of this Report.

**Contributing to the UN SDGs:** Our holistic ESG strategy is designed to contribute to the United Nation’s Sustainable Development Goals (SDGs) and India’s environmental and socio-economic development goals.

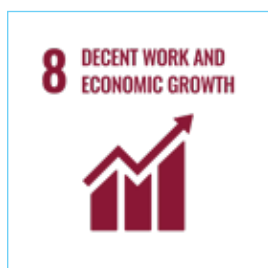
**ESG Strategic Pillar 1: Environmental protection and Climate Resilience**



This strategic pillar is designed to reduce our operations’ environmental impact and carbon footprint. It aims to enhance the sustainability of our assets, reduce water consumption and waste generation and help us become a climate-resilient organization. It focuses on:

Focus Area	KPI	3 Year Target (FY 2025)
Low Carbon and Climate resilient operations	Energy Efficiency	To reduce energy intensity
	Decarbonization (SBTi)	To increase the share of renewable energy
	Climate Risk Analysis	Conduct Climate risk and opportunity analysis
Water and waste management	Zero Waste to Landfill	All the manufacturing sites to achieve the Company’s standard for zero disposal
	Water Recycling	To decrease total water consumption by a substantial percentage

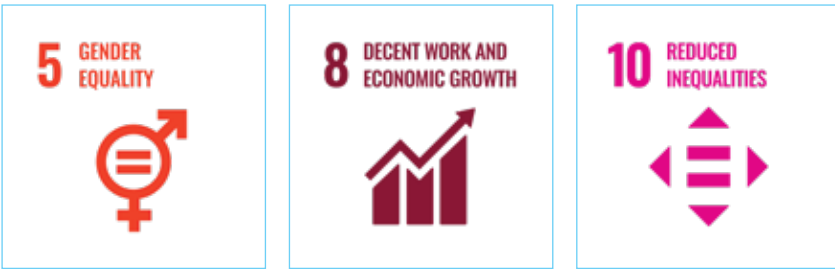
**ESG Strategic Pillar 2: Responsible Business Conduct**



Our business goals are aligned with our vision of becoming the preferred provider of the best engineered products and services to our customers led by ethical and transparent business conduct to earn stakeholder trust, enhance the brand appeal and deepen customer loyalty. This pillar focuses on:

Focus Area	KPI	3 Year Target (FY 2025)
Responsible Supply Chain Management	Sustainable Procurement	Using responsibly sourced raw materials and minimizing waste throughout the supply chain
	Responsible Sourcing	Increase the use of recycled packaging material
Ethics and Compliance	No. of breaches/Non Compliances	<ul style="list-style-type: none"> <li>Identify and disclose the number of breaches or non-compliances with the Code of Conduct</li> <li>100% Training Compliance on Ethics (Code of Conduct)</li> </ul>
ESG Communication	Internal Communication	<ul style="list-style-type: none"> <li>Half-yearly ESG newsletters</li> <li>Conduct Quiz/competitions on ESG issues</li> <li>Celebrate ESG/Safety Week</li> </ul>
	External Communication	<ul style="list-style-type: none"> <li>Develop and Disclose a Sustainability report or Integrated Report</li> <li>Develop a microsite on the website and disclose the sustainability updates /progress every quarter</li> </ul>

ESG Strategic Pillar 3: Workplace Symphony



Our people’s capabilities, competence and commitment are the force behind our continued business success and the stakeholder trust we enjoy. Creating a conducive workplace that is safe and inclusive, respects the diversity of thought, gender, age and other parameters and encourages our people to grow professionally is at the core of our ESG led growth strategy. This pillar focuses on:

Focus Area	KPI	3 Year Target (FY 2025)
Human Capital Development	Diversity & Inclusion	Increase the existing women workforce by substantial percentage
	ESG Training	All the employees to comply with the minimum ESG training as per Company’s Learning & Development guidelines
	Employee Engagement Survey	Conduct employee engagement survey annual basis
Health and Safety	ISO 45001 Alignment and Certification	All manufacturing sites to be ISO 45001 certified
	Zero Accident and Zero Injury	Zero Accident and Zero Injury (Reportable)



ESG Strategic Pillar 4: Social Stewardship



At GMM Pfaudler, we have always believed that holistic and inclusive growth is the key to the Company's long-term and sustained wellbeing. We are committed to improving the quality of life and livelihoods for the communities in which we operate and nurturing overall societal development. We are committed to upholding human rights across our operations and the value chain by acting in a fair and transparent manner without any discrimination or bias, aligned to applicable regulations. In line with our ESG goals, we encourage our employees to give back to society by being a part of our community facing engagements. This pillar focuses on:

Focus Area	KPI	3 Year Target (FY 2025)
Community Development	Need Assessment	Community need assessment for all new CSR projects
	Social Impact assessment	Impact assessment for medium/ long-term CSR projects (3 years and above)
	Employee Volunteering	Encourage employees to engage and participate in community volunteering services
Human Rights	Human Rights Due Diligence	Conduct human rights due diligence at all operational facilities



## Environment

**AT** GMM Pfaudler, reducing our environmental footprint and managing associated risks are essential to our decision-making process. Some of the critical environmental impacts associated with our industry and allied manufacturing activities are related to emissions, effluent discharges and waste generation.

Our ESG strategy is designed to transform our operations into a low carbon and climate-resilient one through energy conservation, monitoring and reducing Green House Gas (GHG) emissions and enhancing water efficiency and waste management. We follow globally benchmarked

standards to contain the environmental impact of our operations. Environmental assessments enable us to identify current and emerging risks that may impact the long-term sustainability of our business model.





### Energy and Emissions

Our direct energy consumption is a function of the fossil fuel used by Diesel Generator (DG) sets to power our manufacturing sites, offices and run company vehicles, LPG for

manufacturing and canteen activities, natural gas to fire furnaces, dissolved acetylene for welding and industrial use and electricity from the grid and renewable sources for other operational

purposes. In FY 22, the total consumption is 2,87,709 GJ of energy, up from 2,22,123 GJ in the previous reporting year with the addition of new manufacturing facilities in Hyderabad and Vatva.

### Energy Consumption

Source	Unit	FY19	FY20	FY21	FY22
Total Fuel Energy	GJ	87,286.82	1,00,132.75	1,29,892.04	1,56,685.21
Total Grid Energy (as grid electricity)	GJ	47,457.09	54,438.03	83,782.17	1,21,548.50
Total Renewable Energy (as electricity)	GJ	6,409.59	6,616.61	8,449.08	9,475.80
Total Electricity	GJ	53,866.68	61,054.63	92,231.26	1,31,024.29
<b>Total Energy</b>	<b>GJ</b>	<b>1,41,153.50</b>	<b>1,61,187.38</b>	<b>2,22,123.29</b>	<b>2,87,709.51</b>

In FY22, it is consumed 1,56,685 GJ of direct energy powered by fossil fuels and 1,31,024 GJ of indirect energy drawn from the grid electricity and renewable electricity was consumed. However, the share of renewable energy also went up from 8,449 GJ to 9,476 GJ during this period.

### GHG Emissions

Scope	Units	FY19	FY20	FY21	FY22
Scope 1 Emissions	tCO <sub>2</sub> e	4,925	5,671	7,407	9,035
Scope 2 Emissions	tCO <sub>2</sub> e	10,828	12,003	18,386	26,673
<b>Total</b>	<b>tCO<sub>2</sub>e</b>	<b>15,754</b>	<b>17,674</b>	<b>25,793</b>	<b>35,708</b>

Our GHG emissions went up from 25,793 tCO<sub>2</sub>e in FY21 to 35,708 tCO<sub>2</sub>e in FY22 as we expanded our footprint with the addition of new manufacturing facilities in Hyderabad and Vatva.

### Reducing Impact

At GMM Pfaudler, technological advancements play an integral role in enhancing energy efficiency and emission control. Our manufacturing sites are aligned to the ISO 50001 standards, which drives

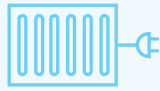
our energy management endeavors. We have identified new opportunities for improving designs and developing new products, processes, and services that enable customers to incorporate environmentally conscious manufacturing practices.

By FY25, we aim to increase our renewable energy share as compared to FY22, by installing additional solar panels and conduct a climate risk and opportunity analysis.

We have adopted a **three-pronged pathway** to effectively reduce our energy consumption and emissions.



**Energy Efficiency:** The first pathway focuses on enhancing energy efficiency through process improvement and removal of idle energy. This is closely supported by our efforts on technological interventions, such as replacing inverter-based welding machines with updated technology, that has resulted in annual savings of 25,200 kWh. Further, by replacing the Wet and Fuji grinders, we saved 14,000 units of electricity annually



**Fuel Shift:** Our second pathway involves transitioning to cleaner fuel to power manufacturing processes, including moving from gas-based to electric furnaces



**Renewable Energy:** The third pathway looks at increasing the share of renewable energy, including solar power and wind energy in the mix. GMM Pfaudler's current renewable energy installed capacity stands at 2.8 MW, with 1.8 MW being wind and 1 MW being solar, which has helped avoid 2079 tCO<sub>2</sub>e in FY22

**Funda® Filter - The New Age Filtration Technology designed by GMM Pfaudler**

One of our clients, a pioneer in the specialty chemicals industry, came to us with a specific requirement. They had a slimy and viscous mixture of solids and liquids. The liquid extracted from this mixture had further use while the solid was discarded. Thus far, they were separating the liquid using a filtration method where elements were vertically arranged as leaves. Since the product was slimy, filtration could only be done after precoating the filter media. Solids would accumulate on the precoat layer and form a cake with high viscosity of 560 centipoises @ 70°C.

The client was facing numerous problems with this method, including:

- Multiple batches were needed due to the small filtration area
- Filter leaves had to be taken out frequently for cleaning
- The accumulated solids would form a slimy cake on the leaves

- Periodically, these solids would fall inside the filtration equipment, making it difficult to hold the cake and sustain filtration
- The filtered sticky solid mass had to be removed manually after dismantling and taking out the leaves, scraping and disposing of the sticky mass, and finally cleaning the leaves leading to loss of time, dirtying the equipment, and slowing down filtration

GMM Pfaudler was tasked with designing a suitable alternative for the client, and we came up with the **Funda® Filter**. After understanding the client's requirements and issues, we developed a centrifugal disc filtration device for their use. The filter was skid mounted and came with a slurry holding tank and piping instruments and covered a smaller area. The features of the new filter included:

- A completely enclosed filtration device with elements arranged horizontally

- Offering filtration area of up to 100 sqm
- Centrifugal discharge with 100% heel filtration
- Filtered mass physically separated from the slurry that got deposited, making it easier to separate the filtered mass
- Offers batch and continuous processing possible
- Operational hazards were reduced significantly
- Faster filtration rate with lesser downtime for cleaning and maintenance

At GMM Pfaudler, we put a lot of emphasis on trials at our facilities and client site before we recommend using our products. We did the same for **Funda® Filter** as well. A trial unit was installed at the client site and overseen by our process expert. Multiple trials were carried out, and performance at scale was tested before the filter was deployed for regular use.

**MAVASPHERE® Spherical Dryer 4th Generation Drying Technology Industry**

A large pharmaceutical firm dealing in formulations and APIs, primarily in India and the USA, with 40 manufacturing facilities, was facing a challenge in manufacturing one of their drugs. This drug is regarded to be one of the hardest to dry due to its tendency to develop lumps while drying. The traditional Tray dryer technology used to manufacture the drug took about 100 hours of drying and involved several steps. This was causing

several challenges for the company, including slowing down expansion, increasing capital investments (CAPEX), operating expenditures (OPEX) and safety hazards causing production bottlenecks, resulting in a high 'Cost of Ownership' and low 'Return on Investment.' The company approached GMM Pfaunder to help develop a solution to address their issues and improve operational and financial efficiencies.

**Our approach**

We undertook a detailed study of the fundamental technology, process flow, and existing limitations in the client's manufacturing process that involved multiple milling and drying cycles, each using different equipment. The GMM Pfaunder team deployed the MAVASPHERE® Spherical Dryer technology as a pilot to evaluate the potential of replacing the traditional method.

**Steps to transform the existing process**

Mobile pilot MAVASPHERE® machine installed for trials and evidence collection for scale-up

Pilot unit (with a working volume of 100 L) included a Spherical dryer as well as a Vacuum and Solvent Recovery system

A process specialist installed the unit onsite and assisted the client in optimising trials for various items to ensure consistency in performance

The acceptance criteria (PPM and particle size) was achieved in less than 24 hours using a single stage and no external milling

The success of the pilot installation paved the way for the deployment of MAVASPHERE® as the solution to replace the existing drying setup.

**Benefits**

MAVASPHERE® proved its mettle and offered an alternative to lower cost of ownership and increase returns on investment by reducing:





The new solution reduced drying time by one-tenth (from 72 hours to under 8 hours) and saved space, time, and money incurred in their previous setup. The new solution allowed for quick

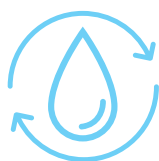
changeovers and maximized yields. It reduced the current footprint by 80%. Being an enclosed system, the operational hazards were minimal.

With these conclusive findings, the client placed an order for three MAVASPHERE® Spherical dryers in SS 316 with a working volume of 2KL for their various factories in India.

**Pfaunder Waghäusel reduced CO<sub>2</sub> emissions by over 85%.**

One of our international facility, Waghäusel plant has reduced its carbon footprint by 85% by replacing all the Ceiling lighting system with LEDs, BUS technology and by making use of smart sensors to adjust the lighting system as per the brightness, footfall and time. And the Old illumination system is sent to authorized recyclers.





### Water Management

Water is critical for our business, and we are committed to using it prudently. We draw on ground water and third-party sources to source the water we need for our operations across

manufacturing facilities, offices and other purposes. Our operations generate waste water as part of the manufacturing processes. We have structured policies and measures to responsibly treat

and recycle waste water for reuse or discharge it following the standards set by the Pollution Control Board of India.

### Total Water Withdrawal & Consumption

Type of source (e.g. groundwater, surface water, tankers etc.)	Units	FY21	FY22
Groundwater	m <sup>3</sup>	11,910	14,735
Third-party water	m <sup>3</sup>	120	15,811
<b>Total water withdrawal</b>	<b>m<sup>3</sup></b>	<b>12,030</b>	<b>30,546</b>

In FY22 our water consumption was 30,546 m<sup>3</sup>, up from 12,030 m<sup>3</sup> in the previous reporting year due to the addition of new manufacturing facilities in Hyderabad and Vatva.

### Reducing Impact

We undertake several measures to monitor and reduce water use across our operations. An annual study of Environmental Aspects & Impacts within our premises helps identify various impacts of our current levels of water consumption. This procedure is established and implemented as per ISO 14001 certification and requirement. We recycle and reuse waste water for hydro testing, a process to check the quality

of products. The water is stored in large tanks and reused during multiple testing cycles for hydro testing. Water that cannot be used further is sent to our in-house Sewage Treatment Plant (STP). The treated water is then used for gardening, urinal, and toilet blocks. By installing sensor-based bore operation control systems and sprinkler systems and replacing regular taps and valves with push-type substitutes, we have been able to regulate the amount of water used.

At our Karamsad plant, the domestic waste water is treated using Sewage Treatment Plant (STP) and helps us to reduce fresh water consumption to around 450 KL/month for gardening.



### Waste Management

Our operations and manufacturing processes generate non-hazardous wastes such as paper, food, Metal scrap, rubber scrap , wooden scrap and other scrap

materials and hazardous wastes like used oil and paint sludge.

We are transforming our processes and adopting other measures to reduce waste generation.

All our manufacturing sites across India are working to meet our stated goal of all the manufacturing sites to achieve the Company's standard for zero disposal by 2025.

### Total waste generated

Parameter	Unit	FY21	FY22
Plastic waste	MT	-	-
E-waste	MT	-	-
Bio-medical waste	MT	0.001	0.004
Construction and demolition waste	MT	685	94
Battery waste	MT	0.35	1.3
Radioactive waste	MT	-	-
Hazardous waste	MT	3	0.29
Non-hazardous waste	MT	1563	2305
<b>Total</b>	<b>MT</b>	<b>2,251.35</b>	<b>2400.63</b>

In FY22, we generated 2400.63 MT of waste, up from 2,251.35 MT in the previous reporting year with the addition of new manufacturing facilities in Hyderabad and Vatva.

### Reducing Impact

We are transforming our linear waste models to designing new models that ensure optimal use of resources and minimal waste generation. Our facilities have adopted an integrated waste management approach, including source segregation, safe management, and

responsible disposal. The waste is segregated at the source and disposed of through authorized pollution control board vendors. Battery Waste and non-hazardous wastes are recycled through respective designated vendors.

We aim to adopt greater circularity across our operations by sourcing

environment-friendly materials, reducing waste generated, and collaborating with waste management agencies to establish an exchange matrix for all value wastes. Additionally, we are working to establish last-mile traceability across all our waste streams to understand and validate the end use of our waste.

## Waste Diverted (in MT)

Category of waste	Unit	FY21	FY22
(i) Recycled	MT	1,566	2,306.3
(ii) Re-used	MT	685.27	94.17
Incineration	MT	0.001	0.004
<b>Total</b>	<b>MT</b>	<b>2,251.27</b>	<b>2,400.47</b>

In FY22, the volume of waste diverted stood at 2,400.47 MT, up from 2,251.27 MT in the previous reporting year.



## Environment Sustainability

At GMM Pfaudler, we have focused on maintaining and preserving the biodiversity right from our inception. We believe if proactive measures are not implemented at the initial stage, these risks have substantial implications on air quality, water quality, and marine biodiversity.

### Restoring marine coral reefs in the Andaman Island with ReefWatch Marine Conservation

The Andaman and Nicobar Islands are one of India's four key coral reef areas and support over 1200 fish and 400 coral species. However, coral reef ecosystems worldwide and in the Andamans are under tremendous pressure today from threats such as Global warming, ocean acidification, deteriorating water quality, overfishing and physical damage from extreme weather conditions, and irresponsible development and tourism. GMM Pfaudler has partnered with ReefWatch Marine Conservation in the

Re(ef) Generate projects which aims to pilot the restoration and rehabilitation of corals in the Andaman Island by creating conducive conditions for them to thrive.

GMM Pfaudler has actively supported this program since 2018 which has shown steady progress and growth.

This project has set out to actively create conditions & facilitate sustainable coral growth through the two-pronged approach of Re(ef) Build and Re(ef)Grow.

- Re(ef)Build uses physical and biological restoration methods which involves attaching naturally broken

coral fragments onto metal structures underwater that are connected to a mineral accretion device to help them grow faster into an extension of the natural reef

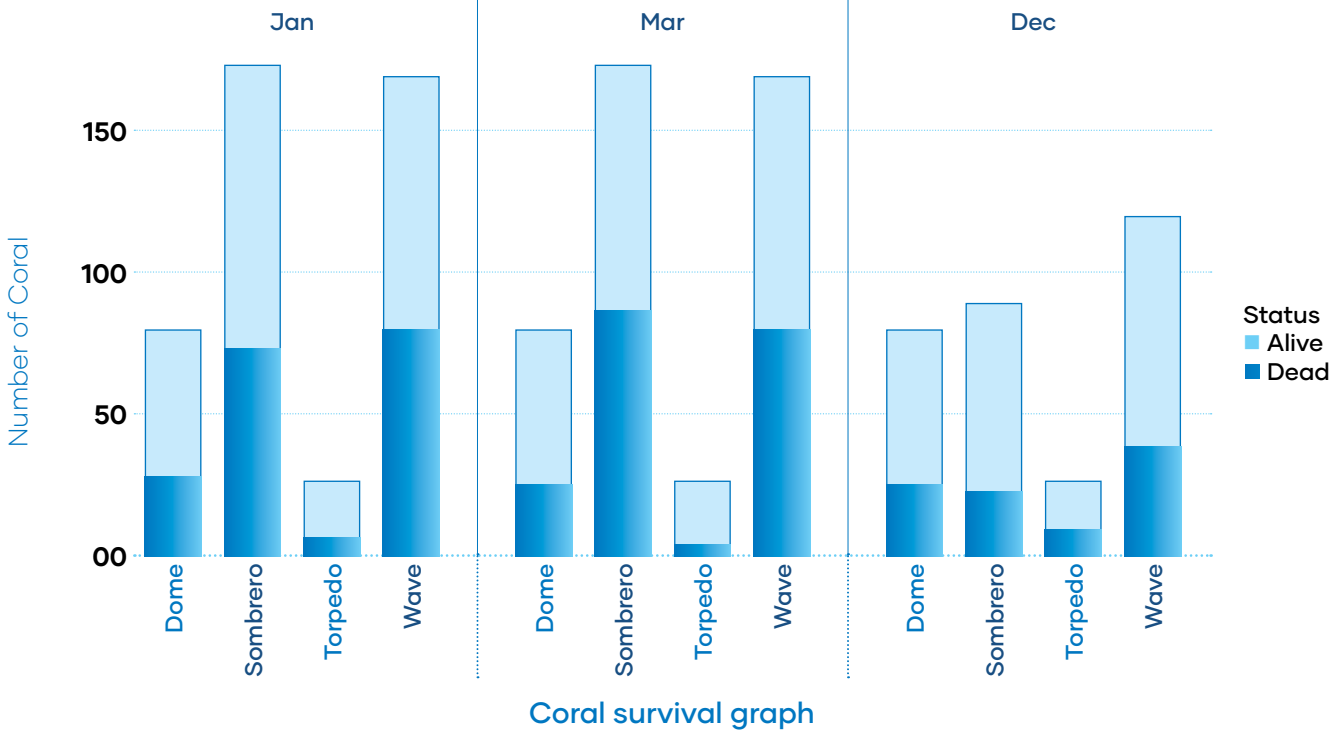
- Under the Re(ef) Grow philosophy, genetically stronger and more resilient corals are grown in a lab and then transplanted onto the above-mentioned artificial reef structure

**Key Developments for FY21**  
 The **mineral accretion device** installed April 2021 shows an average growth of approximately 9 cm for branching coral and about 2.5cm for boulder corals.

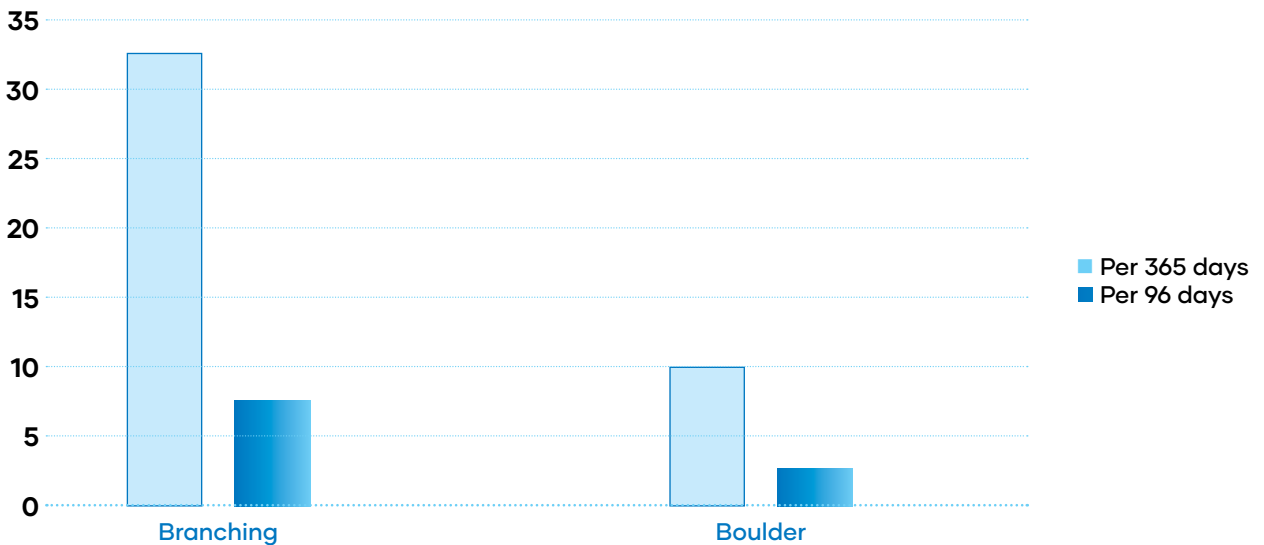
On an average, the growth rate is projected at about 30cm for branching coral and 10cm for the boulder corals. The research shows that coral is growing at a projected rate

of about 30cm for branching coral and around 10cm for boulder coral per year.

**Coral fragments survival data**  
 [SAMPLED IN 2021]



**Growth rate**



**Coral Growth rates**

● **Marine Life** - There has been significant progress on the artificial reef, with a marked increase in fish species over the last year. This is a direct effect of the growing dominance of coral

aided by the presence of the mineral accretion device. The corals also saw the presence of the rare orangutan crab. Another regular visitor on the reef has been a school of predator Bluefin Trevally fishes.

The presence of mid-level reef predators is an excellent sign of the artificial reefs growing ecosystem function.



Bluefin Trevally



Orangutan Crab



Marine habitat at Andaman



Base unit at Andaman

● **Volunteer program** - 8 volunteers from various parts of the country were engaged on a long-term basis to share their experiences in marine biology, life sciences, graphic designs, diving, and marketing. The team conducted a recce trip to North Andamans to explore options of establishing a coral restoration project in Mayabunder.

● **Re(ef) Generate Course** - A three-day restoration course was initiated which is an introduction to coral restoration for advanced level drivers. 10 individuals had registered for the course who were trained in 10 budding conservation and restoration techniques used in Andamans.

● **Coral Reef Ecology Workshops** - In the off-season and midst of Covid lockdowns, six interactive art-based workshops on topics such as coral reef ecology, turtles, sharks, whales' intertidal zones and the deep ocean for a period of three months. The workshop was organised for the children between the 7-12 years of age.

**Protecting Biodiversity - Karnataka Marine Megafauna Rescue**

Karnataka has a coastline of about 320 Kilometres and is one of the 9 coastal states and 4 union territories that form the coast of India with several transient species of Marine Megafauna including endangered and vulnerable species.

Humankind has been nurtured by nature for millions of years. Today, the onus is on every one of us - the government, corporates, and citizens - to do what we can to resurrect the biodiversity around the world and nurse back our ecosystems to health.

One of the projects we are most proud of is Karnataka Marine Megafauna Rescue project in partnership

with ReefWatch Marine Conservation. This project looks to reverse the negative impacts of Marine Megafauna Strandings, which are events where marine animals are found dead or alive onshore and unable to return to the water.




Number of strandings rescued and rehabilitated		
	Sea Turtles	30
	Cetaceans	12
	Sea Birds	1
	<b>Total</b>	<b>43</b>

Table describing the total number of strandings rescued and rehabilitated in FY22



Successfully treated and rehabilitated Sea Turtle released in the sea at Kodi, Kundapur



Sea Turtle treatment tank set up in Kundapur



Treatment provided to Olive Ridley Sea Turtle stranded on the beach due to net entanglement and rough seas

Since the beginning of the project in 2019, 124 cases of marine strandings were attended and successfully rescued and rehabilitated. Apart from attending strandings the team also participated in sea turtle nest

and hatchery monitoring. A total of 646 Olive Ridley Sea turtle was hatched and safely guided to the sea. Many rescued marine species were taken to the Reefwatch Rescue and Rehabilitation

Center at Kundapur and released into their natural habitat after recovery.

ReefWatch was established in 1993 as a Public Charitable Trust under the Societies Registration Act and has served as a Member of the National Board for Wildlife (Government of India) since May 2007.

**Reefwatch Marine Conservation is a non-profit Organization involved in research, education and outreach activities aimed at Environmental Sustainability. Its efforts are targeted towards protecting and nurturing the diversity of life in India's coastal and marine environments.**

**Its activities include coral reef monitoring in the Lakshadweep and Andaman & Nicobar Islands, documentary films, beach clean ups in Mumbai, SCUBA training for scientists and education programs in schools across the country.**

For further information about Reefwatch Marine Conservation please visit: [www.reefwatchindia.org](http://www.reefwatchindia.org)





### Sustainable Sourcing

The nature of our business dictates that we need to work with multiple supply chain partners to procure the inputs we use. Most input raw materials are procured from designated suppliers from whom we need to source

as per our agreements with customers. Despite this, wherever possible, we make efforts to use partners closer to our facilities to reduce carbon emissions associated with transportation and storage and manage costs better.



### Environmental Compliances

Our project sites have obtained the necessary approvals from local authorities needed for running operations. All our sites comply with the various statutes, rules, and regulations applicable to our Company.

During the year, there were no incidents of non-compliance, and no fines were imposed on our sites.

## Social

**AT** GMM Pfaudler, led by our vision to create a better future, we are committed to fostering holistic and inclusive growth for all our stakeholders beyond delivering best-of-breed offerings to our customers.

Engaging and making our employees, supply chain partners, customers, and the community part of our sustainability-led growth

journey is critical for the continued well being of our Company.



### Employees

The success story of GMM Pfaudler is a result of the abilities and contributions of our employees. It is their commitment and efforts that bring our goals to fruition. We provide a meritocratic workplace that provides equal opportunity and

encourages excellence irrespective of race, religion, color, nationality, gender, age, disability, etc. Multiple professional growth and development opportunities and competitively benchmarked remuneration and benefits are key in helping us attract the right talent. Our comprehensive people policies are designed to make every one of our employees feel secure and confident. Given the nature of our operations, we have a

relentless focus on measures that ensure the health and safety of our employees. A well-defined Code of Conduct guides and mandates ethical and inclusive behavior across our operations, including our subsidiaries and the value chain.

A Whistle Blower Policy empowers our employees to raise concerns about any unlawful or unethical activity or violation of the Code of Conduct without fear of reprisal.

### Workforce diversity

A vibrant workforce needs the diversity of capabilities, expertise, gender, age, and experiences to bring distinct strengths that come together to foster innovation and productivity in the workplace. At GMM Pfaudler, we offer our employees a safe and fair workplace that is free of discrimination of any form and

embraces diversity to serve as a strategic growth lever.

With a focus on enhancing gender diversity, which is not very prevalent in the manufacturing sector in India, we are gradually increasing the percentage of women in our workforce.

We are deploying measures and designing policies to

ensure a safe workplace for our employees, especially female team members. Regular training on the Prevention of Sexual Harassment (POSH) creates awareness and sensitivity around acceptable behavior in the workplace.

More details on the Code of Conduct & Ethics Policy, POSH & Whistle Blower Policy are available at our website: <http://www.gmmpfaudler.com/investor-relations-policies-programmes.php>

### Employee Break-Up: FY22

Year	Employee Type	Employee	Age Group (no.)			Gender (no.)	
			<30 yrs	30-50 yrs	>50 yrs	Male	Female
FY21	Permanent	624	148	423	53	588	36
FY22	Permanent	743	171	521	51	707	36

70% of our permanent workforces are in the 30 to 50 age group, and those below 30 form a significant 23%. This brings about a good balance of experience within the organization.

### Hiring and Turnover

Year	New Hires	Age Group (no.)			Gender (no.)	
		<30 yrs	30-50 yrs	>50 yrs	Male	Female
FY21	114	30	75	9	109	5
FY22	201	67	129	5	194	7

### Attrition

Year	Attrition	Gender (no.)	
		Male	Female
FY21	27	25	2
FY22	74	67	7

**Equal Opportunity & Pay**

Our efforts to attract more women to our workplaces are supplemented by benchmarking salaries and making them relevant to qualifications, experience, and abilities. Beyond these, no considerations,

including gender, impact our compensation patterns and levels. The total remuneration includes basic salary and any additional amounts paid to an employee. Factors considered while deciding on additional benefits include years of service, bonuses

including cash and equity such as stocks and shares, benefit payments, and other allowances, such as transportation.

**Ratio of Basic Salary and Remuneration of Women to Men**

Employee Category	Officers	Staff
Ratio of Basic Salary of Women to Men	1.01	1.08
Ratio of Basic Remuneration of Women to Men	0.99	1.07

In FY22, the average basic salary and remuneration for both men and women were almost comparable for officers, and the average for women staff was higher.

**Employee Benefits**

We provide employees with support and benefits to meet their life needs better. This includes financial benefits for care paid directly by the Company or reimbursed.

Other supportive leave policies include the provision of parental leave. We also encourage employees to take time off to support their personal needs.

We have provisions for additional benefits for injuries that may occur while on duty and financial and other support mechanisms for dependents of employees who may have any fatal incidents.

**Return to work and Retention rate of Permanent Employees who availed parental leave**

Gender	Return to work rate	Retention rate
Male	100%	75%
Female	100%	66.7%
Total	100%	73.3%

### Training and Development

Comprehensive skill development programs are crucial to equip our employees to deliver on client expectations and conduct disruption-free operations. As several of our manufacturing processes are labour-intensive, the skill sets and competencies of our employees play a pivotal role in ensuring processes are executed seamlessly and accurately to maintain the quality of our products.

Additionally, as we expand our footprint, we are mindful of the need to groom our talent to take on larger responsibilities and leadership mantles to steer the Company into the next stage of our evolution.

Our learning endeavors focus on leadership development, functional and operational skills, and executive coaching programs.

Ongoing training programs impart functional and technical skills to our employees to ensure we

maintain product quality, enhance productivity and safety of our operations, and minimize losses. Additionally, we have run several self-paced and instructor-led programs in partnership with reputed external trainers like Harappa Education and Knolskape. These programs focus on the personal and professional development of our employees through modules on self-improvement, leadership, critical thinking, and project management, among others.

### Hiring Right

We seek behavioral competencies in our employees that can lead them and our Company to success. This is why enabling our hiring managers to recruit people who align with GMM Pfaudler's DNA and values were important. We trained our hiring managers on **Competency-Based Interviewing (CBI)** and equipped them with a tool kit, which included sample questions and interview assessment forms to ascertain the qualities of candidates that would make them the right fit for the Company.

## GMM Pfaudler Learning Programs (Neev)

### Talent Accelerator Program, in partnership with Harappa Education, for individual contributors

The program focuses on strengthening success behaviors to lead oneself through a digital learning journey. It combines self-paced online courses and live masterclasses with tests to assess knowledge recall and application. The program aims to establish a growth mindset, build a strong work ethic, develop clear and confident communication skills and

commit to being a valuable team member. Pre and post-program assessments were designed and administered to help determine the effectiveness.

### Leading For Success Program in partnership with Harappa Education for team leaders

The Leading For Success Program for our team leaders aims to develop managerial capabilities to lead oneself and teams through a multi-modal digital journey combining

self-paced online courses, live masterclasses, and tests to assess assimilation and application of knowledge. The curriculum focuses on developing self-awareness, project management and prioritization skills, commitment to growing team members, improving productivity and quality, conflict management, and building trust. Pre and post-program assessments tracked the effectiveness of the learning.

**Path to Progress Program in partnership with Knolskape for strategic and operational leaders**

The Path to Progress program for our strategic and operational leaders focused on strengthening the leadership capabilities of our

current and future leaders through an experiential and simulation-based learning journey focused on the GMM Pfaudler's DNA for success. The program design enabled participants to learn and apply leadership concepts in simulated environments.

Action projects enabled the application of learning on the job to create tangible outcomes. A pre and post-program 180-degree feedback demonstrated a positive shift in leadership behavior for the group.

**Transparent and objective Performance Evaluation and Appreciation**

We recognize the importance of contributing to our

employees' growth and welfare. Therefore, we have implemented various initiatives to engage and interact with them to

understand their expectations, deliver on them, and recognize their contributions objectively and fairly.

**Situation-Behavior-Impact (SBI) Model**

Employees can make timely and ongoing performance improvements if they are provided periodic and objective feedback about what they are doing well and where they could improve. We use an **SBI** model to provide employees with constructive and actionable performance feedback during mid-year and final appraisal discussions. This year, a workshop was conducted for people managers to train them on using the SBI model to make the performance evaluation and sharing process more objective and transparent.

We have a robust feedback mechanism to enable our employees to receive and understand their areas for improvement. This is complemented by similar opportunities given to employees to share feedback on various aspects of the

workplace to help design action plans to create positive changes in our systems, processes, and workplace culture.

At GMM Pfaudler, feedback does not only mean pointing out and correcting errors. It also includes the timely

appreciation of employee contributions and keeping them engaged and motivated. Some of the initiatives we conduct for engaging our employees through feedback, rewards and recognition, and performance evaluation include:

<b>Parivartan</b>	Annual employee engagement survey and action planning	Parivartan, GMM Pfaudler's online employee engagement survey is a medium for our employees to share their opinions and give us insights on what we need to do to make our workplace more engaging and productive
<b>Talent Review &amp; IDAP</b>	Career progression & Succession Planning	Hi-potential talent and successors for critical positions are identified using this program so that they can be provided a planned career progression through the creation and implementation of Individual Development Action Plans (IDAP)
<b>iAppreciate</b>	Reward & Recognition platform	Reward & Recognition (R&R) is a leadership tool that sends a message to employees about what is important to the leaders and the behaviours that are valued. Through iAppreciate, we encourage managers and the leadership team to reward and recognize the right behaviours. We encourage collaborative teamwork, and this platform provides an avenue for employees to appreciate the good work done by their peers

### Human Rights

GMM Pfaudler provides equal opportunity to all its employees and do not discriminate on any grounds. Our comprehensive Code of Conduct includes our human rights policy. It forbids child, forced and compulsory labor,

and discrimination based on age, gender, caste, nationality, or any other grounds. All employees undergo relevant training to understand and take forward the Company's human rights commitments.

The same principles of conduct apply to our supply chain partners, sub-contractors, and other value chain partners.

### Workplace health and safety

As manufacturing is our core operation, workplace safety is of paramount importance to GMM Pfaudler. A safe workplace is imperative for seamless and disruption-free operations and employee health and wellbeing. Occupational Health and Safety (OHS) is a major focus area for GMM Pfaudler. Our Environment, Health, and Safety policy is implemented across all locations. We provide a safe workplace environment and maintain healthy and harmonious industrial relations with all employees (including contract employees).

Some of the measures taken by our team include mandatory usage of the personal protective equipment (PPEs) as per the work requirement, availability of a counselor for mental wellbeing, and adherence to all the safety standards across different business functions to minimize the likeliness of workplace hazards.

Our workplaces are equipped with health centers, ambulances on call, first aid boxes, trained first aiders, and firefighters. We carry out mock drills to sensitize our employees on emergency

response and conduct training on workplace safety and health. New employees undergo a mandatory pre-employment health check, while current employees undergo health check-ups on an ongoing basis.

We have established the HIRA (Hazard Identification and Risk Assessment) procedures at all our manufacturing locations, with all necessary standard operating procedures (SOP) in place as per guidelines. The Karamsad manufacturing facility has been ISO 45001 certified, while the Hyderabad and Vatva sites are due for certification.



**Highlights, FY22**

- PPE kits provided after assessment
- Hazard Identification & Risk Assessment carried out as per HIRA framework
- Safety Committee formed with staff and workers included as members
- Safety talks conducted at shop floors
- Safety observation plant round
- Guards provided around all grinding machines
- New lifting tools and tackles with test certificates procured
- Ambulances provided for medical emergency

**Health and Safety Training for Employees and Contract Workers**

A national safety week campaign was kicked off on March 1, 2022 covering employees at all the facilities. The campaign aimed to deepen the safety culture across the organization. It began with the distribution of safety tags to all employees and hosting an engaging drawing competition on safe practices. A special team created awareness of and educated team members on

safety standards that must be followed when working with heavy machinery. The event also saw sessions devoted to firefighting and rescue operations.

Halfway through the campaign, employees hoisted a Safety flag and pledged to embed safety habits within their operational discipline. An online quiz allowed employees to test their understanding of

safety practices, and three winners were announced. Health checks and medical assistance were offered to employees as part of the annual medical camp.

In FY22, GMM Pfaudler provided health and safety trainings to 100% of all its workers.



**Suppliers**

Since our inception, we have built and maintained enriching relationships with our supply chain partners. They are critical to helping us deliver on our quality and time-to-market commitments.

We have not experienced a single breakdown of the value chain in all these years. This testifies to the strength of our relationship with them and their high level of professionalism.

We expect our suppliers to adhere to our principles of sustainable and ethical growth and operating standards. We carry out a vendor capability assessment

before appointing a supplier. We have created a Supplier's Code of Conduct to ensure that the expectations are set and they follow the same guidelines that apply to the rest of our operations. Once onboarded, we run vendor capability assessments periodically for performance, conduct regular site visits and engage our suppliers through various platforms.

We have stringent anti-corruption guidelines that apply to our supply chain as well. Numerous checks and balances have been put in place to prevent bribery, extortion, graft, etc., that go against our Code of Conduct. In line with our ESG-led growth goals, we encourage and equip

our suppliers to undertake responsible sourcing initiatives and maintain ethical and transparent value chains in turn.

**More details about our supplier code of conduct can be found at:**  
[https://www.gmmpfaudler.com/file/Suppliers\\_Code\\_of\\_Conduct.pdf](https://www.gmmpfaudler.com/file/Suppliers_Code_of_Conduct.pdf)

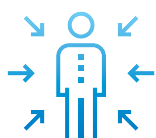
### Sustainable procurement

We run our operations in a way that causes minimal impact on the ecosystem, and our suppliers are happy to partner with us in this endeavor. We encourage our suppliers to source raw materials responsibly without harming the environment and the community, keeping their employees' health and safety in mind. In line with our sustainable procurement policy, we encourage our

entire value chain, including suppliers, transporters, contractors, and business partners, to:

- Enhance sustainability through the implementation of the Code of conduct while promoting fair and ethical business practices
- Protect the environment and work towards minimizing adverse impacts through innovative solutions
- Partner with suppliers, vendors, and business partners to improve processes

- Build a sustainable business by promoting sustainability practices across the value chain in cooperation with business partners
- Protect people working across the supply chain by enhancing safety awareness
- Adhere to the applicable rules and regulations, and always fulfill the legal requirements throughout the value chain
- Minimize social imbalance through Corporate Social Responsibility initiatives



### Customers

We take great pride in the quality of our products and services made possible by our employees and the supply chain. Our customers have relied on our product quality and safety for years. We keep abreast of their changing requirements and leverage our innovation and technology

leadership to deliver on customer expectations of quality and reliability and deepen trust.

We continually seek customer feedback to enhance the quality and performance of our products and offer them an array of communication channels to reach us with their

grievances. These channels include our website, customer meets and satisfaction surveys, helpline numbers, and technical support. We have robust policies and systems to ensure the data privacy of our customer information.



Improving lives and livelihood



**G**MM Pfaudler is committed to creating maximum positive impact by envisioning a bright future for the communities we operate in. We firmly believe that we are responsible for improving and enriching these communities' lives and playing a part in their social & economic development and environmental sustainability.

## Improving lives and livelihood

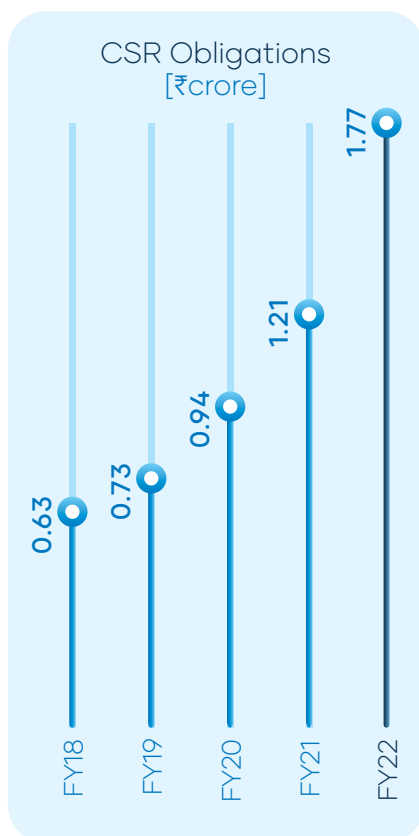


We contribute time, expertise, and resources to help enhance the economic and social capabilities of the underprivileged working with local communities. Our CSR activities are concentrated in and around the areas where we operate. We also support activities in other locations on a case-to-case basis.

Through strategically designed and diligently executed projects, we have been working to achieve the UN SDGs to bring about holistic and inclusive growth for many.

**For details of our CSR policy, please log on to:**

<https://www.gmmpfaudler.com/file/CorporateSocialResponsibilityPolicy.pdf>



### About GMM Pfaudler Foundation

GMM Pfaudler Foundation had been set up as a GMM Pfaudler Foundation has been set up as a wholly owned subsidiary of GMM Pfaudler Limited under the provisions of Section 8 of the Companies Act, 2013, to carry out and implement the **Corporate Social Responsibility (CSR)** initiatives

of GMM Pfaudler and its group companies. The Foundation is a non-profit organization and is working towards sustainable development and inclusive growth and will focus on issues relating to healthcare, education & skill development, and environmental sustainability.

**Moving a step forward:** GMM Pfaudler Ltd. has incorporated the GMM Pfaudler Foundation to support the Company achieve the maximum impact on the targeted beneficiaries.



### Healthcare

We have dedicated resources to broadening access to quality healthcare and rolled out several initiatives to deliver affordable and preventive healthcare and alleviate malnutrition in local communities.

#### Contribution to fight Covid-19

GMM Pfaudler has provided relentless support to Shree Krishna Hospital that has proven to be critical in the fight against Covid-19.

1000 bed Shree Krishna Hospital in Karamsad-Gujarat, being the largest charitable private hospital in the region between Ahmedabad and Vadodara, was identified as designated Covid-19 district hospital. GMM Pfaudler contributed to Shree Krishna Hospital towards setting up and enhancing facilities at the Covid care center.

With support from GMM Pfaudler the hospital was able to enhance its existing critical care center by adding 40 motorized ICU beds, providing life-saving equipment and strengthening the centralized oxygen supply system at the hospital. With this unstinting support from GMM Pfaudler the Hospital was able to treat 10,000 Covid-19 patients during the first pandemic period and 6,000 patients during the second wave of the pandemic.

Mr. Sandeep Desai, CEO of Charutar Arogya Mandal acknowledged "GMM Pfaudler recognizes the impact it

has among geographies it operates in and has always contributed towards its responsibility of safeguarding the lives of people in these communities. When our country was witnessing a second surge of Covid cases, which was prolonged and more serious in nature, it placed larger challenges on the health-care infrastructure facilities even in smaller towns and villages. GMM Pfaudler's contribution helped Shree Krishna Hospital for the treatment of critical patients against this deadly virus."



### Providing modern healthcare to the local village communities through Project SPARSH

GMM Pfaudler has partnered with Charutar Arogya Mandal at Karamsad, Gujarat to provide modern health care facilities to the local communities through **Project SPARSH**.

Shree Krishna Hospital Programme for Advancement of Rural and Social Health (SPARSH), implemented by Charutar Arogya Mandal in the Anand, Kheda and Panchmahal districts, aims at connecting the last person in the villages with appropriate levels of healthcare through trained Village Health Workers (VHWs) in their own villages, health centres in towns/ villages close by and a tertiary care centre for critical cases.

SPARSH is focused on prevention, treatment, and care of chronic diseases such as diabetes, hypertension, cancer, and chronic respiratory diseases. Various interventions such as camps, school-based awareness sessions, community awareness sessions, home delivery of medicines for chronic patients and home visits for bed-ridden patients are undertaken under this program. Over 150 villages are benefited from the program from which GMM Pfaudler supports the activities of 100 villages. In terms of the population covered, while the entire Programme covers a population of 4.5 lakhs, the villages funded by GMM Pfaudler have a population of approximately 3 lakhs.

Through Project SPARSH, a total of 11,563 patients were reached through 604 camps since 2016. During FY22, in the villages supported by GMM Pfaudler, 6,938 beneficiaries were reached through 317 medical camps. A total of 1,884 patients were screened for Hypertension, 849 were screened for Diabetes and 197 new Non-Communicable Diseases (NCD) were registered through medical camps.

GMM Pfaudler provided financial assistance to Charutar Arogya Mandal for setting a mobile health unit. This mobile health unit, one of the most important initiatives taken under Project SPARSH, is being used to provide free medical diagnosis and basic treatment. The Mobile Clinic has full-time doctors and about 4 paramedics and healthcare workers at any given point of time and will covers about 4 villages every day.

During the year, a total of 159 camps were conducted in the Mobile Health Units. Approximately 65 patients underwent fungus examination, 48 underwent Diabetic foot assessment & 8 patients underwent mobile ECG at the camp settings through mobile units.



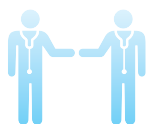
## Summary of new initiatives taken under project SPARSH during FY22



**Telepsychiatry component** has been implemented in collaboration with the Department of Psychiatry according to the Government guidelines. A total of 109 new consultations along with medications had been completed during the year.



**Teleconsultation component** has been implemented across 100 villages in collaboration with Department of Medicine, all uncontrolled and enrolled patients of SPARSH could assist free consultation with the Medicine Faculty. MHT camps, a separate slot for video consultation was arranged in presence of physician and Assistant Medical office. A total of 38 new consultations were done during the year.



**A separate Palliative team** comprising of a trained GNM, a social worker and a visiting Medical Officer has been constituted. The emphasis was led on strengthening the social care domain.



**Training of VHW's** was done to take care of mild/asymptomatic Covid-19 positive patients. As per ICMR, State government guidelines VHW's were trained and a booklet of essential care was developed and distributed among them.



**Surveys about Covid-19** infection trends and vaccination status were undertaken.



**A booklet on various success stories** in SPARSH villages was developed and distributed among the key stakeholders of the villages.

Charutar Arogya Mandal (CAM), a charitable trust set up by the late Dr. H. M Patel, has been working for providing modern and professional healthcare to the rural community in Anand and Kheda districts of Gujarat for over 3 decades.

**CAM manages Shree Krishna Hospital, one of the largest (950 bed), modern and professionally run institutions in Gujarat along with Pramukhswami Medical College, the KM Patel Institute of Physiotherapy and GH Patel School of Nursing among other educational institutions at its 100-acre campus in Karamsad.**

For more information about Charutar Arogya Mandal please visit: [www.charutarhealth.org](http://www.charutarhealth.org)

## Impact Assessment

The Company appointed an independent impact assessment agency to understand the impact of the healthcare interventions on its beneficiaries; assess the program on the benchmarks and make recommendations for course correction, if any.

● **Methodology:** Impact assessment of Project SPARSH was conducted in 2 phases. The first phase was implemented by using Focused Group Discussions of a selected sample size comprising of 50 people from the community beneficiaries and 2 from the Mobile Health Teams. The second phase included in-depth interviews with the all the stakeholders of the Project (including the SPARSH management team up to

the Village Health Worker) to understand how the community benefited from the interventions in terms of awareness, accessibility, and affordability of health care services.

● **Findings:** Findings indicated that SPARSH prides itself on being the first programme that has taken health care to the doorstep of even the last person in the village. The beneficiaries were satisfied with the curative services provided and feel confident as they are closely monitored and that the Village Health Workers know them personally. 90% of the beneficiaries testified that prior to SPARSH they had no access to healthcare facilities. People preferred enrolling in the SPARSH

program rather than the government NCD program because of the technical capacity of the staff and the association with the Shri Krishna hospital.

The programme has performed well by generating a positive impact by making health services available to the population to whom it was inaccessible before. The Social Return on Investment (SROI) was at its peak during FY20 at ₹10.18 for every Re.1 invested by the Company. However, the project struggled during the pandemic as due to the lockdown and restrictions imposed by the government fewer patients took the benefit which affected the SROI during FY21. With improvement in the Covid situation, the activities of the program have been normalized and SROI has shown improvement.

### Project SPARSH 5 years outreach

**2,296**  
Medical  
Camps  
Arranged

**1,445**  
NCD's\*  
Diagnosed  
\*Non-communicable  
diseases

**60,626**  
Patients  
Treated

**5.27\***  
Average  
SROI  
Generated  
(FY 16-22)  
\*(for every ₹1 Invested)

SPARSH is an established programme in Anand District, receiving the appreciation and trust of the population. It has been conducting a significant healthcare work with the diagnosis and treatment of NCDs.

The impact assessment has shown the satisfaction of the beneficiaries with the skill of the staff and the personal care. The SROI has illustrated the effectiveness of prevention and early diagnosis when compared

to the treatment after complications occur, generally much more costly in terms of psychological and economical resources.

### Testimonials

I remember very well this lady, she was an old woman who was all alone, there was no one to help her. I took her to emergency as she was in need of immediate medical attention due to diabetes. I was happy that I could help her - **Village Health Worker**

There was an uncle, who was suffering from an illness for which he couldn't walk. We hosted a camp near his neighborhood and he started the treatment with us. He recovered fast from his illness, and suddenly, he is able to walk again. It feels so good to see that. Whenever he meets me now, he stops to greet me properly - **Village Health Worker**



Consultation at Camp



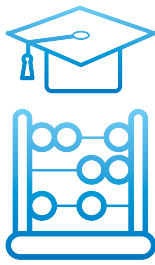
Free medical checkup by Village health workers



Palliative care Follow up



Consultation by village health workers



### Education & Skill development

Education and skill-development are critical to the socio-economic progress of India. At GMM Pfaudler, we understand the importance of educating our local communities, especially children from underprivileged regions and societal segments. Skill development to help the nation’s youth access more livelihood opportunities is another focus area of our CSR activities.

#### J.V. Patel ITI

GMM Pfaudler has partnered with JV Patel Industrial Training Institute (“JVP ITI”) to promote education and skill development in the local communities and thus enhance their employment prospects.

JVP ITI a well-equipped institute with qualified and experienced instructors offers eight trades certified by the National Council for Vocational Training (NCVT) and two trades certified by the Technical Education Board (TEB). Currently, JVP ITI has about 300 students on its rolls who are from the surrounding villages.

Further, JVP ITI is an approved “Training Centre” under the “Pradhan Mantri Kaushal Vikas Yojana” (PMKVY 3.0) to impart skill development training to school and college dropouts or unemployed youths. The

Institute also conducts MoU based short term courses.

Under PMKVY 3.0, the institute has started 3 courses namely solar panel installation, fitter fabrication and draughtsman mechanical from March 1, 2021. A total of 150 students, divided into 5 batches have been enrolled. The institute recorded a pass percentage of 98% for the students enrolled under PMKVY.

This program is designed to meet UN SDG4, which aims to “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.” It equips participants to secure jobs in the technical domain, either in the government or private sector.



Skill-development at JV Patel Industrial Training Institute, Karamsad, Gujarat



### Highlights, FY22

- 100% admissions achieved in all the NCVT trades, with only nine seats in the turner trade (TEB) lying vacant
- Nine Memorandum of Understanding (MoU) signed for industrial visits and for hiring students as apprentices
- One MoU with the Bhaikaka University for healthcare education
- Four on-campus and three off-campus interviews conducted
- Two-day Covid vaccination program conducted at the Institute
- Seminar on “employability skills” for the students
- Two-day workshop on “Augmented & Virtual reality” for students and staff
- Overseas program (focused on Poland) for alumni
- 43 students from the institute participated in various activities of the “Khel Mahakumbh 2022” organized by the Government of Gujarat

JVP ITI ranks 14 out of 24 amongst the urban and rural ITI's in Gujarat. In terms of pass percentage, the institute ranked 3<sup>rd</sup> in Anand District in 2020.

**JVP ITI at Karamsad, Gujarat was established in the year 1979 under Bombay Public Trust Act, 1950 and Societies Registration Act 1860 with the objective of enhancing the livelihood of local communities by promoting education through vocational skill development.**

For more information about JV Patel Industrial Training Institute please visit: <https://www.jvpitc.org/>

### Impact Assessment

The Company appointed an independent impact assessment agency to understand the impact of the technical training program on the lives and livelihoods of the students of JVP ITI and their families, assess the program against available benchmarks and make recommendations for improving the effectiveness of the existing program.

- **Methodology:** Impact assessment for J.V. Patel ITI was conducted using 'mixed method' spread over 2 phases. The first phase used a qualitative tool to collect data from 127 students that had passed out from the ITI in the last

5 years. The data from this group was compared with a group of 50 students presently studying at the institution. The second phase was a qualitative study that engaged 81 stakeholders using Focused Group Discussions and in-depth interviews.

- **Findings:** A total number of 1,056 students have been enrolled within different trade courses since last five years.

The results showcased that 44.9% of the students have passed out from the institute are working full time, 18.9% are working part time

and 11% are engaged in Apprenticeship/Internships. On comparing salaries of the treatment group (students who have passed out) with their expectations it was observed that there was an 8.5% increase in the median, showing that they are earning more than their expectations. There was a shift in the asset purchase capacity, with fewer members buying bicycles and more motorbikes, fridges, and higher use of the internet. Analyzing the human capital there was a clear improvement in the perception of their skills, participation

in family decision making, general knowledge and self-confidence.

Education of a technical nature ensures quick and proper placements in the industries surrounding Anand, where the ITI programme intends to impact the students' lives.

Once relieved of the theoretical burden and the cost of pursuing secondary education, which is replaced by a course with more hands-on practice, they can maximize the utility of their time and resources.

Sustainable Development Goal 4 is to "Ensure inclusive and equitable quality

education and promote lifelong learning opportunities for all". This programme has been sustained on the principle of SDG4 with its inclusive model where the participants are looking for secured jobs in the technical domain, either in the government or private sectors.

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### Testimonials

└─ Maine pitaji ki zameen chudwakar unka karza door kia aur poultry se unhone paise diye the wo wapas kiye - **Alumni, 2017**

└─ All my children are settled, thanks to the training given in the ITI and now I can peacefully retire and do temple painting - **Parent of Alumni 2018**

Governance



**A**T GMM Pfaudler, we have always believed in having robust governance principles fortifying our business foundations. These principles deepen stakeholder trust and minimize disruptions caused by ethical or transparency issues. Our management team acts as trustees on behalf of every stakeholder. It strives to define strategic goals and enhance our capabilities to create sustainable value that meets their expectations. Therefore, they make continuous efforts to raise the level of transparency, trust, and confidence of stakeholders as they manage our operations. We endeavor to maximize shareholder value by utilizing our resources with accountability to meet the needs of our customers and commitments to partners, employees, government, community members, and other stakeholders.

### Board of Directors

The Board of Directors and Committees oversee the functioning of the Company and guide the management team and our operations to protect the long-term interests of stakeholders. In

addition, the Board ensures compliance with relevant regulations led by our Code of Conduct and ethical standards wherever our Company and subsidiaries are present.

Our Board comprises experienced and competent professionals who bring the strategic leadership and skills needed to grow our business led by our ESG goals.

Our Board consists of 9 Directors who are supported by five principal standing committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholder Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

#### Enabling Governance Structures

The Nomination and Remuneration Committee reviews and approves the remuneration and oversees the diversity amongst the Board members. The Corporate Social Responsibility Committee provides oversight on community development and our Company's impact on its stakeholders.

Our Governance framework is based on the Company's core principles and taken forward by the Board's standing committees. The Committees ensure that we align our

execution framework to our short, medium, and long-term strategic intent, following the highest standards of corporate conduct, ethics, and transparency. The

standing committees provide oversight of all operational matters weaving in our ESG goals across every business goal and execution approach.

**A snapshot of our policies, procedures, and directives to achieve sustainable and holistic growth**

**Director’s familiarization Program**

Our Company has a structured mechanism to familiarize Independent Directors with the fiduciary roles and responsibilities of Directorship.

- Regular communication with Board members takes place through internal memos and communications, newsletters, and press releases, augmented by site/factory visits that are arranged periodically
- Presentations are regularly made to the Board as well as the various sub-committees of the Board, where Directors get an opportunity to interact with the Company’s senior managers on relevant matters of business, strategy, performance parameters, policies, and processes
- During FY22, 47 hours of training were collectively imparted to Independent Directors

Our management structure encourages effective leadership aligned with our governance standards and contributes to the creation of a transparent and ethical corporate culture. We manage our Company on a line-of-business basis while maintaining the corporate functions and governance of the subsidiaries.

Our Board of Directors is the senior-most management body responsible for developing and implementing corporate strategy along with managing the operations. Our governance procedures and control mechanisms are designed to accelerate our sustainability journey with a focus on minimizing emissions,

safeguarding health and safety, and implementing stringent anti-corruption measures. Our policies are accessible to all employees. They receive periodic training to deepen their understanding of the policies and leverage them in their daily operations.

**Review Mechanism at GMM Pfaudler**



**Corporate Reviews**

- Compliance reporting
- Monthly Business review meetings
- Monthly supporting functions review
- Quarterly Internal audit
- ESG Steering Committee meetings
- IC review meetings
- Quarterly limited review audit & annual Statutory audit
- Quarterly Executive Risk Management Council meeting
- Quarterly/ half yearly Board Committee meetings
- Quarterly Board meetings

### **Sustainability Governance**

GMM Pfaudler's sustainability governance approach defines the goals and framework of its sustainability policy and monitors the progress of ESG-related programs. The Board of Directors provides leadership and oversight of our Company's sustainability mission and sets future goals.

The ESG Steering Committee (leadership team) is responsible for developing a sustainability strategy and ensures it is embedded across all business operations. It also looks at the effective management of stakeholders

and promotes collaborations to drive sustainable value realization. The respective department heads and their teams work towards implementation of ESG strategy and provides Steering committee with ESG data, inputs to the disclosures and analytics for decision making.

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### **ESG Governance Structure and Team**

#### **ESG Steering Committee**

The ESG Steering Committee sets sustainability-related goals for the organization and steers our agenda on this front. The Committee formulates strategy and execution roadmaps in line with the ESG vision defined by the Leadership.

It provides specific guidance and operational insights to the ESG Working Groups, reviews public disclosures (ESG Report, Policies, other esg related presentation or reports etc.), and presents them to the Leadership or Board for approval.

The Committee also engages with stakeholders, including external rating agencies and auditors on topics relevant to our ESG performance and meets every quarter.

## Our Risk Management Practices



**T**HE GMM Pfaudler board has formed a Risk Management Committee (RMC) to oversee the implementation and effectiveness of the risk management framework as required by the Securities and Exchange Board of India's (SEBI) Listing Obligations and Disclosure Requirements (LODR). The Company's Audit Committee earlier oversaw the framework.

## Our Risk Management Practices



GMM Pfau

dler has institutionalized an Enterprise Risk Management (ERM) Framework that is continuously reviewed and benchmarked with industry-best practices to enhance our value creation capabilities for our stakeholders. The framework enables effective risk management through consistent processes for risk identification, rating (assessment), treatment, and review and monitoring of risks across the Company.

The Risk Management Committee periodically evaluates and monitors key risks, including the impact on the economy, geopolitical issues, risks relating to reputation and brand, competition, counterparty, foreign exchange and commodity prices, interest rates, cyber security, and ESG-related issues, among others.

In compliance with the Government of India's Companies Act 2013 and SEBI LODR, the Audit Committee oversees the financial risk framework of the Company. It reviews the internal financial controls and risk management system on an annual basis.

### **Risk Governance Structure**

The Risk Management Framework encompasses the entire organization across all levels. Refer to the Management Discussion & Analysis Report on page number 93 of this Annual Report for further information.