



MEGHMANI ORGANICS LIMITED



SUSTAINABILITY REPORT 2019

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Corporate Profile

Meghmani Organics Limited (“**MOL**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), is a leading global chemical specialist in the specialised fields of Pigments, Agrochemicals and Basic Chemicals. The Group’s products are categorised into three main businesses: (i) Pigments, (ii) Agrochemicals, and (iii) Caustic Soda.

In 1986, the Group commenced operations to manufacture Phthalocyanine Green 7, more popularly known as Pigment Green 7, at our first manufacturing plant situated at the GIDC Industrial Estate, Vatva. MOL is the largest manufacturer of Phthalocyanine-based pigments, with a 14% global market share, and is among the top 3 (capacity-wise) global pigment players. MOL’s pigment products are used in multiple applications, including printing inks, plastics, paints, textiles, leather, paper and rubber. The agrochemical products manufactured by MOL fall into three main categories – technical products, formulations and intermediates. These agrochemical products are used in crop protection, public health, termite and insect control, and veterinary applications. The Caustic Soda segment includes caustic, chlorine and caustic potash manufactured by Meghmani Finechem Limited (“**MFL**”), a subsidiary of MOL. MFL is the 7th largest (by capacity) caustic-chlorine producer in India. Caustic soda is used in soap and detergents, pulp and paper, textiles processing, organic and inorganic chloro solvents. Chlorine is used in PVC manufacturing, illumining, dyes and dye intermediates, organic and inorganic chemicals, disinfection of drinking water, and pharmaceuticals, while caustic potash is used in soaps, detergents and chemical fertilizers .

Having received several awards for outstanding export performance, MOL has a presence in more than 75 countries, serving over 400 customers across all three business segments. Our global distribution network consists of 20 overseas distributors catering to our international markets for our Pigments and Agrochemical products, and a chain of over 2,800 stockists, agents, distributors and dealers covering the domestic market in India.

The Group’s products are produced under our proprietary brands, which are recognised names among customers in India, Africa, Brazil, Europe, the USA and Latin America.

The brands under our Agrochemical formulations include ‘Megastar’, ‘Megacyper’, ‘Megaban’, ‘Synergy’ and ‘Courage’, while the brand ‘Meghafast’ is for the Pigments segment. The Group has more than 36 brands of various agrochemical formulations under our Agrochemicals segment to cater to the needs of Indian farmers.

Headquartered in Ahmedabad, the Group has seven dedicated manufacturing facilities in India, which includes three pigment plants in Vatva, Panoli and Dahej, and another four agrochemical plants in Chharodi, Panoli, Dahej and Ankleshwar. The Group also has four warehouses in Turkey, Russia, the USA and Uruguay.

In 2004, MOL was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) under the stock code M30. MOL was also listed on the Indian Stock Exchanges viz., National Stock Exchange India Limited (“**NSE**”) and BSE Limited (“**BSE**”), in 2007.

Board Statement

The Board of Directors (the “**Board**”) of **Meghmani Organics Limited** (“**MOL**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), determines the material environment, social and governance (“**ESG**”) factors and looks to refine and set targets to improve the ESG factors subsequently.

As a leading chemical manufacturer with a global presence, MOL is committed to conducting our business activities in an economically, socially and environmentally responsible manner governed by high standards of internal controls and risk management practices. Understanding the concerns and interests of our stakeholders is crucial as we continue to look at growing our business opportunities. Our commitment to sustainability guides our growth strategies and business practices.

In 2018, MOL conducted our first materiality assessment and published our inaugural Sustainability Report. This is our second Sustainability Report (“**SR2019**”) and the SR2019 has been prepared with reference to the Global Reporting Initiative (“**GRI**”), a globally-recognised sustainability reporting framework, and in compliance to the Rules 711A and 711B of the Singapore Exchange Securities Trading Limited’s (“**SGX-ST**”) Listing Manual of Mainboard Rules.

SR2019 focuses on MOL’s sustainability performance with regards to the Group’s operations in India from 1 April 2018 to 31 March 2019 (“**FY2019**”). A phased approach is being adopted by MOL for our sustainability report and we will seek to provide additional disclosures on our material topics as our sustainability reporting matures over time.

The Board maintained oversight over the Sustainability Committee, managing sustainability risks and opportunities, while ensuring all ESG matters significant to our business are addressed in our Report.

No external assurance was sought for this report.

We welcome stakeholders to provide us with feedback and suggestions on this report. You may contact us at helpdesk@meghmani.com

Sustainability Governance

MOL's sustainability agenda is developed and directed by senior management with guidance from the Board. Our sustainability approach is focused on generating stable and sustainable value for our stakeholders by managing the ESG impacts, as well as risks and opportunities present in our businesses.

The Group's Sustainability Committee includes senior management executives, led by the Executive Chairman. The Sustainability Committee is responsible for reviewing the Company's sustainability performance, material topics, stakeholder concerns, setting targets and goals for material topics, and establishing systems to collect, verify, monitor and report information required for this sustainability report.

The Sustainability Committee meets at least once a year and proposes, coordinates and promotes the company's main sustainability initiatives. The Board maintains oversight over the Sustainability Committee, managing sustainability risks, and opportunities while ensuring all Environment, Social and Governance ("ESG") matters significant to our business are addressed.

The Group takes a strategic and comprehensive approach towards sustainability. Any key issues relating to the sustainability framework will be raised by the Sustainability Committee during board meetings, where the Board will review and consider the sustainability issues. The Board approves the Group's general policies and strategies including those relating to sustainability.



Stakeholder Engagement

MOL continues to engage with our various groups of stakeholders on an annual basis to understand and address their concerns. As our businesses continue to expand, the topics that are material to our key stakeholders may change to reflect the relevance and significance of our operations.

In 2019, we continued our internal engagement with our key stakeholders through multiple established channels to re-evaluate the relevance and significance of the material topics for this reporting period. Understanding the on-going concerns of our key stakeholders allow us to strive for continuous success in creating value for all our stakeholders. As MOL continues to grow the business, we are committed to review and report changes in the material issues in subsequent reports.

Our Stakeholders	Stakeholders' Expectations	Mode of Engagement	Our Initiatives and Responses
Customers	<ul style="list-style-type: none"> • Customer privacy • Quality control • On-time delivery and services • Technical support • Reasonable payment terms • Competitive pricing 	<ul style="list-style-type: none"> • Customer feedback management via surveys, face-to-face meetings • Regular sales calls and meetings 	<ul style="list-style-type: none"> ▶ Active follow-up on customers' needs ▶ Regular internal meetings to review customers' order fulfilment and new requirements ▶ Update customers on new products and solutions ▶ Provide timely feedback to customers
Employees	<ul style="list-style-type: none"> • Career growth • Training opportunities • Competitive salaries and incentives • Pleasant and safe working environment 	<ul style="list-style-type: none"> • Regular internal communications • Regular review of working environment and welfare • Employee feedback 	<ul style="list-style-type: none"> ▶ Ensure effective implementation of HR policies ▶ Regular internal meetings to review safety practices ▶ Annual performance review
Shareholders & Investors	<ul style="list-style-type: none"> • Higher financial returns • Industry conditions • Market presence • Profitability • Transparency & corporate governance 	<ul style="list-style-type: none"> • Announcements via SGX-ST, NSE and BSE • Annual General Meeting • Investor roadshows • Conference calls with investment community • Electronic communications through investor relations portal • Annual report 	<ul style="list-style-type: none"> ▶ Regular and timely updates via announcements and press releases as and when required ▶ Ensure sustainable business growth
Government & Regulators	<ul style="list-style-type: none"> • Regulatory compliance • Occupational health & safety • Environmental issues • Social issues 	<ul style="list-style-type: none"> • Meetings to remain updated on issues of relevance • Electronic communications 	<ul style="list-style-type: none"> ▶ Ensure compliance with applicable laws ▶ Meetings to update and resolve issues with relevant authorities as and when required
Suppliers	<ul style="list-style-type: none"> • Competitive pricing • Payment terms • Quality benchmarks 	<ul style="list-style-type: none"> • Networking sessions • Visits to / Interactions with suppliers 	<ul style="list-style-type: none"> ▶ Regular feedback on quality or other issues

Material Topics

MOL reviewed our material topics in 2019 based on internal stakeholders' discussions with various department managers. The material topics reviewed continue to have an economic, environmental and social influence on our business activities. In 2019, data was collected for our material topics and this has allowed us to review our performance and set targets. To guide our reporting, we used the GRI standards as a reference to prepare the Sustainability Report 2019.

Material Topic	Description	Relevant GRI Standards that we will be reporting
Product Safety and Stewardship	Developing modern, innovative agricultural products and technologies that meet or exceed regulatory requirements relative to safety, human health, and the environment	GRI 416: Customer Health & Safety GRI 307: Environmental Compliance
Environmental Management	Applying innovation and best practices to protect, conserve and manage energy	GRI 302: Energy
Business Practices and Competition	Adopting methods or processes that deliver products and services which meet the standards of customers based on value, quality, service, and fair competitive market practices.	GRI 205: Anti-Corruption GRI 206: Anti-Competitive Behaviour
Occupational Health and Safety	Ensuring a healthy, safe and secure workplace that promotes well-being.	GRI 403: Occupational Health and Safety
Employee Development, Diversity and Benefits	Attracting, retaining and developing our employees, promoting professional growth, leveraging the power of inclusion and diversity, and creating a positive work environment.	GRI 401: Employment GRI 405: Diversity and Equal Opportunity

Product Safety and Stewardship

Customer Health & Safety

GRI 416-2

Our Approach

MOL's core focus is our commitment to customer satisfaction. Ensuring our products are safe for our customers' intended application is key in maintaining the continued trust of our loyal customers. Our customers come from a broad background of diverse industries and it is important to understand their respective applications of our products. MOL recognises the concerns on the safe application of chemicals and their impact on the health and safety of our customers. We understand the restrictive regulations and we are committed to complying them.

MOL adheres to the strictest regulatory requirements and standards that are paramount to our businesses. Understanding our product hazard, its risk and impact, allow us to identify and manage key areas for MOL to focus on and adhere to local requirements on product information. We assess our products to ensure that the health and safety of our customers are not compromised. MOL keeps up to date with technological advancements that will aid the development of innovative products that surpass the highest regulatory requirements of health, safety, and environment.

Our Performance

In FY2019, we have zero cases of non-compliance with regulations and/or voluntary codes related to the health and safety impacts of our products and services.

Environmental Compliance

GRI 307-1

Our Approach

MOL believes that environmental compliance is the primary foundation that forms our commitment to environmental law, regulations and standards. We acknowledged that the nature of our business leaves a large environmental footprint and we strive to reduce the impact our business activities impose on our ecosystem. MOL adheres to the local environmental rules and regulations, and our environmental policy guides us in managing our operational activities in minimising the impact.

The use and application of hazardous materials are present in our operational activities. Proper, safe and responsible disposal facilities are provided with the necessary capabilities to treat the liquid and solid waste. Air emissions that contain pollutants are regulated by local laws which we need to comply. Our agrochemicals products are strictly controlled and we require prior registration with the relevant governing authorities in each country before we are allowed to sell. Thus, qualitative standards and permitted toxicity levels set by each governing authority will need to be complied with before we can sell our agrochemicals products.

MOL has a greenbelt at our factory premises with an environmental management system in place at the plant locations. We provide proper training to ensure our employees are aware of the environmental regulations and obligations while ensuring proper and adequate safeguards are maintained at our plants at all times. MOL has four multifunctional production facilities in Gujarat and three of these production facilities are ISO 9001 certified. We are committed to improving our health, safety and environment performance by ensuring chemical product safety and making our processing plants secure.

Our Performance

We have zero cases of non-compliance with environmental law, regulations and standards related to environmental compliance in FY2019.

Environmental Management

Environmental Management

GRI 302-1

Our Approach

MOL recognises the impact our businesses can have on the environmental ecosystem. As the core of our business is chemical manufacturing and uses a significant amount of energy, we are committed to conserving our energy usage to minimise the impact on the ecosystem. Our environmental policy guides us in our environmental practices. Since we started collecting data, we have a better understanding of our performance and can set a realistic target.

Our Performance

In FY2019, we have consumed a total of approximately 2,670 TJ of energy across our operations. This included both renewable energy and non-renewable energy. Our renewable energy generated was approximately 4% of the total energy consumed and was generated by four windmills for the four plants located at Dahej, Ankleshwar, Panoli and Vatva, as well as a solar power purchase agreement for the plants in the three locations Dahej, Ankleshwar, and Panoli. Through renewable energy generated, we have avoided approximately 26,529 tCO₂.

Fuel Consumption within the Organisation

	From Non-Renewable Sources (MJ)	From Renewable Source (MJ)	Electricity Consumption (MJ)	Steam Consumption (MJ)	Total Energy Consumed (MJ)
Offices & Manufacturing Plants	166,374,666.8	108,778,737.6	1,659,601,196	735,449,043	2,670,203,643.4 (~ 2,670 TJ)

Energy Consumed from Renewable Sources

	Renewable Energy Consumed (kWh)	Renewable Energy Consumed (MJ)	GHG emissions avoided ¹ (tCO ₂)
Wind Power	29,155,160 kWh	104,958,576	25,598.23
Solar Power	1,061,156 kWh	3,820,161.6	931.69
Total		108,778,737.6	26,529.92

Note: ¹ Based on Asian Development Bank – Guidelines for estimating greenhouse gas emissions of Asian Development Bank projects: Additional guidance for clean energy projects (2017)

Business Practices and Competition

Anti-Corruption

GRI 205-1

Our Approach

Good business practice is an important foundation for our business activities to progress. MOL conducts our businesses with the highest standards of ethical business practices in a fair and transparent manner. We hold a strong stance against corruption and have in place a Whistle Blower Policy that employees can use for reporting unethical practices without fear of unjust retribution.

Our Performance

In FY2019, there have been no reported cases of corruption.

Anti-Competitive Behaviour

GRI 206-1

Our Approach

We are committed to ensuring our businesses are conducted in an ethical and fair manner. MOL adopts a strong stance against any anti-competitive behaviour or unfair advantages in our business activities. We support competitive environment, ensuring fair business practices for all our employees and stakeholders.

Our Performance

We have no reported anti-competitive behaviours or anti-trust violations in FY2019.

Occupational Health and Safety

Occupational Health and Safety

GRI 403-2

Our Approach

At MOL, the safety and wellbeing of our employees is our highest priority. We recognise that the use of machinery in our manufacturing plants and operational facilities can pose safety hazards and health risks. Some of our products and raw materials are considered to be hazardous and working with hazardous materials can pose a health risk to our employees in the operating plants. Enforcing a strong safety culture in all our facilities provides assurance for our employees to perform at their best in their daily operational activities. We adhere to local health and safety regulations, and our environment, health and safety policy guides us in promoting safety measures in our operational facilities.

Training is provided on a regular basis to our employees in the operational plants to continuously align themselves to safety regulations and standards, recognise safety hazards and implement control measures when faced with a safety risk situation. A safety manual is provided to all employees in our operational plants. Work procedure and safety instructions are clearly communicated for each activity. All employees working in the operating plants are required to wear personal protection equipment at all times. We implement safeguards in handling, storing, transporting, importing and sale of our hazardous products and raw materials. All our plants are equipped with a medical facility to regularly conduct routine medical checks on our employees working in these plant facilities. Medical support is available in case of any occupational health and related issues, and a selected few are trained in first aid. Fire-fighting equipment are also available at all plants and regularly maintained.

Our Performance

An accidental fire broke out in one of the manufacturing sections of Agrochemicals Plant at GIDC Dahej, District – Bharuch, Gujarat, (India) on 26th March 2019. We are saddened by the loss of two employees from the Dahej plant due to this unfortunate accident. The Company has taken all the appropriate safety measures to avoid, recurrence of any such eventuality. With our commitment to improve our health and safety performance, we are examining our facilities, processes and technologies, and ensuring these are adequate in safeguarding our employees' health and well-being.

The Gujarat Pollution Control Board issued a closure notice to the Company for safety purposes. The intention was to treat and discharge the water used for fire-fighting into the proper effluent channel.

The fire at Dahej was accidental and no offence was registered in FY2019.

Employee Development, Diversity and Benefits

Employment

GRI 401-1

Our Approach

MOL believes our employees are essential in maintaining long-term success. We are committed to fair employment practices and maintaining a working environment where our employees are respected and empowered to perform at their best. Boosting our employee's morale, in turn, reduces our employee turnover rates while strengthening our employee's productivity. MOL strives to understand the concerns of our employees to keep them engaged at all times.

Our Performance

In FY2019, we hired a total of 393 new employees, bringing our total headcount to 1,542 employees. We have an overall hiring rate of 35.7% and no turnover of employees.

New Employee Hires and Employee Turnover

Age Group	No. of new hires	Rate of new hires	No. of employee turnover	Rate of employee turnover
Under 30 years old	291	26.41%	Nil	0%
30-50 years old	90	8.17%	Nil	0%
Over 50 years old	12	1.09%	Nil	0%
Total	393	35.66%	Nil	0%

Gender	No. of new hires	Rate of new hires	No. of employee turnover	Rate of employee turnover
Male	392	35.57%	Nil	0%
Female	1	0.09%	Nil	0%

Diversity and Equal Opportunity

GRI 405-1

Our Approach

MOL believes in providing equal opportunities in an open environment. We hire and retain our employees solely based on merit and capability to contribute. MOL does not tolerate any form of discrimination based on colour, race, religion, political inclination and any other type of distinguishing characteristics. MOL attracts and retains a diverse set of qualified and experienced employees. Equally important for a diverse talent pool to have a diverse management board as a diverse set of skills, seniority, and industry knowledge will bring in an exchange of different ideas and perspectives.

Our Performance

Due to the nature of our business activities, approximately 99% of our workforce comprises males and 1% females. The majority of our employees are aged between 30 and 50 years old and are employed as non-executive employees.

Total Employees by Gender

Gender	No. of Employees	Percentage
Male	1,530	99%
Female	12	1%
Total	1,542	100%

Total Employees by Age

Age Group	No. of Employees	Percentage
Under 30 years old	514	33.3%
30-50 years old	843	54.7%
Over 50 years old	185	12.0%
Total	1,542	100.0%

Total Employees by Employment Category

	Under 30 years old	30-50 years old	Over 50 years old
Senior Management	-	0.1%	1.7%
Management	-	1.6%	1.2%
Executive	5.2%	13.4%	3.3%
Non-executive	25.9%	34.6%	4.9%
General	2.27%	4.7%	1.2%

Board Diversity

Gender	Board Representation
Male	90.9%
Female	9.1%

Age Group	Board Representation
Under 30 years old	0%
30-50 years old	0%
Over 50 years old	100%

Our Community

MOL strives to enrich the quality of life not only for our employees, but also for the communities in which we operate. We involve these communities as we create value for them.

Our Approach

We organise annual events involving our employees' families to strengthen our relationship with our employees, and build a relationship of understanding and respect for one another.

Our Performance

In FY2019, we organized three prominent events that saw active participation of our employees and our communities.

Our Activities in FY2019

Yuva Shakti-Yuvotsav



We organised this camp as part of the Group's succession planning programme, ensuring smooth changeover of business from the first generation to the second generation. We had 31 employees participating in this event.

Cultural Programme – Talk on Family Values



We organised this event as part of the Group's dedication in strong family life and we were encouraged to see 800 employees participating in this event, which was also opened to the public.

“Welcome Zindagi” (“Welcome Life”) – Drama Screening



We organised this event with the objective of strengthening father and son relationships in our Group, and recorded 200 employees' participation.



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