

KIRLOSKAR OIL ENGINES LIMITED

A Kirloskar Group Company

CORPORATE SUSTAINABILITY REPORT

2020-21

ENGINE FOR SUSTAINABLE GROWTH



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Introduction

KIRLOSKAR OIL ENGINES LIMITED

Corporate Sustainability Report
2020-21

INTRODUCTION

From the desk of Executive Chairman

(GRI 102-14)



I am extremely happy to present our tenth sustainability report to all the stakeholders. The report has been prepared in accordance with the requirements of Global Reporting Initiatives (GRI), further reassuring our commitments toward the UNSDGs and a visionary approach for deeper decarbonization in alignment with India's NDCs. I am extremely proud of how our employees handled the COVID-19 crisis. Our business has always focused on the triple bottom line, extending toward all our stakeholders including the communities surrounding our operational sites.

The resilience shown by our employees during COVID-19 reflects our long history of sustainable and responsible business practices, which we began reporting on in 2009-10.

I am pleased and proud to say that, in the financial year 2021, we delivered a good performance against our environmental, social and governance (ESG) targets in an optimised fashion in light of resource constraints in the business posed by Market challenges and the availability of resources at our disposal.

Our strong focus on safety ensured we had zero work injuries among employees and contractors in this reporting period. We would continue to drive progressively on health and safety, including measurable improvements year after year. We are equally committed to respecting human rights through responsible partnerships and conducting regular training with employees and handhold our suppliers for ensuring sustainable procurement

practices.

In terms of our environmental performance, we could offset 6,010.53 tons of CO₂ equivalent through renewable energy and 4,647.59 tons of CO₂ equivalent via Certified Emission Reduction avoiding 10658.12 tons of CO₂ during 2019-20, making the Kagal Plant Carbon Neutral. Our continuous efforts in energy efficiency, renewable energy, plantation and watershed development have helped us in offsetting 4.18 tons of CO₂ emissions in FY 2021. We envision a long-term proposition toward carbon neutrality. Our Kagal facility already being carbon neutral, our vision is to become a climate-neutral organisation in the long run, within our operational boundaries.

Our corporate values rank community welfare as a top priority and we wholeheartedly support the communities in the vicinity of our manufacturing plants with the objective of promoting inclusive growth, by promoting education, skill enhancement, women empowerment, RE, sanitation and health initiatives.

-Atul Kirloskar
Executive chairman

Sustainability strategy 2030

We are actively pursuing an ESG framework, while still working on different elements. KOEL intends to be amongst the best in the country for ESG scores in the near future. In the long term, the business of KOEL would be emerging as a sustainable conglomerate. While KOEL is known for abilities to manage its engine business, in the next decade KOEL will be known for managing multiple verticals sustainably over and above the core business.

As technology leaders, we are focusing on those areas in which we can make the biggest impact – enabling a low-carbon society by reducing greenhouse gas emissions, preserving resources and promoting social progress. In this way, we also contribute to the United Nations' Sustainable Development Goals, of which KOEL has always been a strong advocate.

With our skilled employees and leading technologies, we can make a strong contribution to a low-carbon society and we plan to make the biggest impact with technologies that improve the energy efficiency of Products, by adhering to the highest emissions standards globally. The first transition which we envision is towards hybrid products via chemical, mechanical and electric combination with engines moving

towards heavy usage of Natural gas in due course.

KOEL understands the Business challenges and is passionately working on Cost economic solutions for the customers for affordable transitions. The cyclicity of business is a sustainability challenge, however, moving forward, the transition will be towards solutions based on the theme of Customers centricity for which the company aims to invest resources for mastering future technologies and forging meaningful alliances to provide solutions to customers.

To preserve natural resources, KOEL's approach is to systematically reduce waste, increase recycling and reusability, and improve product durability. We aim to systematically improve circularity in our supply chain through our supplier sustainability framework, which focuses on ESG performance in the next decade.

We will also promote social progress through our own operations and in our communities around our sites, including championing human rights across the value chain. Within the organisation, we are creating safe, fair, equitable and inclusive working environments in which our people can succeed and

develop, as well as reinforcing our long-standing commitment to the community at large.

With our motivated people, leading technologies and the support of our stakeholders, I am confident that we will meet our Sustainability targets planned over the next decade and be a leading contributor to sustainable development. Thank you for your trust and support.

Message from Kagal Plant Head



during the Kolhapur floods in a town hall meeting. KOEL's cross-functional training to employees helped during the crises situations as it allowed them to take on roles across different domains.

During the Covid-19 period, for Covid cases expenses above the group Medclaim policy for hospitalisation and other services were entirely borne by the company.

taken by timely application of disinfectant sprayers and utmost hygiene was maintained to ensure employee safety and security at work premises, allowing for mental resilience to build in alongside a physical sense of well-being."

- **Mr. Chandrahas Ranade**
Plant Head, KOEL, Kagal

"The year 2020-21 had been a challenging one as it made our business face not only the negative impacts of the pandemic but also a natural calamity in the form of heavy floods at Kolhapur. The KOEL team at Kagal promptly responded to the disruptive situation ensuring a safe environment for our employees and the communities both from point of view of the pandemic and the floods. Our business continuity plan ensured that around 30-40% of workmen return to the shop floor along with the Kagal Apex Body members to ensure a smooth functioning even during such uncertain times with all safety protocols in place. Employees across the strata were appreciated by KOEL's MD & CEO and also other stakeholders. The company went on to exempt the leave applications of employees

"For Covid-19 all government guidelines were diligently followed and arrangements were made to work with 30% employee capacity twice every week to ensure business continuity"

Resuming work operations also allowed for employees to de-stress themselves during the Covid phase. Precautions were

About the Report

(GRI 102-10, 102-45, 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54)

Introduction to the Report (102-1)

Kirloskar Oil Engines Limited (KOEL) has always been transparent about its ways to its stakeholders. The Company has been annually publishing its performance data with respect to sustainability and this year is no different. This Sustainability Report, for the year 2020-21, is the tenth one from KOEL since its first report in 2011. The report aims to provide an in-depth view of the company's strategy and initiatives for accelerating the continued growth of the company's performance, boosting its long-term value and the overall growth of its stakeholders through environmental, social, and governance performances reporting captured during 1st April 2020 to 31st March 2021.

Reporting Principles

This report has been prepared in accordance with the GRI Standards: Core option. Unless otherwise stated, this report does not contain any data or information that applies to any entity outside KOEL.

Reporting Scope and Boundaries (GRI 102-4)

This Sustainability Report includes

the Kagal Plant, the Khadki Plant, the KMW, and Nashik. There are no significant changes to the organization and its supply chain. All measures, activities, and key figures refer to the period between 1st April 2020 to 31st March 2021, unless otherwise stated.

The headquarters of KOEL is located at (GRI 102-3)

Kirloskar Oil Engines Ltd.,
Laxmanrao Kirloskar Road, Khadki,
Pune-411003, Maharashtra, India.

Reporting Framework

KOEL has carefully identified and selected the sustainability topics that were most relevant to the Company and its stakeholders. This report is the product of the same structured process involving the materiality assessment, which was conducted during the last reporting year 2019-20, considering the internal as well as the external stakeholders and based on which the relevant materiality issues were mapped across ten potential focus areas. The report focuses on the challenges and opportunities KOEL faces in those same ten focus areas and how it responds to them. As the report is in accordance with the GRI standards, all the calculation techniques and data

measurements are in line with standards; And any assumptions and/or exceptions made while reporting on the GRI disclosures are duly explained, wherever required. The GRI Content Index at the end of this report exactly maps the page numbers for general standard disclosures, disclosures on management approach, and specific standard disclosures for all material aspects referenced in the report.

Forward-Looking Statements

The report contains forward-looking statements that are based on the company's present views and past performance. These forward-looking statements involve factors that may be unknown risks and uncertainties like changes in government laws or regulations and therefore could cause differences in the actual outcome than those conveyed in these statements. Though utmost care has been taken while preparing the report, the Company assumes no guarantee for the inaccuracy of the forward-looking statements.

Assurance

VK:e environmental LLP (VK:e) has done assurance of this report as per the requirements of the AA1000 assurance standard. The

Report has been prepared in accordance with Global Reporting Initiative (GRI) Standards: Core Option. The assurance certificate can be found on page no. 83.

Feedback

KOEL encourages readers to post their valuable feedbacks which in turn can help the company to improve further. Kindly write any suggestions and feedback at:

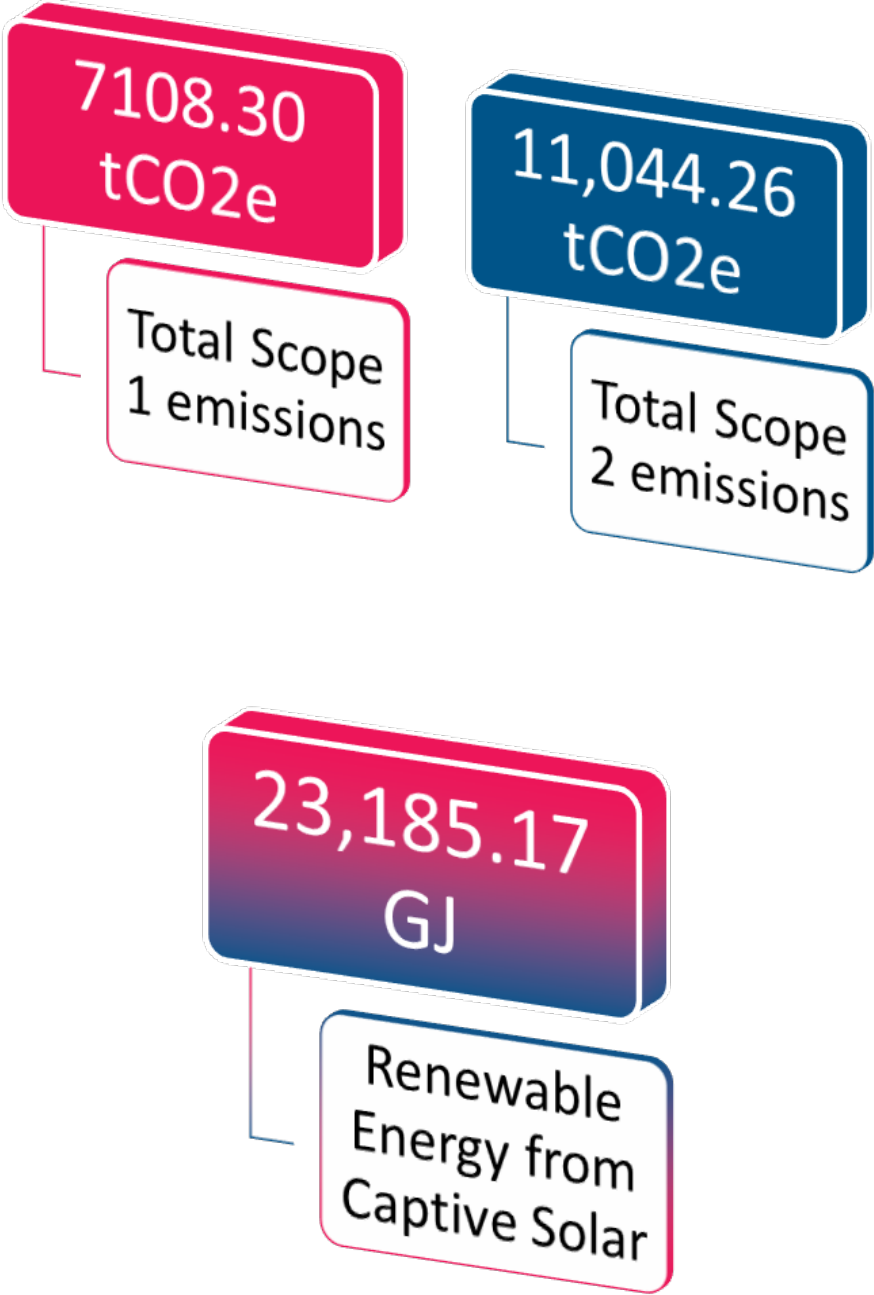
sustainability@kirloskar.com



PERFORMANCE SNAPSHOT

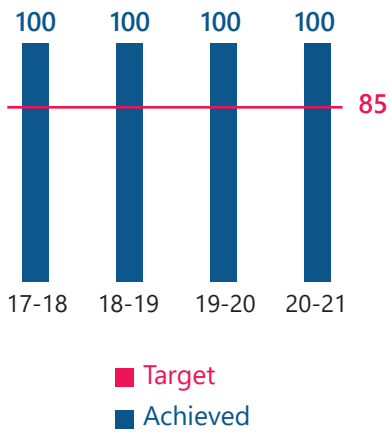
ENVIRONMENT

GHG emissions:



SOCIAL

In the KOEL Community Satisfaction Survey Index, KOEL strives for a score of at least 85, and it has exceeded expectations by receiving a perfect score of 100 for the last four years, including the current reporting period (2020-21).



Employee category	Number of Employees	Trained on Safety	Trained for Skill Up-gradation
Permanent Male	2140	8%	34%
Permanent Female	71	11%	77%
Total Permanent	2211	19%	100%
Temporary/Contractual	2085	12%	9%



GOVERNANCE

Economic

Source: Audited financial report of KOEL 2020-21

(GRI 201-1, GRI 201-4)

Economic Value Generated:

₹2,720.40

Total Income (in Crores)

Economic Value Distributed:

₹2,480.63

Total expenses (in Crores)

₹198.87

Employee Wages & Benefits (in Crores)

₹55.86

Payments to Government (in Crores)

₹5.16

CSR Community Investments (in Crores)

₹129.10

Total R & D expenditure (in Crores)

Economic Value Retained:

₹169.74

Profit for the FY 2020-21 (in Crores)

KOEL BUSINESS FOOTPRINT

(GRI 102-2, 102-6, 102-7)

Kirloskar Oil Engines Ltd. (KOEL), incorporated in 1946 by the late Laxmanrao Kirloskar, is the flagship company of the Kirloskar group. Over the last 75 years, the company has stood up to be India's leading engineering conglomerate, specializing in the manufacturing of air-cooled and liquid-cooled diesel engines as well as generating sets offering a wide range of power outputs.

At present, KOEL has state-of-art manufacturing facilities in India, located at Kagal and Nashik. The company has a considerable presence in international markets with local offices set up in various countries including Dubai, South Africa, Kenya, and the USA (Texas) with representatives in Indonesia and Nigeria. KOEL also has a powerful distribution network

throughout the Middle East and Africa.

With a strong workforce of 2211 permanent employees, advanced manufacturing units in India at Pune, Nashik, and Kolhapur ensure that the engines are manufactured in an optimized and eco-friendly manner. The generating sets are starting from a power output of 2.1 kVA to 1010 kVA and solutions ranging up to 5200 kVA. Each of the products is made to power customers' dreams.

KOEL manufactures different types of Agri-engines and diesel pump sets that have, and still serve the irrigation needs of farmers. The Company also has a robust presence in industrial engines - power earth moving construction, mining, fluid handling, material

handling equipment, and marine applications.

KOEL is a continually evolving organization that's been built over 75 years to meet the needs of the future. The company's portfolio includes engines operating on alternative fuels such as biodiesel, and natural gas and generating sets are branded as KOEL Green Gensets in India and Kirloskar Green for exports.

KOEL is a public limited company, listed both on the National Stock Exchange (NSE) as 'KIRLOSENG' and on the Bombay Stock Exchange (BSE) as '533293' (GRI 102-5).

The scale of the organization:

(GRI 102-7, 102-8)

2211

The total number of employees

2140

Permanent Male

71

Permanent Female

2085

Temporary / Contractual

₹ 2,720.40

Total Income (Crores)

Key Businesses

1. Prime Power Solutions (PPS):

The Prime Power Solutions business broadly consists of three areas – Power Generation, Industrial Engine Business, and Customer Support.

I. POWER GENERATION

KOEL has been the market leader for Power Generating sets for over 3 decades, offering the widest range of Petrol and Diesel Power Generating sets which range from 2 to 1010 kVA. The major application of these generating sets is to provide power backup in industrial, residential and commercial establishments; along with special applications such as in the Telecom industry. The product line is called 'KOEL i-Green' and 'KOEL Chhota Chilli'.

II. INDUSTRIAL ENGINES BUSINESS

KOEL's Industrial Engines business portfolio includes products for two broad segments - Construction Equipment and Tractors. The company stands out to be India's top independent engine producer, and it is the chosen option of major Construction Equipment OEMs, both local and international. The Company's Industrial Engine business has a solid market presence across operating segments which is achieved by carefully selecting and providing

the right 'Fit for Market' product at an affordable rate and supported by KOEL's excellent after-sales service support. The company's engines power an extensive variety of construction equipment such as backhoe loaders, excavators, motor graders, and concrete pumps. The company has developed multiple power nodes of the BS-IV engine models to cater to a vast range of equipment across Construction Equipment Vehicles which include power nodes in the range from 74 hp to 130 hp. The Company is operating with all of the main OEMs throughout India for numerous applications such as Backhoe Loader, Compactor, Self-Loading Mixer, Cranes, Wheel Loader, Paver, Telehandler, etc.

III. Customer Support:

KOEL believes in delivering effective and consistent customer service. The company boasts a widespread network of digitally connected 425 service outlets in PAN India with robust digitized processes and 3000+ trained service teams which make it a dominant service brand and an industry benchmark. To ensure that the company constantly keeps up with the changing needs of the customers, initiatives for capability building are undertaken to handle new emission norms viz. BSIV and CPCB IV technology through structured service training throughout the year. The company

has set up four regional training centres across India which help to improve the competency of the field services and provide support for any new service products and initiatives. The company has also introduced two innovative service products, namely Bandhan and Anubandh, and a strong measurement process of Customer Retention "CRI", which allows the company to get directly engaged with numerous retail customers for the long term and delivers an assurance of the best in class after-sales service for the Gensets.

2. Water Management Solution (WMS):

The Water Management Solution business of KOEL offers two basic product lines: Diesel engine and pump sets and Electric Pump sets. The wide range of products offered has applications in the domestic, agricultural as well as commercial domains. The business is very actively trying to further increase its network in rural India and increase its business in engines, pump sets, oil and allied products by building an efficient supply chain. During the reporting period, electric pumps sales saw a whopping 44% increase in sales. The electric motor-based MMB segment as well as the diesel product segment with OEM applications such as concrete mixers and agricultural applications also did very well.

3. Farm Mechanization Solutions (FMS):

KOEL has always strived to bring out the best technology for the hardworking farmers of India. The FMS business has Min T 5 (Petrol, diesel) and Min T 8 (Petrol, diesel and DLX), Min T reaper, Mega T 12 LV, and Mega T 15 LV along with a rotary tiller and brush cutter range in its portfolio. Despite the various challenges that were by the pandemic during the reporting period, KOEL has continued its journey to offer new farm mechanization solutions for enriching the lives of the farming community by introducing a new product range to address the market requirements in the 12HP and 15 HP segment which was powered by New Generation "K cool" Engine Technology and Power Weeder segment with reaper attachment. The Company also developed a sprayer attachment to cater to the need for sanitization during the COVID situation. Min T Reaper was launched to target challenges faced by farmers to harvest crops like paddy.

4. International Business (IB)

KOEL internationally targets countries in Africa, Middle East Asia, South East Asia, and Latin America. The Company's International Business has a multitude of products including diesel engines, generating sets, power tillers, pump sets, and

spare parts required for these products. These products have a variety of applications in the Agriculture, Power, Construction, Marine, and Mining sectors. The products in the Firefighting and Agriculture verticals along with Customer Services provided a major boost in the growth of the international business. KOEL Americas made good progress in the firefighting segment in the USA through innovative business processes and is also working closely with OEMs for gas engines. The company conceptualized and institutionalized various new digital initiatives with the objectives of improving process efficiency and effectiveness, and enhancing customer experience in the international market.

5. Institutional Project Solutions (IPS) Business

KOEL's institutional project solutions business operates in niche segments like Defence and Marine. It makes supply energy systems for radars, vehicle repowering, propulsion engines, and gensets for the Marine segment. It caters to the needs of key customers by working as a Systems integrator and complete Solution provider. The company's new product, the 490 kWe DG set of Project 'Whale', has been successfully validated for its performance and the company has started supplying it to the customer. The Company also has developed various

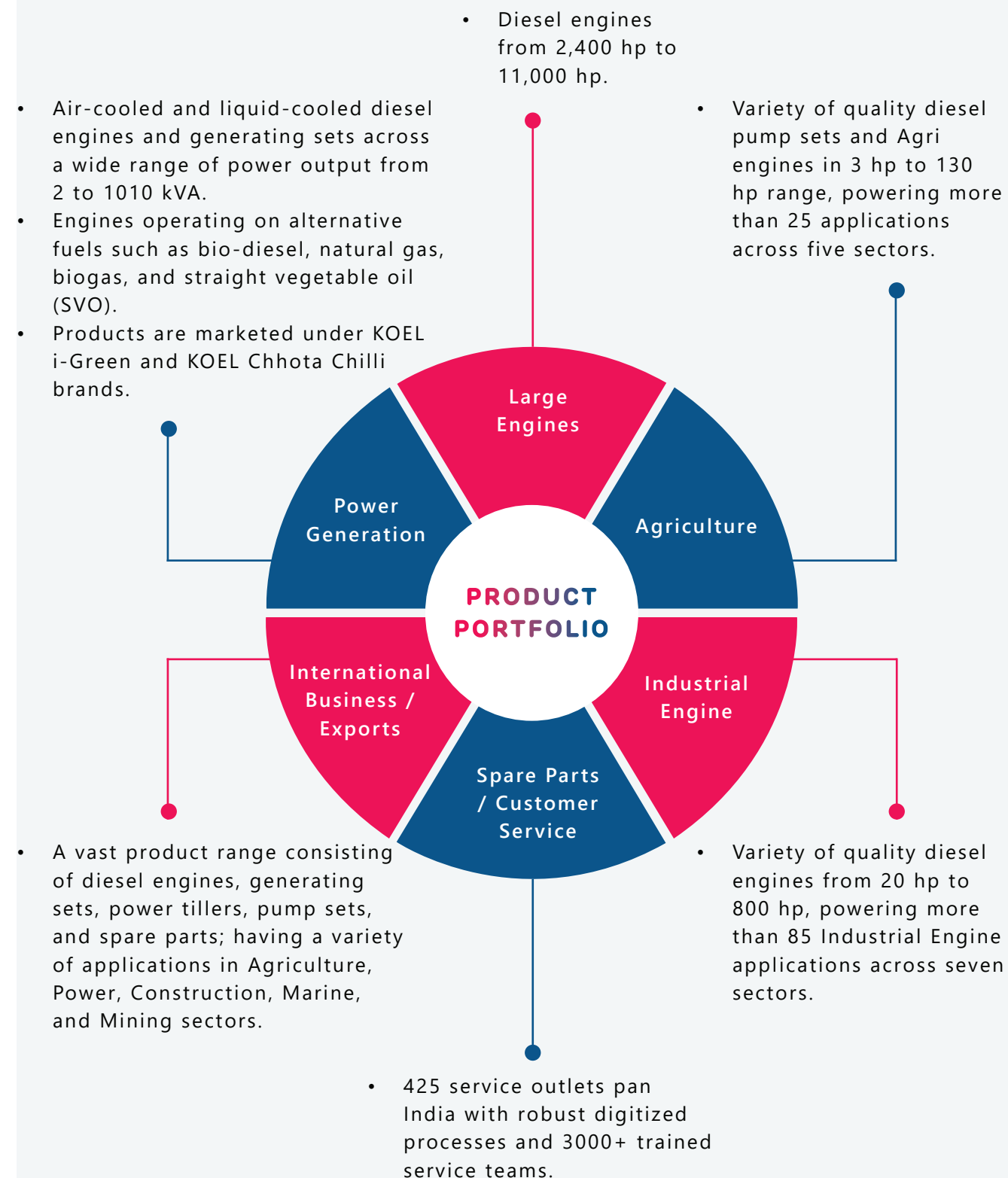
nodes for Defence requirements with successful completion of qualification tests. Based on the requirements of the fishing boat industry, the Company has developed specific horsepower fishery engines (various nodes of SL90 – 180 HP to 350 BHP). KOEL has proved its competency in the industry by being the only company in India that offers a complete range of engines for the Fishery segment with in-house development of durable and efficient engines that pass the stringent product performance requirements of the industry and is ready to increase its reach in the Fishing boat engines market. The company, as a complete solution provider, has developed product nodes for propulsion packages with 4R, 3R, and 4RT engines having tie-ups with Gearbox, Shafting and Propeller manufacturers catering to the need of the Commercial Marine segment.

6. Research and Application Engineering

One of the main reasons for KOEL to remain the industry leader in the various market segments is because of its Corporate Research and Engineering (CRE) and Application Engineering (AE) departments which aim to build technological leadership in the research, design, and development of engines, and help sustainably deliver customized engineering solutions. The CRE focuses on the

design and development of a wide range of engines to meet the long-term ambitions, market challenges, social trends and all the other requirements of the company and the AE department caters to the needs of global markets, providing application-specific engine solutions for construction equipment manufacturers for domestic and export markets, and customized solutions to markets such as defence, marine, mining, firefighting, etc. The R&D department is not only focused on expanding the product range but on the up-gradation of products to reduce emissions and provide solutions for sustainable growth. In the reporting period, the company launched engines such as BSIV CEV, Power tiller, and 490 kWe submarine Genset developed for various applications. FM/UL listed fire pump engines up to 3000 rpm and HHP fire pump engines are developed and supplied in the firefighting domain. The company achieved engine validation for the R550 engine platform of the Lhp segment. The K4300 engine platform of the HHP segment is under development. Four models of Genset used in emergency standby application received an Environment Protection Authority certification. The R&D team developed power nodes and upgrades for Bharat Stage IV (BSIV) emission compliant engines for wheeled construction equipment, Bharat Stage III (BS III) emission compliant engines for tracked construction equipment, and Bharat (TREM) Stage III A emission norm compliant engines for tractor application, Power Tiller and Power Weeder.



Product Portfolio:**New Product Launches:**

The following products were developed and launched by KOEL to demonstrate its outstanding innovation capabilities:

- For the previous two years, the Company has been working with important clients to launch superior electronic engines to meet the forthcoming Construction Equipment Vehicle - Bharat Stage IV (CEV-BSIV) emission changes it has developed multiple power nodes of the BS-IV engine models to cater to a vast range of equipment across Construction Equipment Vehicles. These include power nodes in the range of 74 hp to 130 hp.
- To address the market requirements in the 12HP and 15 HP segments, the company launched a new product range powered by New Generation "K cool" Engine Technology and Power Weeder segment with a reaper attachment.
- The Company developed a sprayer attachment to cater to the need for sanitization during the COVID situation. A full range of products of Min T 5 (Petrol, diesel) and Min T 8 (Petrol, diesel and DLX), Min T reaper, Mega T 12 LV, and Mega T 15 LV along with rotary tiller and brush cutter range are available. Min T Reaper is launched to target challenges faced by farmers to harvest crops like paddy.
- Project 'Whale' has completed performance validation and the company has started supply of a 490 kWe DG unit.
- The launch of new products also includes engines developed for applications such as BSIV CEV, Power tiller, and 490 kWe submarine Genset. In the Fire Fighting domain, the company produces FM/UL listed fire pump engines up to 3000 rpm and HHP fire pump engines.

Materiality Assessment

In the previous reporting year, i.e., 2019-20, KOEL conducted a materiality assessment to identify the topics that are most important to the Company and its stakeholders. This process included engaging with the internal as well as external stakeholders to get their feedback on how the various material topics affected them and also understand their priority, based on which a materiality matrix was mapped. This exercise not only helped the company to improve upon the sustainable approach for day-to-day operations but also proved instrumental in foreseeing the various risks and opportunities for which the company can develop an action plan for its future. The process for conducting the materiality assessment is explained in the company's sustainability report FY 2019-20.

All the relevant material topics have been mapped across ten focus areas as identified to be significant for KOEL’s business. These ten focus areas are:

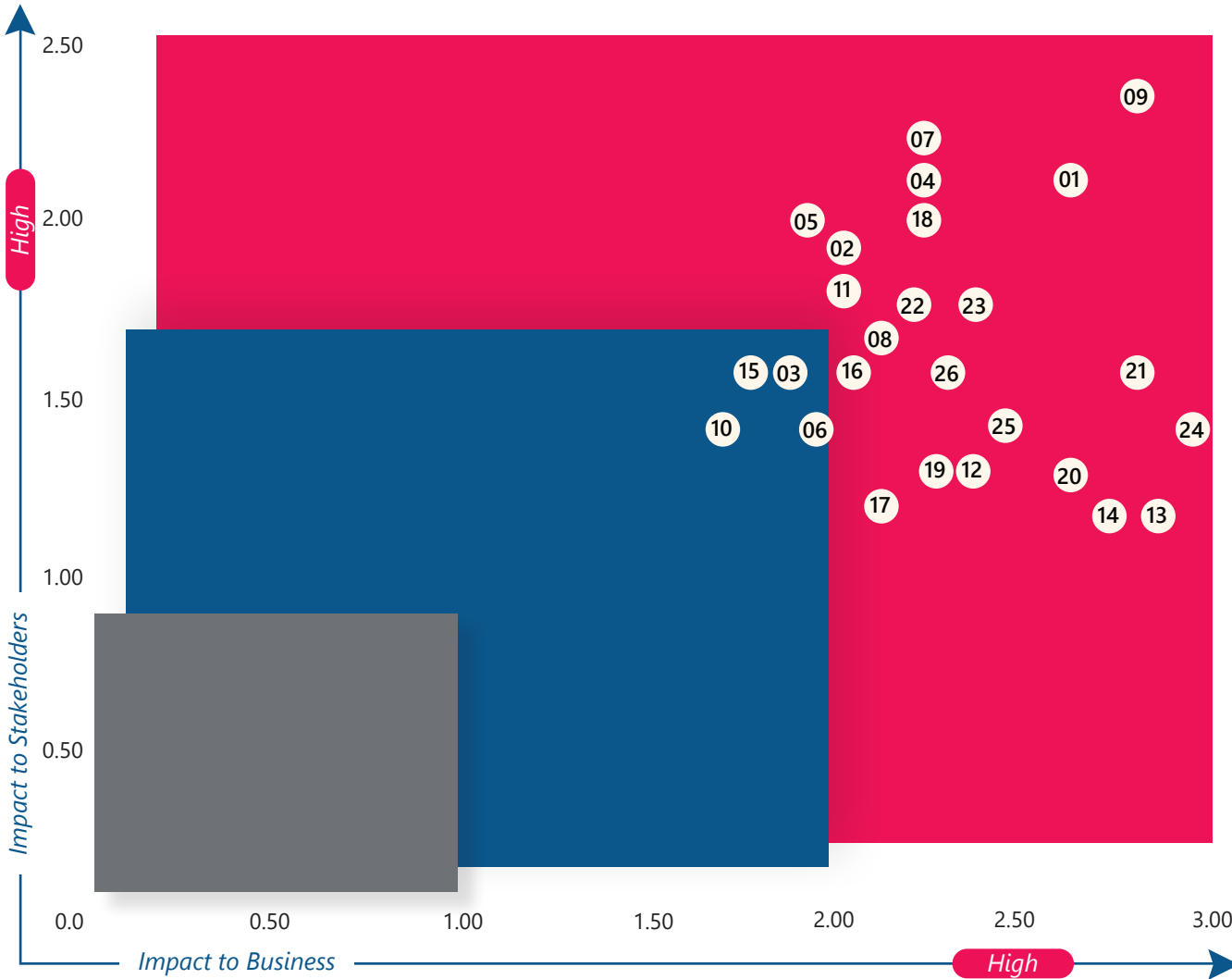
- Human Capital Development
- Corporate Social Responsibility
- Climate Stewardship
- Public Policy
- Talent Acquisition and Retention
- Innovation Management
- Operationa eco-efficiency
- Strategy for new markets
- Sustainable supply-chain
- Product stewardship

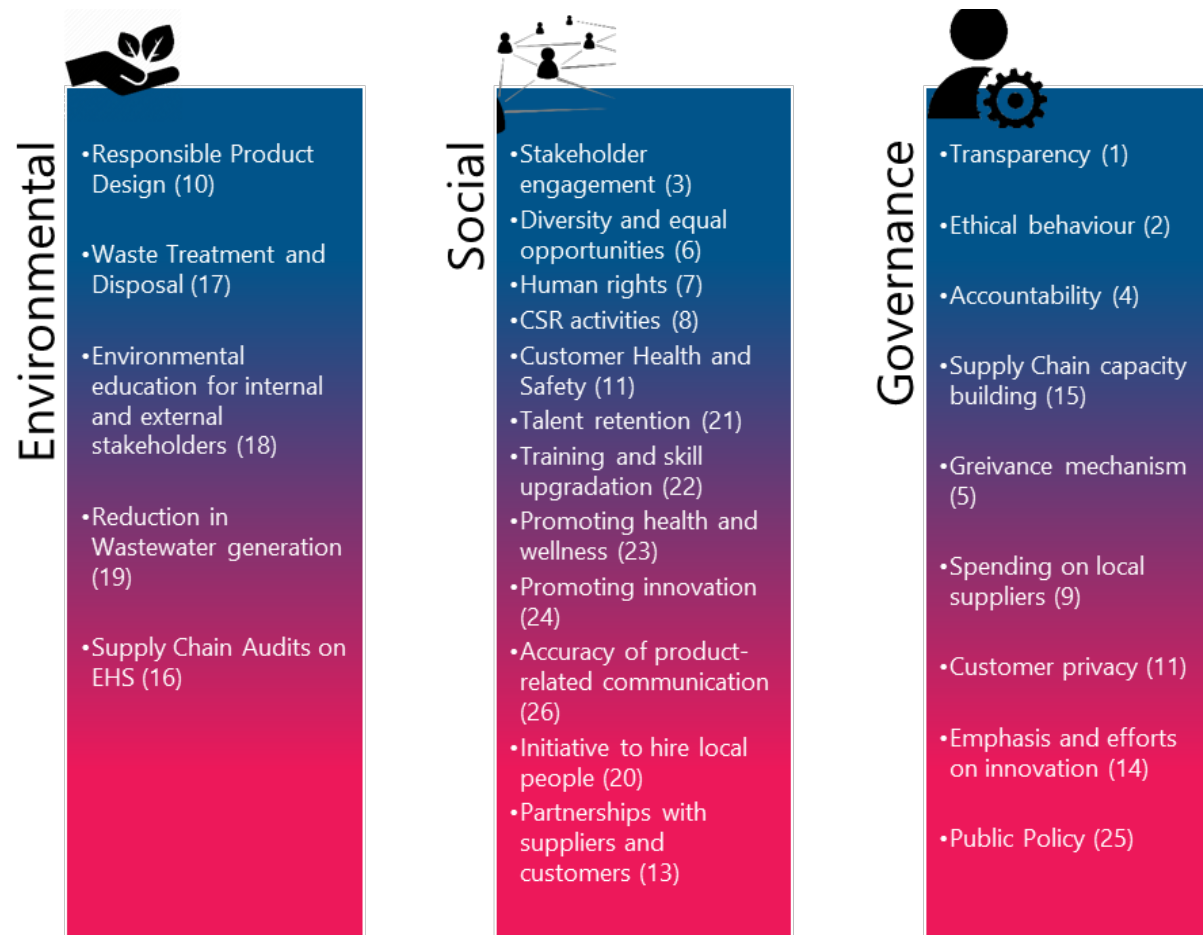


Materiality Matrix

(GRI 102-47)

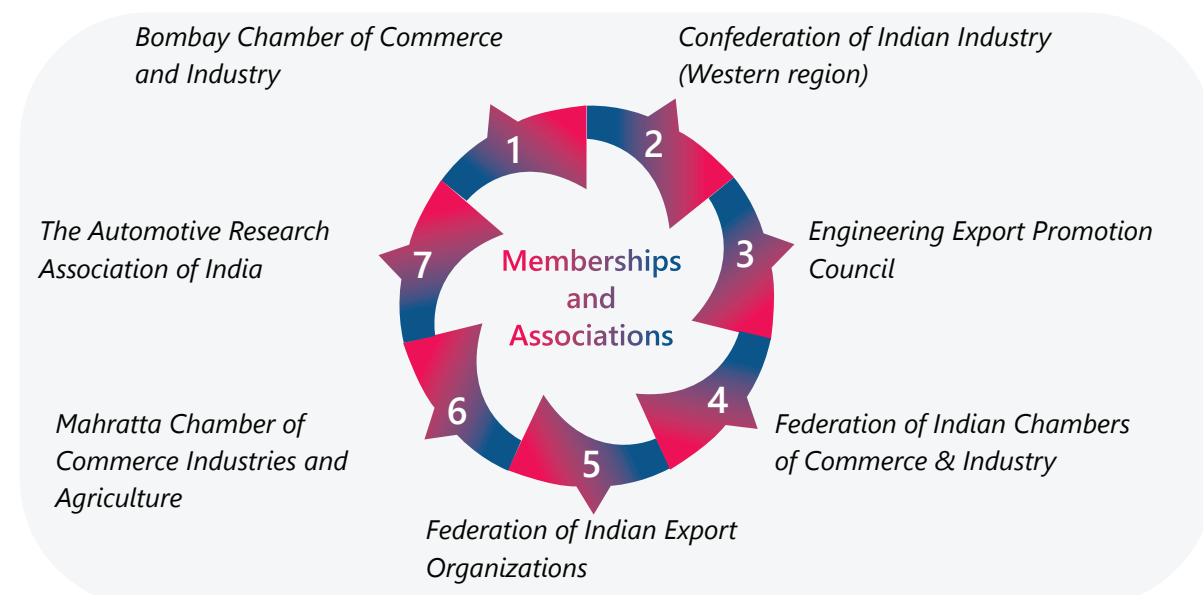
The materiality matrix showcases the materiality topics identified by the Materiality Assessment process on two axes. On one axis the importance of a topic to the company regarding the expected influence the topic will have on the Company’s success; the other axis shows the importance of the topic to stakeholders and the influence they might have on the Company. All the topics presented in the matrix are material for all the manufacturing plants of KOEL, except for the indicators which are the outside boundary of this report, such as transportation. As discussed earlier, the material topics were identified after a thorough materiality assessment exercise conducted by the company which involved consultations with multiple stakeholders. All the relevant material topics have been mapped across ten focus areas as identified to be significant for KOEL’s business.





Memberships and Associations:

(GRI 102-13)



Awards, Recognitions, and Certifications

Some of the other recognitions received for our relentless efforts of quality delivery and operational excellence included for Kagal Plant:

- Consecutively second year “Golden Peacock Award” – 2020 for Energy Efficiency by Institute of Directors (IOD). This award is regarded as a benchmark of Corporate Excellence worldwide and recognition of a world-class organization promoting and implementing energy efficiency and energy conservation measures.
- “First Rank” in the Envirocare Green Awards 2020
- “Par Excellence Award” and “Silver Award” at National, State, and Chapter levels on Quality Control Circles in categories viz. Quality Assurance, 3M and Kaizen.
- Certificate of Excellence Award for State-level energy competition by MEDA Maharashtra Energy Development Agency.
- Energy Efficient Unit Award by CII.



Garden club award



CII AWARD Energy Efficient Unit



Envirocare Green Awards 2020

Envirocare Green Award 2020



"Preserving, nurturing and protecting the environment is our duty. Everyone contributes for the cause, however those who strive incessantly to conserve the environment matter the most"

We take immense pleasure in recognizing your dedication & conferring this award for commemorating your contribution towards a Sustainable future.

Kirloskar Oil Engines Ltd, Kolhapur

Envirocare is proud of your initiatives!

- CII Certified Greenco platinum rated factory with IGBC platinum rated office building & carbon neutral certification
- Executed 168 energy conservation projects in last three years accounting to 50% reduction in specific energy consumption
- Installed 5.5 MW solar power generation plant contributing carbon offset of 6000 Tons
- Constructed rainwater harvesting structures and farm lakes
- Water conservation by diverse measures including installation of water saver taps, water loss prevention measures and optimal utilization of treated water
- 50% reduction in specific water consumption in last 4 years
- Installed plastic to fuel plant for recycling plastic waste
- Utilization of returnable metallic skids instead of wooden pallets for dispatch of products

Thank you for your contribution to our Environment & Future Generations

Dr. Nilesch Amritkar
MD, Envirocare Labs



SQL Contest



GOVERNANCE

Governance

KIRLOSKAR OIL ENGINES LIMITED

Corporate Sustainability Report
2020-21

Corporate Governance

(GRI 102-8, 102-16, 102-18)

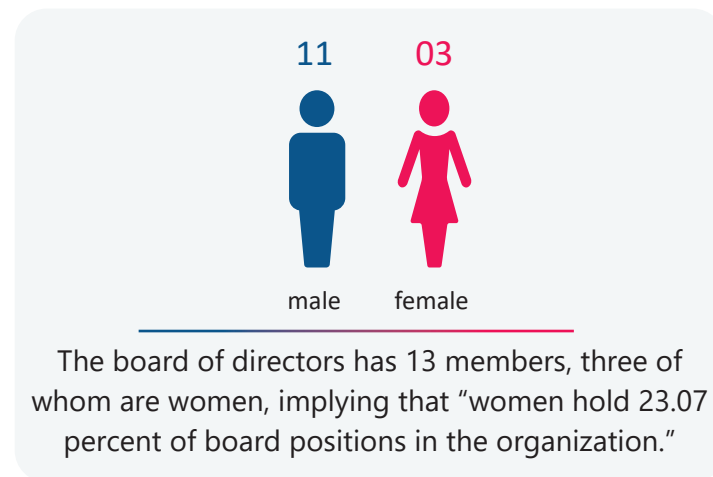
Organizational integrity, transparency and accountability are the bedrock of any successful business, and KOEL acknowledges this as critical to its success. The company's strong governance structure is the result of this meticulous implementation of the top core values and principles, which in turn enables the generation of value and enhances the potential to harness growth opportunities.

The company's governance framework aims to improve the organization's efficiency while also boosting stakeholder confidence. The Board of Directors, which administers the important activities, ably guides and oversees the business. They are followed by management, which analyses and participates in administrative operations such as planning, implementation, and supervision. The Board's duties include, but are not limited to, reviewing the Company's operations, ensuring legal and statutory compliance, and risk management. The Board is also in charge of approving the company's strategic direction, objectives, and priorities, as well as reviewing performance concerning the company's strategic business strategies.

The company's corporate governance system attempts to create a structure that helps management achieve its corporate goals while also serving the best interests of all stakeholders, including shareholders, employees, customers, suppliers, the environment, society, and so on. This philosophy has been reinforced by the adoption of a Code of Conduct for the Board of Directors and Senior Management, the CII's Business Excellence framework, the Code for Insider Trading Prevention, as well as the reaffirmation of the commitment to Corporate Sustainability and the adoption of the GRI's Triple Bottom Line reporting guidelines. The organization's performance is evaluated regularly by the Board of Directors in light of these economic, environmental, and social objectives. The Company's Vision, Mission, and Values as well as the long-term Goals are based on stakeholder consultation and guidance of the Board.

The Board of Directors:

Sr. No.	Name of Director	Designation
1	Mr. Atul C. Kirloskar	Executive Chairman
2	Mr. Rahul C. Kirloskar	Non-Executive and Non-Independent Director
3	Ms. Gauri Kirloskar	Non-Executive and Non-Independent Director
4	Mr. Nihal G. Kulkarni	Non-Executive and Non-Independent Director
5	Mr. Mahesh R. Chhabria	Non-Executive and Non-Independent Director
6	Mr. Vinesh Kumar Jairath	Non-Executive and Non-Independent Director
7	Mr. M. Lakshminarayan	Non-Executive and Independent Directors
8	Mr. Pradeep R. Rath	Non-Executive and Independent Directors
9	Mr. Satish Jamdar	Non-Executive and Independent Directors
10	Mrs. Mrunalini Deshmukh	Non-Executive and Independent Directors
11	Mr. Sunil Shah Singh	Non-Executive and Independent Directors
12	Mr. Kandathil Mathew Abraham	Non-Executive and Independent Directors
13	Dr. Shalini Sarin	Non-Executive and Independent Directors



Board Committees

(GRI 102-18)

1. Audit Committee

Sr no.	Name	Category	No of the meetings attended
1	Mr. M. Lakshminarayan	(Chairman) Non-Executive and Independent	5
2	Mr. Mahesh R. Chhabria	Non-Executive and Non-Independent	5
3	Mr. Vinesh Kumar Jairath	Non-Executive and Non-Independent	5
4	Mr. Pradeep R. Rathi	Non-Executive and Independent	4
5	Mr. Satish Jamdar	Non-Executive and Independent	5
6	Mr. Kandathil Mathew Abraham	Non-Executive and Independent	5

2. Nomination and Remuneration Committee

Sr no.	Name	Category	No of the meetings attended
1	Mr. Satish Jamdar	(Chairman) Non-Executive and Independent	2
2	Mr. M. Lakshminarayan	Non-Executive and Independent	2
3	Mr. Mahesh Chhabria	Non-Executive and Non-Independent	2
4	Mr. Rahul C. Kirloskar	Non-Executive and Non-Independent	2

3. Stakeholders Relationship Committee

Sr no.	Name	Category	No of the meetings attended
1	Mr. Pradeep R. Rathi	(Chairman) Non-Executive and Independent	1
2	Ms. Gauri Kirloskar	Non-Executive and Non-Independent	1

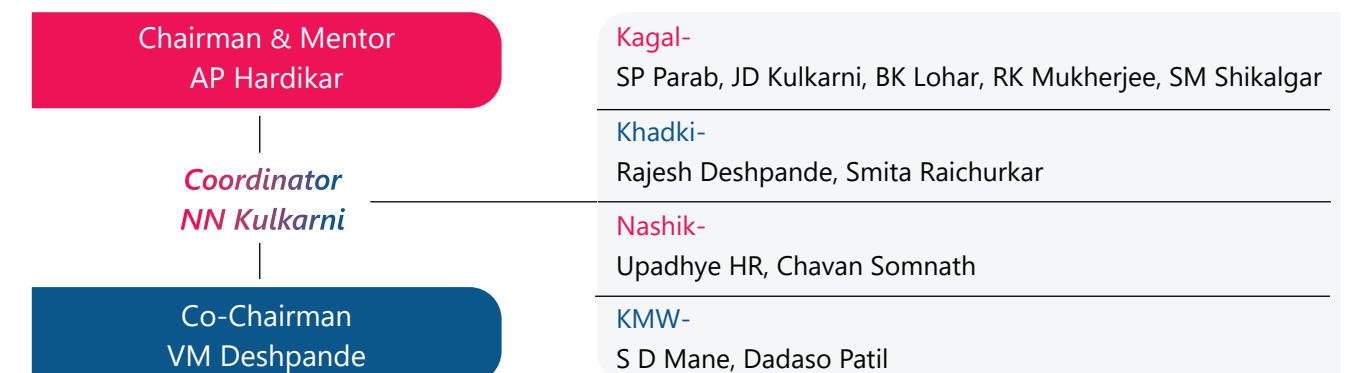
4. Risk Management Committee

Sr no.	Name	Category	No of the meetings attended
1	Mr. M. Lakshminarayan	(Chairman) Non-Executive and Independent	3
2	Mr. Satish Jamdar	Non-Executive and Independent	3
3	Mr. Pradeep R. Rathi	Non-Executive and Independent	3

5. CSR Committee

Sr no.	Name	Category	No of the meetings attended
1	Mr. Rahul C. Kirloskar	Non-Executive Director	2
2	Mr. Nihal G. Kulkarni	Non-Executive Director	2
3	Mr. Pradeep R. Rathi	Independent Director	2

KOEL's Sustainability Team



Delegating Authority:

The company's major enterprise-related risks are continuously monitored by the Board of Directors and its committees. Senior management, led by the CEO and CFO in collaboration with other appropriate officials, goes through a process of identifying, categorizing, and analysing the relative severity and likelihood of the many categories of risks that the company faces or may face. The board's different committees get periodic reports and information directly from senior management members who have the functional responsibility for risk management, depending on the nature of identified material risks. (GRI 102-19)

The CSR Committee is in charge of the company's strong sustainable framework, as well as the implementation of all EHS and OHS projects and the company's long-term sustainability goals.

The Utilities and EHS departments of the company look into resource efficiency and EHS challenges. Community relations are handled by a specialized CSR team, while supplier and customer interactions are handled by the Purchase and Marketing departments. Under the direction of the senior leadership, all of these teams report to HODs. The corporate secretary reports all findings on ESG problems to the highest management. (GRI 102-20)

KOEL Value and Vision:



VISION



By 2025, Kirloskar Oil Engines touches the world

VIVID DESCRIPTIONS



We will constantly innovate, create products and service offerings which simplify lives



We will create iconic and valued global brands



We will establish leadership in emerging markets & create significant business in the developed ones



We will build simple systems and processes that enable exponential growth



We will be a leadership factory



We will deliver on Promise 2021



OUR VALUES



EXCELLENCE
In everything we do quality without compromise



INTEGRITY
Say what we do, and do what we say



COLLABORATION
We grow with people and partners



EMPATHY | Towards all Stakeholders
We always listen, and learn



VALUE CREATION | Towards all Stakeholders
We're building for a shared prosperous future



INNOVATIVE THINKING
Be bold and brave, & stay relevant



PROMISE 2021

VIVID DESCRIPTIONS



Achieve 20% of yearly revenues from new products and services



Develop and nurture a basket of brands to deliver Kirloskar Oil Engines vision



Get double digit market share in 10 countries in defined product categories



Have customer centric new product development and order fulfilment process as a way of life



Develop a leadership fountain to succeed all senior roles



Achieve ₹ 5551 Cr. revenue

30

31

Code of Conduct and Ethics

(GRI 206-1, GRI 102-1)

KOEL adheres to strong ethical standards of integrity and its Board of Directors, top management, and workers follow a strict code of conduct and ethics based on the National Voluntary Guidelines. An effective surveillance mechanism and a whistle-blower policy are in place to guarantee that such regulations are properly followed. The responsibility of hearing complaints against the Code of Conduct and taking necessary action as needed is delegated to a senior company official. There is also a separate code of conduct for the company's suppliers to guarantee that the employees receive safe and sustainable supplies. Every year, all of the board of directors and the senior management team reaffirm their commitment to the code of conduct. In addition, new employees are made aware of the company's business practices and are introduced to the company's culture of transparency, integrity, and accountability by persistent and honest efforts early in their careers. This enables them to carry out their responsibilities in a professional manner that is consistent with the company's values and goals. No exceptions are made for anybody who will exploit their position to harm the company or its stakeholders or to earn any direct or indirect personal benefit. During the reporting period, no legal actions were

pending against the organization for anti-competitive behaviour or breaches of anti-trust and monopoly laws.

Link for KOEL's Whistle-blower Policy / Vigil Mechanism:

https://koel.kirloskar.com/site/assets/files/6332/whistle_blower_policy_koel_updated_annexure_6_nov_2020.pdf

Link for Code of Conduct for the Board of Directors and Senior Management:

https://koel.kirloskar.com/site/assets/files/6326/code_for_board_of_directors_senior_management_of_koel.pdf

Compliance and Risk Management

(GRI 102-11, 307-1, GRI 419-1)

KOEL's risk management approach is designed to identify, evaluate, mitigate, and assess risks that might obstruct the company's performance. It is in line with the organization's strategy deployment procedures. The Company's risk management methodology tackles main categories of risks, including cyber security. The Company has an Internal Audit Department (IAD) that performs risk assessments and management processes regularly. Risks are evaluated for their probability and impact using a well-balanced, well-structured methodology that takes into account all of

the Company's operations and activities. The IAD has built an IT system to assist it in conducting audits as well as tracking open concerns and their resolution. The organization employs a workflow-based legal compliance software application 'Legasis' that monitors and guarantees that all applicable rules are followed throughout all factories and offices. Throughout the company, the risk management approach is implemented at several levels. It is a continuous process and an important aspect of management's overall strategy. The Risk Management Committee, the Audit Committee, and the Board of Directors examine the enterprise risks and their mitigation measures regularly. The company received no notices for anti-competitive, antitrust, conflict of interest, or monopolistic practices. (GRI 102-25)

KOEL has always believed in contributing to the improvement and upliftment of society and protecting the environment around it. The company had made a variety of steps to lessen its negative impact on the environment and society, including innovative energy-saving programs, environmentally friendly hazardous waste disposal, and so on. There were no occasions throughout the reporting period where the company had to pay fines due to non-compliance with environmental, economic, social, and human rights laws or regulations.

Review Mechanism

Business risks are also handled by cross-functional teams made up of professionals from diverse areas. They are evaluated at regular periods by business heads, as detailed below:

Engagement Forum	Reviewed by	Issues discussed and reviewed	Key stakeholders	Frequency
Board meeting	Board of Directors	Statutory compliance, risk management internal control framework, AOP including a capital budget, quarterly financial results	Shareholders	Quarterly
KGMOB	EC/ EVC	Financial and operational performance, strategic issues, organization stricture	Shareholders	Monthly
LRP and AOP	EC/ EVC	Rolled over business plans, operational and strategic issues, new projects, and developments	Senior leadership	Annual with 2-3 interactions
Weekly tracker review meeting	Management	Segment-wise business performance review and financials	Customers, suppliers, employees	Weekly
Monthly performance review	Management	Business performance review and financials	Customers, suppliers, employees	Monthly
Functional review	Business Head/ Functional head	Functional goals, key improvement projects, AOP – monthly/ quarterly	Customers, suppliers, employees	Monthly
Production core team review	Plant Head	Daily and weekly production targets	Customer, employees	Daily
MRM /QMS ISO 9001, EMS ISO 140001 and OHSAS 18001	Management	Internal and external audit, findings and CAPA, customer issues	Customers, suppliers, employees, society	Quarterly
CSCM	VPO	Safety precautions and measures	Employees	Quarterly
Business review	Business Head	A full-scale review of the Actions Plan	AM, HO, Manager	Quarterly

Socioeconomic and Environmental

(GRI 307-1, GRI 419-1)

All legislative standards and regulations applicable in the state and country are proactively followed by KOEL. Environmental sustainability has always been a top priority for the company, and all of its facilities comply with local environmental legislation standards, including those enforced by the Central Pollution Control Board, State Pollution Control Boards, and the Factories Act and Rules. The organization recognizes the need of adopting green practices and has implemented a variety of measures to assist decrease the negative effects of pollution, such as innovative energy-saving projects, ecologically sustainable hazardous waste disposal, and so on. A legal compliance reporting mechanism is in place at the company. Every quarter, the Board of Directors receives a consolidated report on the status of different statutory and regulatory compliances. The finance department is responsible for making ensuring that all statutory payables are paid on time. Processes and controls are in place to assure compliance with RBI standards for foreign currency transactions and reporting. To allow improved controls and outstanding handling, the ERP system generates a variety of reports and timely notifications. The standards for compliance are evaluated and revised regularly. There were no incidences of violation of any social or economic rules or regulations reported during the current reporting period.

Regulations:

Area	Regulation	Impact on the stakeholder
Integrated Management System (IMS)	<ul style="list-style-type: none">• ISO 9001: 2015• ISO 14001: 2015• OHSAS 18001: 2007	All Stakeholders
Employees	<ul style="list-style-type: none">• Employee Wage Agreement• Factory Act 1948• Labour Laws• Dept. of Industrial safety and health	Employees
Financial and Corporate Governance	<ul style="list-style-type: none">• SEBI Clause 49 listing agreements• Company Act• Taxation Laws / GST• Corporate Governance Report	All Stakeholders
Product Regulations	<ul style="list-style-type: none">• CMVR Rules,• BIS Standards• BS Stage III• US TIER norms• CPCB II• IRS – Type Approvals• DGS and D registration• FM / UL Certification• ARAI for emissions and safety	All Stakeholders
Calibration and Measurement	<ul style="list-style-type: none">• National Accreditation Board for Testing and Calibration Laboratories	Customers, Employees

Innovation at KOEL

KOEL believes that Innovation is its hallmark and research is its foundation. The Company’s R&D team which aims to build technological leadership in engine research, design, and development, and help sustainably deliver customized engineering solutions, is one of the main reasons for KOEL to remain the industry leader in various market segments. The department focuses on the design and development of a wide range of engines to meet the Company’s long-term goals, market challenges, social trends, and other needs, as well as provide application-specific engine solutions for construction equipment manufacturers for domestic and export markets, and customized solutions for markets such as defence, marine, mining, and firefighting. The R&D department is focused not just on growing product lines, but also on improving products to minimize emissions and create solutions for long-term growth.

The major focus areas of R&D wherein the team is putting efforts for a sustainable future are as below:

- Cost-effective emission solution for Tier 4 Final / BS-IV CEV norms
- Commercial availability of new engine platforms namely K4300 and R550
- Development of special marine, railways, and defence applications
- Product portfolio and emission strategy for CPCB IV+ norms
- Alternate fuels and alternate technologies

Strategy for new markets

KOEL’s primary international markets are in Africa, the Middle East, South East Asia, and Latin America. The International Business department of the Company offers a diverse product line that includes diesel engines, generator sets, power tillers, pump sets, and aftermarket parts for these products. Agriculture, Power, Construction, Marine, and Mining are just a few of the industries where these products are used.

The COVID-19 pandemic created a market environment riddled with uncertainty. In 2020, the world economy shrank by 4.3 per cent. However, when the global economy began to open up in the second part of Fiscal Year 2020-21, the route to recovery became more evident. Many governments’ fiscal support showed to be beneficial to the economy. This was especially beneficial to the agriculture sector. Agriculture is expected to receive continued support, presenting chances in traditional markets. For the Financial Year 2020-21, the company’s International Business Revenue was Rs. 239 crores, up from Rs. 233 crores in the previous Financial Year 2019-20. Market coverage in priority countries, new product development, and the addition of additional OEMs to the company’s portfolio were the key drivers of growth. The earnings from new products accounted for 21% of the total export revenue.

The Firefighting and Agriculture product verticals along with Customer Services were the primary factors of growth. Through innovative business methods, the company achieved promising success in the firefighting industry in the United States. The company continued to confront strong pricing competition from both local and Chinese companies in the agriculture category. However, the power-generating industry remained slow, which had an impact on the international business of the company. Global firms in the power generating market

remained to be strong competitors. In almost all of the markets, there were price pressures. Offering power solutions and value engineering projects helped the organization become more competitive. The company's projected product range expansion in the Financial Year 2021-22 is intended to set it on a growth path. In the Industrial segment, the powerful product performance and the strong pre-and after-sales service were the company's strengths. The company improved on these factors, allowing it to outperform the competition. Furthermore, improved commodity prices are projected to assist the industrial sector.

The following are some of the highlights from the International Business for the Financial Year 2020-21:

- The verticals of firefighting engines and agriculture had a strong increase of 61 per cent and 40 per cent, respectively.
- Firefighting engines accounted for 22% of total exports as the company extended its operations in the United States and the United Arab Emirates. To broaden its product offerings, the firm has begun developing new products.
- The United Arab Emirates, which is a focus market, had a 40% increase in sales over the previous year.
- During the reporting year, several innovative digital projects were conceived and implemented to increase process efficiency and effectiveness while also improving customer experience. In the era of the 'New Normal,' this is the company's new approach to doing business.

Future outlook

The goal for Financial Year 2021-22 will be to maintain a strong market share in the identified focus markets. KOEL Americas Corporation, USA (a wholly-owned subsidiary) will continue to explore the market for firefighting engines to provide OEMs with a complete solution. During the Financial Year 2021-22, KOEL Americas will continue to partner together with OEMs for gas engines to boost business growth.

Public policy

The company takes part in policy advocacy and discussions on matters that are important to its industrial sector. The Company is a member of numerous industry and trade associations, and it routinely attends industry events and engages in stakeholder consultations and dialogues that contribute to policy formation by different regulatory agencies. The Bombay Chamber of Commerce and Industry, the Confederation of Indian Industry (Western region), the Engineering Export Promotion Council, the Federation of Indian Chambers of Commerce and Industry, the Federation of Indian Export Organizations, the Mahratta Chamber of Commerce Industries and Agriculture, and the Automotive Research Association of India are just a few of the important organizations in which the Company is involved.

The Company's Senior Leadership Team interacts with a variety of professional bodies and organizations to anticipate and understand the business environment, as well as to anticipate changes in government regulations such as emission norms and changes in policies that are relevant to its industry, and to assist the company in acquiring data that is used for a variety of purposes such as defining future growth drivers, managing risks, and developing new products. In addition, the organization believes in delivering the appropriate contributions to various regulatory authorities that would benefit the whole industry.

Social

KIRLOSKAR OIL ENGINES LIMITED

Corporate Sustainability Report
2020-21

Stakeholder Engagement

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-21)

KOEL understands the needs of key groups and plays an important role in ensuring that those needs are addressed. This is crucial for developing stakeholder trust and confidence, which aids in safeguarding and improving the value produced across the chain. One of the core aspects of KOEL's business plan is improving the company's ability to produce long-term value for all of its stakeholders and the most effective method to achieve that is through stakeholder engagement. Effective stakeholder engagement aids in the translation of stakeholder requirements into corporate objectives and serves as the foundation for effective strategy creation. Customers, dealers and distributors, suppliers and vendors, shareholders, workers, and the local communities around the company's manufacturing sites are among the company's important stakeholder groups. Beyond conventional transactional interaction, the Company views stakeholders as business partners and engages with internal and external stakeholder groups. This also allows for effective two-way communication, as well as the identification and resolution of any issues, as well as the building of a shared value. For mapping ESG along the contractor-supplier side, KOEL provides an internal method. The organization has created good mutual communication with its stakeholders, allowing it to build and sustain long-term relationships with each of them. After interacting with numerous stakeholders, the company secretary compiles all necessary data on ESG factors and presents it to the management.

In order to increase the value across the chain, KOEL makes special efforts to help and uplift the underserved and unprivileged groups of society. Among the stakeholders, KOEL recognizes the problems of women, differently-abled employees, and vulnerable and disadvantaged groups and makes extra efforts to address their issues. During the reporting period, no critical issues were reported by various stakeholders. Kagal and Khadki (locations where 80-90% of business is carried out) are the major boundaries for this report. Similar engagement processes are followed at other places. (GRI 102-44)

The table below describes the various stakeholders, their engagement forums, and objectives, as well as the initiatives that have been taken.

A structured forum for effective engagement of leadership with Stakeholders:

Engagement Forums	Objectives	Initiatives Taken
1. Shareholders/ Investors and Equity Research Agency		
<ul style="list-style-type: none"> Annual General Meetings Analyst meets Media Releases Web Sites <p>Frequency: ongoing, at least quarterly</p>	<ul style="list-style-type: none"> To appraise the Stakeholders' Annual and Quarterly results 	<ul style="list-style-type: none"> Presentation to Shareholders/Investors and Analysts Updating KOEL website Reporting to Stock Exchange
2. Customers		
<ul style="list-style-type: none"> One-to-one interaction CSS (yearly) Helpdesk Customer events Melas Camps and Exhibitions <p>Frequency: ongoing, at least annual for the important customers</p>	<ul style="list-style-type: none"> Develop relationship Anticipate short-term and long-term needs and expectations Capturing day-to-day requirements Enhance KOEL experience 	<ul style="list-style-type: none"> Interaction of leaders with OEMs, all Channel partners in domestic and overseas markets through one-to-one interaction for developing long-term plans Interaction of leaders with long-term customers Participate in domestic and international exhibitions to explore business opportunities
3. Dealers and Distributors		
<ul style="list-style-type: none"> One-to-one interaction Monthly/ Quarterly reviews • Helpdesk Dealer conferences and meets <p>Frequency: ongoing, at least quarterly</p>	<ul style="list-style-type: none"> KOEL expectations and need sharing KOEL policy and process communication Understanding market - conditions and requirements Knowing customer expectations and experience 	<ul style="list-style-type: none"> Meets of GOEMs, Kirloskar Diesel Gen Set dealers, Service Dealers and Agriculture Engine dealers Visits by functional heads to various OEMs, OEMs, and distributors to understand training needs, cost reduction avenues, quality systems and audits

4. Technical Collaborators		
<ul style="list-style-type: none"> Yearly meetings 	<ul style="list-style-type: none"> Strengthening relationships by creating Win-Win situations 	<ul style="list-style-type: none"> Sharing business opportunities, spotting and utilizing the mutual strengths
5. Banks		
<ul style="list-style-type: none"> Consortium meetings <p>Frequency: ongoing, at least quarterly</p>	<ul style="list-style-type: none"> To approve funding and non-funding limits for the company. 	<ul style="list-style-type: none"> Periodical meetings/ interactions with members of the Banks in the consortium
6. Suppliers and Vendors		
<ul style="list-style-type: none"> One-to-one interaction (NB), Supplier meets (yearly) Quality audit, SQI visit Supplier 'A' Panel Meet Technology Day <p>Frequency: ongoing, at least quarterly</p>	<ul style="list-style-type: none"> Mutual sharing of needs and expectations Quality, Cost and Delivery Improvement Develop strategic partnerships and value creation Technology sharing 	<ul style="list-style-type: none"> Leaders interact with suppliers through meets, One-to-one interactions and plant visits for developing long-term partnerships for 'Quality Capacity' and technology leaders help suppliers to improve Manufacturing setup Joint improvement projects and quality contests
7. Society and Community, Professional Bodies		
<ul style="list-style-type: none"> Social functions and welfare activities Community meets on an ongoing basis 	<ul style="list-style-type: none"> Understand KOEL experience • Contribution to society by implementing various initiatives Spreading awareness on environmental and social issues 	<ul style="list-style-type: none"> Interaction with society/NGO for the WASH initiative CSR committee meetings, CSR survey Engagement of KOEL leaders with professional bodies

Mode of Engagement for gathering stakeholder needs and expectations

Stakeholders	Stakeholder Needs and Expectations	Mode of Stakeholder Engagement
Customers, OEMs, GOEMs, Dealers and Channel Partners	<ul style="list-style-type: none"> Timely availability of Products and Services Legally compliant products and services Competitive products and services High Quality, Range, Low cost, on-time delivery Meet customer's specific needs Prompt Pre and post Sales and Service 	<ul style="list-style-type: none"> Communication of Brand Promise - like Efficiency Integrated for KOEL Green Help desks/ care centres e.g., HHP desk Customer In-sighting Initiatives Customer Delight Index feedback CSS / KGD Survey Customer Training / Meets Proactive visits to Customers by seniors Customer Complaints Resolution Published data from government and different institutes. HHP roadshows /product launches e.g., iGreen launch event Field feedback from regional offices, dealers and channel partners Mr. Customer initiative, Customer Care and Periodic product campaigns, Exhibitions and Melas
Shareholders	Sustainable growth in revenues and profits <ul style="list-style-type: none"> Alternative fuel options Higher Dividend Higher P / E ratio Quick resolution of complaints 	Quarterly Investor/analyst meets, and one-one investor meets <ul style="list-style-type: none"> Manufacturing plant visits Annual General Meeting Annual Report containing the Chairman's Report, Director's Report Published Quarterly results Press Releases
Employee	Job satisfaction <ul style="list-style-type: none"> Career Growth Training and Development Motivation Reward and Recognition 	Town Hall meetings <ul style="list-style-type: none"> Quarterly appraisal Performance Review forums Employee Engagement Survey External consultants' interactions AOP/LRP deployment meets Feedback from unions Apex Committees IR Committee / Grievance handling committee / Dept. Safety Committee

Supplier / Strategic Alliance / Technology Collaborators	Fair commercial terms <ul style="list-style-type: none"> • Involvement in NPD • Minimal fluctuations in delivery schedules • On-time payment • Growth in Business avenues and improved ROI 	Supplier conference <ul style="list-style-type: none"> • Technology Day • Supplier quality contests • VAVE exercises mention the abbreviation • Supplier Satisfaction Survey • Interactions with Vendors • Joint Improvement activities • Supplier 'A' Panel Meet
Government and Society	Good corporate citizen <ul style="list-style-type: none"> • Compliance with regulation • Regular tax payments • Employment generation • Social responsibility 	Society Perception Survey <ul style="list-style-type: none"> • Economic Publication in journals/seminars/ media reports • Interaction with District and State Authorities / Central Govt./ PCB • Meetings with Direct/Indirect Tax officials

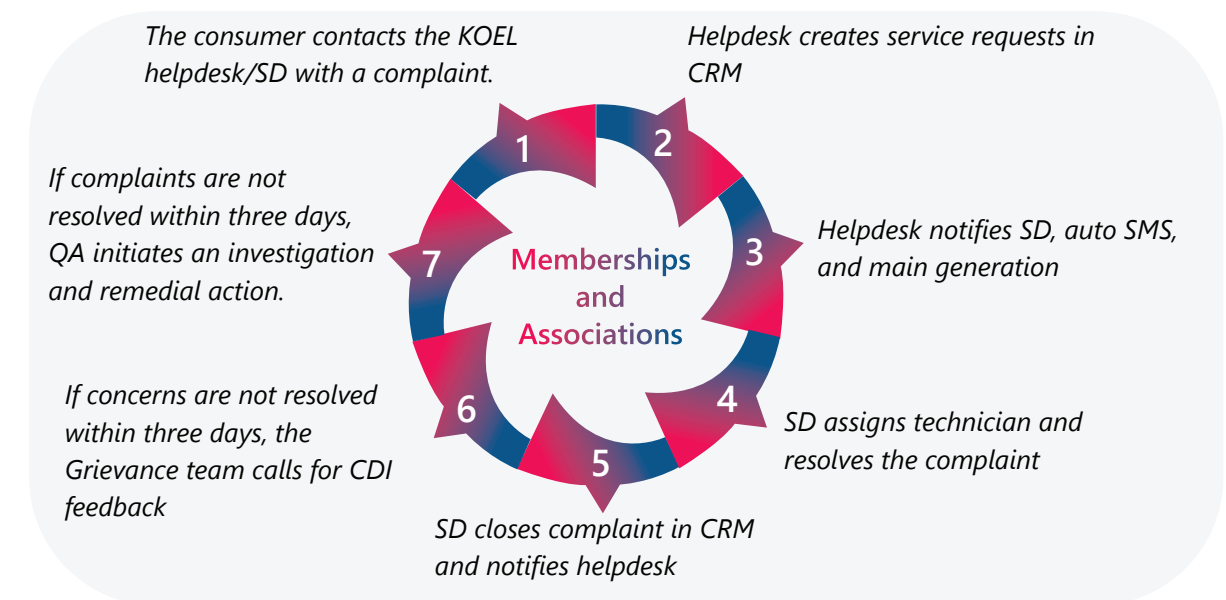
Grievance Redressal Mechanism

Customer focus and field issue resolutions:

The engineering department at KOEL is always in contact with internal and external customers to better understand and address important product-related concerns. On regular basis, the following official exchanges take place:

- Field compliant meeting (FCM): The CRE and AE teams attend the monthly FCM meetings to learn about the difficulties in the field and give solutions.
- GOEM Meetings: Recognize GOEM product concerns and provide solutions.
- Industrial Customer Visits: To meet and learn about the difficulties facing industrial OEMs.
- Quality review meetings: The quality team holds special meetings to address critical product-related concerns.
- ECR-ECN Procedure: The ECR-ECN process also addresses minor product-related concerns.

This is mapped on Pulse, where the complaint is filed, a unique service request is generated, and the MaxTTR (Maximum Time to Restore) is determined in real-time. To maintain long-term connections with customers, KOEL provides value-added services such as Comprehensive AMC Contracts, Bandhan services, Service Camps and Customer Training, and Customer Mela.



Every year, KOEL commissions a reputable external firm to conduct a Society Perception Survey. The findings of the survey allow KOEL to examine local community perceptions of its performance and measure progress year over year. It also allows KOEL to incorporate the results into future CSR projects. The Board has established a CSR policy which helps to execute the CSR initiatives through a variety of planned and funded projects with an emphasis on Health, Education, Environment, and Livelihood. Employee volunteers and NGO partners help KOEL drive its CSR projects.

There were no instances of non-compliance with regard to product and service health and safety impacts, as well as no instances of non-compliance with regard to product and service labelling. Further, there were no complaints about customer privacy being violated or data being lost. There were no instances of noncompliance with marketing communications as well. (GRI 416-2, GRI 417-2, GRI 417-3, GRI 418-1)

KOEL Community Satisfaction Survey Index

(GRI 413-1, 413-2)

KOEL is committed to 'Enriching the Lives of the communities around it. The Company's CSR projects are aimed at addressing concerns and challenges that affect the underprivileged groups of the community. In the KOEL Community Satisfaction Survey Index, KOEL strives for a score of at least 85, and it has received a perfect score of 100 for the last four years, including the current reporting period (2020-21).

During the reporting period, none of the company's operations had significant actual or potential negative impacts on local communities.

Sustainable supply chain

(GRI 102-9, GRI 308-1, GRI 414-1, GRI 204-1, GRI 308-2)

During the reporting year, the Company’s Supply Chain Management team performed a critical function in sustaining supply despite the persistent uncertainty posed by the COVID-19 pandemic. The Company’s strong commitment to the Demand Driven Production System aided in meeting market needs and overcoming the obstacles posed by the fluctuating market environment. Having a digitally connected supply chain also proved to be beneficial during this time. The Company prepared itself to face such issues in the future by incorporating new Internet of Things (IoT) principles into the supply chain. In many situations, the company’s engagement with its supplier base and long-term successful relationship has helped it get through these challenging circumstances.

KOEL has developed a Suppliers’ Code of Conduct as well as a thorough engagement program, that was shared with the supplier community. The company performs vendor satisfaction surveys regularly, with the results, including suggestions, being evaluated by the company’s management. The company has taken deliberate efforts to guarantee that it would be able to do business with small and local producers. According to the

company’s well-structured Supply Chain policy, the material should be purchased from suppliers within a 300-kilometre radius. Such important supplier partners account for more than 65 per cent of all purchases. To boost its business in engines, pump sets, oil, and linked items, the company continued to focus on expanding its reach into rural India and creating an efficient supply chain. KOEL supports small and medium-sized businesses among its suppliers, and the company’s community programs were geared at addressing concerns and challenges that affect the poor and underprivileged sectors. The company has a Green Supply Chain Policy that helps coordinate activities with the supply chain in managing projects in an ecologically friendly manner, carefully utilizing resources, recycling waste, and implementing responsible business practices such as reducing the usage of wood. Environmental regulations are also respected and followed by the company’s suppliers and contractors. KOEL is not involved in any human rights breaches by its contractors or suppliers, and all of the suppliers reviewed throughout the reporting period had no negative environmental, social, or human rights consequences.

The following are some of the important initiatives, programs, and campaigns that KOEL undertakes to strengthen its supply chain:

- The ‘Zero Defect’ campaign was implemented across the value chain with the goal of gap assessment and project closure to create a strong and sustainable quality culture. The Zero-Defect effort is one of the industry’s benchmark programs, with a clear methodology for identifying, prioritizing and monitoring Zero-Defect projects. The company’s suppliers are evaluated regularly for quality, environmental, and occupational health and safety management systems, among other things.
- KOEL’s Supplier Quality Improvement Contest was held virtually as part of supplier development. It is organized once a year by the company and provides a forum for suppliers to share and learn about the best practices used by their peers.
- The Company advanced into the second stage of the much-appreciated ‘Samvardan’ initiative which seeks to strengthen the business acumen of SME suppliers and assist them in developing a well-defined strategy to tap

opportunities and tackle risks in the future.

- The company deployed the ‘Lean Clusters’ initiative to boost supplier efficiency and help them expand their capacity. The project has aided the participating suppliers in identifying and eliminating waste at different points throughout the value chain.
- At regular intervals, the Company hosts forums to encourage their suppliers to discuss best practices in EHS and process improvement. Suppliers are evaluated for EHS performance on a yearly basis to help them improve on their EHS initiatives.

Supplier Engagement

The company identifies its suppliers as an indispensable part of the value chain and aims to propagate the principles of sustainability across the supplier value chain. During the Covid-19 pandemic, our suppliers played a critical role to ensure that operational and logistical efficiency was maintained during crucial times. KOEL has an efficient, robust and dependable supply chain mechanism that has helped the company during the toughest of Covid-19 pandemic times. All new products of KOEL are developed in consultation with suppliers to ensure optimum quality and efficiency beginning from the product concept and design phase. The process of supplier selection begins with a supplier evaluation check sheet (EMS) to evaluate based on safety standards, pollution control parameters, risk assessment, use of energy,

resources, child labour and waste management. As a responsible organization, KOEL duly updates its suppliers and vendors regarding the business environment and growth plans through its quarterly communication.

The company engages MSME suppliers in the 'Samvardhan Program' to enable an entrepreneurial and growth mindset through the deployment of LEAN principles. An annual supplier quality improvement contest provides suppliers with the latest technological details over various media platforms to modify and improve their existing processes helping KOEL adopt industry 4.0. The suppliers also get a chance to display their new products and technologies which can be appropriately used as the final product.

Many initiatives are lined up in this direction and once implemented it will bring in significant changes in the company supply chain and make it future-ready. Special emphasis is being paid to the process of New Product Development. The company has established a Critical Chain Project Management (CCPM) methodology to correctly prioritize the issues leading to saving of time and energy for all the relevant stakeholders and new product development.

100%

of new suppliers were screened using environmental criteria
– GRI 308-1

100%

of new suppliers were screened using social criteria that includes occupational health and safety, diversity and equal opportunity, non-discrimination, child labour, forced labour, human rights assessment
– GRI 414-1

Supplier Communication Forum:

Supplier Communication	Periodicity	Information shared
BPR Report (Buffer Penetration Report)	Daily	Part wise dispatch priority status
Supplier Web Portal	Real-time	Information related to BPR reports, GRR status, Payment status, Debit notes, Terms and conditions for delivery of goods, SCM policies and guidelines Etc.
Quality Alert mails	Real-Time	Quality hold issue communication
Supplier performance index	Monthly	Supplier performance with respect to quality and delivery
Quarterly Communication	Quarterly	Last quarter KOEL Business performance updates and upcoming quarter business major plans/Projections. New policies/initiatives of SCM
Quality Contest	Yearly	Best practices across the supply chain. KOEL expectations for the way ahead.
Supplier conference	Yearly	Vision, AOP, New products plans, Strategic initiatives and KOEL expectations for the way ahead.

Improvement actions and initiatives are taken based on the Supplier Satisfaction Survey

Area of Improvement	Initiatives are taken by KOEL Supply Chain Team
Resolution of Business Process Re-engineering (BPR) related issues faced by suppliers	a) Organization of BPR day to provide complete clarity and resolution of open points b) Wherever required, Support for System Development at the supplier end c) Implementation support by the KOEL team
Supplier Development	d) Supplier development program "Sam Vardhan" e) KOEL Lean Cluster program
Rejection Communication to suppliers	f) Details are communicated through Auto Emails.

Human capital Development

(GRI 401-1, GRI 414-1)

KOEL believes that a committed and technically sound workforce forms the bedrock of its successful business lane throughout its journey. In the essence of KOEL's successful journey lies the diligent pool of dedicated employees and associates. KOEL constantly endeavours to address the well-being of its employees at all levels through its deep-rooted institutionalized systems. KOEL's HR practice is based on offering equal opportunity to all without any discrimination through the processes guided by the inherent values of the company and are always in conformity with labour laws, human rights, and other legislations promulgated from time to time

Approach to employees

KOEL seeks to enhance the professional development of its employees and other workers by formulating comprehensive training models through constant examination of market trends and individualized competency assessments. The Darwin box – Performance Management System which enables half-yearly employee performance review constitutes the fundamental HR strategy.

KOEL strongly condemns any form of child labour and recruits'

employees only after ascertaining proper age by way of valid documentation. There were no complaints relating to child labour, forced labour, involuntary labour, or sexual harassment in FY 2020-21. None of the KOEL's operations and suppliers is identified as having a significant risk of child labour.

The Equal Opportunity Policy at KOEL robustly ensures the provision of equal remuneration to both male and female employees and equal opportunities to grow in the organization irrespective of gender, caste, or religion.

Workforce diversity

Diversity and Inclusion have been one of the pivotal strategies of KOEL for driving the impetus of growth while incorporating wider perspectives. KOEL takes substantial efforts for creating a conducive and safe workplace for women employees in conformity with 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013'. A series of sessions were conducted by an external agency to create awareness among the employees. A periodic review the of hospitalization policy of team associates is conducted and appropriate recommendations are made.

Employee categorization

Employee Category	Age Group			Gender	
	<30 years	30–50 years	>50 years	Male	Female
Permanent Employees					
Management	103	655	65	787	36
Other Employees (Non- management Staff)	640	575	26	1206	35
Permanent workmen (unionized employees or workmen)	0	140	7	147	0
Total Permanent Employees	743	1370	98	2140	71
Temporary Employees					
Contract Workers	848	934	71	1813	40
Others (Interns, Trainees, apparent part-time time employees, etc)	425	6	0	431	0
Total Temporary Workforce	1273	940	71	2244	40

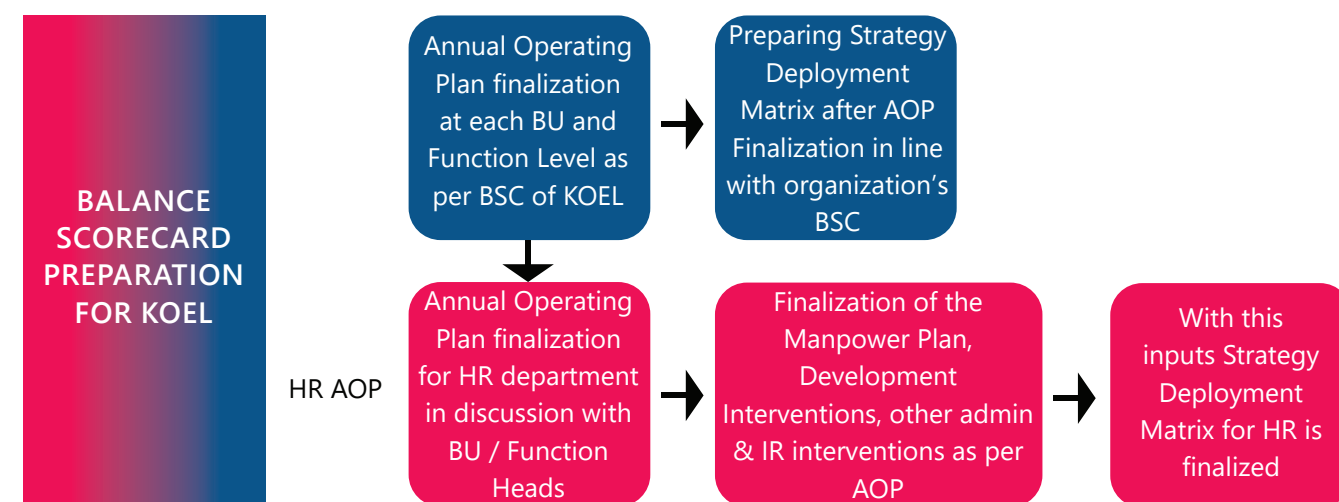
Board of Directors:

Age Group	Number of Individuals	Percentage
<30 years	-	-
30–50 years	1	8.33
>50 years	11	91.67

Talent Acquisition and Retention

KOEL has defined a roadmap to employ and retain the maximum number of talents for the long term. This roadmap also reflects the action to mobilize and streamline the employee-specific career requirements through performance review systems and engagement surveys. Through its Human Resource Management Systems, KOEL employs digital channels to log HR data. Every year, KOEL's HR partner prepares a Long-Range Plan (LRP) by integrating the talent requirement inputs from Business Heads and Departmental Heads of each functional unit. This also involves the preparation of the company's Balanced Score Card (BSC) which is in alignment with LRP. These are also timely reviewed and evaluated by board members.

Balance scorecard preparation and tracking at units' level



KOEL's Recruitment and Selection policy clearly state that all recruitment and selection decisions will be made consistently, fairly, and equitably at Kirloskar Oil Engines Limited. KOEL prides itself in being an 'Equal Opportunity Employer' and the same values are demonstrated throughout employee's lifecycle phases, viz. recruitment, development, and retention of the employees. The Recruitment process at KOEL is well defined for all hierarchies and is followed without exceptions to eliminate biases and discrimination also ruling out any compromise on the quality of hires. The figure depicted below further explains the recruitment process in detail

MANPOWER PLANNING

Manpower requirement and its cost impact is budgeted in AOP by every BU/Function

IJP OR EXTERNAL SOURCING

Internal Job Posting (IJP) is released if the position is to be filled internally. If not, recruitment team starts sourcing the candidates through various job portals, consultant, references etc.

SCHEDULING INTERVIEWS

On clearing the online test, multiple rounds of interviews are scheduled as per the set hiring process flow for the position.

NEGOTIATION, OFFER BREAK UP RELEASE AND ACCEPTANCE

Once all documents are verified and salary fitment is decided, offer break up is released after negotiating with the candidate. Post candidate's acceptance, formal offer letter is released.

JOINING FORMALITIES

On the day of joining, once the original documents are verified, the joining formalities are completed in the system

RAISING THE REQUISITION

The hiring manager raises requisition in HRMS specifying the JD and the requisition has to be approved by a set of pre-defined approvers, Once approved, the recruitment team gets an alert for the approved vacancy

SCREENING & ONLINE TEST

The hiring manager or the recruiter takes the first level of interview for screening the resumes. The candidates shortlisted after the first level interview are assigned an online test based on their grade and position requirements.

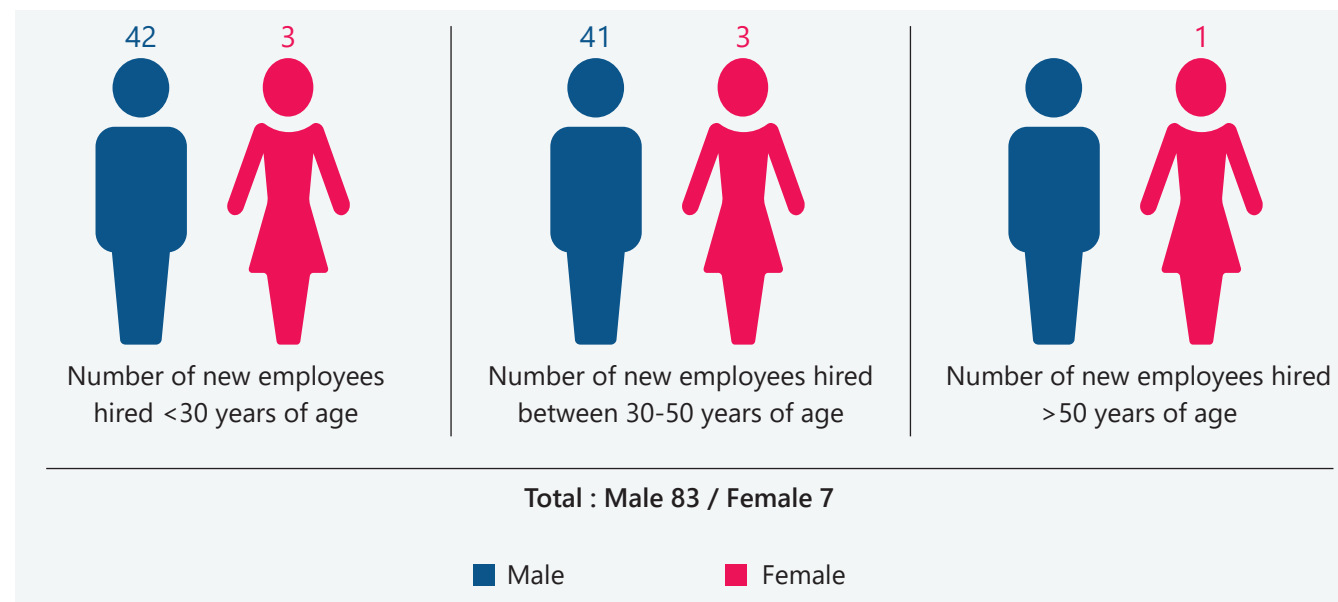
MEDICAL CHECK UP, REFERENCE CHECK & SUBMISSION OF DOCUMENTS

Once selection is done, the pre joining medical checkup and reference check of the candidate is done.

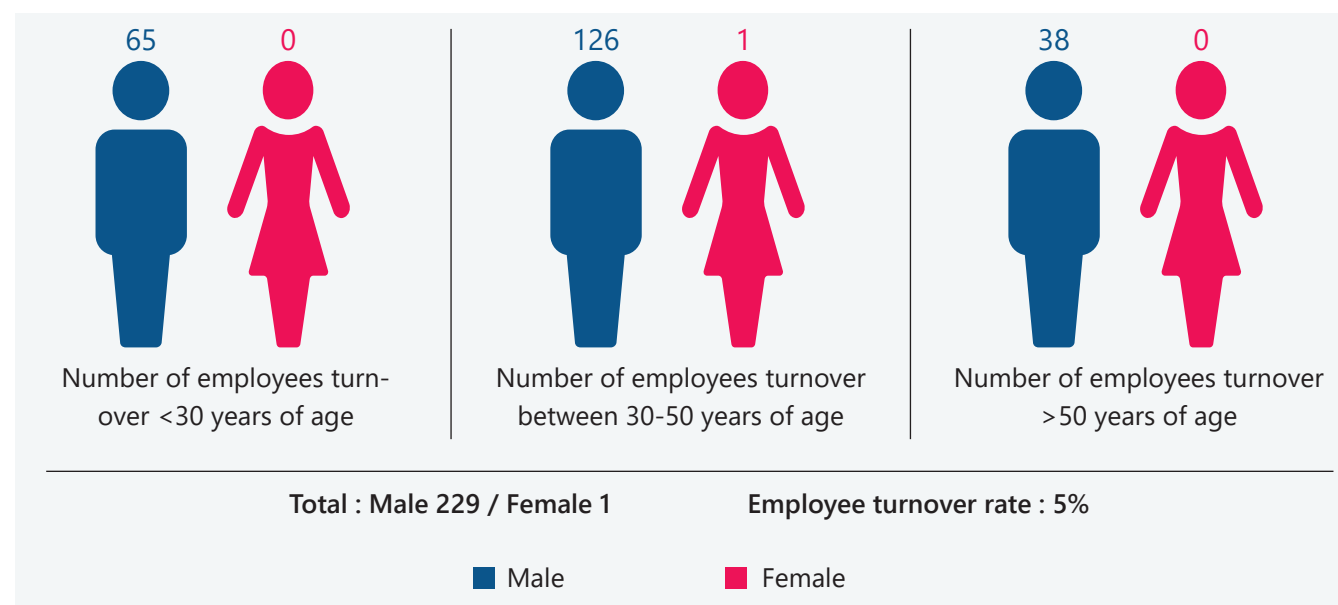
FINALIZING THE JOINING DATE

Once the candidate shares his acceptance over mail, the respective BU HR connects with the candidate and joining date is decided after discussion with the candidate.

Number of new employees hired by KOEL



Number of employees turnover by KOEL

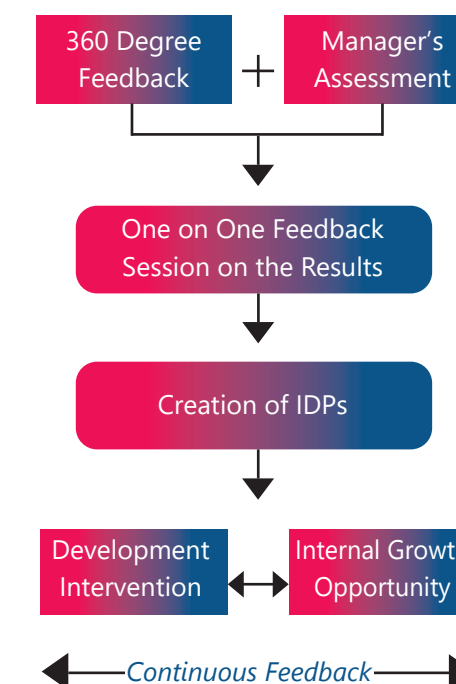


Succession Planning at KOEL

KOEL employs a solid and robust approach to delineate a leadership ladder for its employees by identifying potential successors in critical work processes. The succession planning framework at KOEL involves the following approach

- **Critical Position Assessment Form** - critical positions were identified as per the assessment against which succession planning is carried out.
- **360 Degree Feedback Assessment** - Senior managers and above compulsorily undergo a 360-degree feedback assessment to test their current competency levels at the organizational level competencies, in addition to being reviewed by relevant stakeholders internally. This practice of internal feedback and communication creates a 'relation matrix' and results in an effective work environment
- **Manager and Skip Level Manager Assessment** - Each participant is then assessed by his Manager and Skip Level Manager on a Manager's Assessment questionnaire. This helps in understanding the employees' willingness to grow, his aspirations, and his approach
- **Feedback** - Each employee based on the results of all three assessments is given feedback resulting in the creation of an individual development plan (IDP). The employee's progress concerning the IDP is reviewed on a six-monthly basis. KOEL has set up a target of creating filling 40% of positions through the internal recruitment process in the grades M1 and above in the next 3-5 years.
- **Postings** - KOEL follows three various approaches like Internal Job Postings (IJP), Internal Assessment for identification of internal talent and Job Rotation to scrutiny the process of successful posting of internal stakeholders for higher levels.

Succession planning framework



Sound Workplace

The ethics committee looks after the employee behaviour at the workplace. KOEL engages in activities such as employee engagement surveys to ensure employee wellbeing. It engages in formal onboarding for new joiners. Also, initiatives like Team Tarang are organized on yearly basis. An employee engagement calendar is circulated to ensure inclusion.

Digitalisation

In alignment with the company’s focal strategy ‘Go Digital’, the eco-system has been modelled where most of KOEL’s HR initiatives are routed to digital channels. This facilitates escalating the traits of transparency and accountability in the company while delivering optimal and efficient actions.

Human Rights (GRI 412-3)

KOEL firmly believes that values act as a foundation of a reliable, responsible, and reputable organization. These values deliver strategic direction for conducting business systematically while upholding and respecting the human rights and the dignity of

the workforce. The due-diligence process at KOEL evaluates the adherence to the code of conduct periodically and ensures strict conformity to all statutory laws, human rights directives, and other regulations. In the current reporting period, 100% of operations were subjected to human rights reviews. All employees have been provided specialized training on human rights policies and procedures. As a part of the induction program, POSH training is provided on human rights principles for new hires. Similar POSH training is also provided periodically to the existing employees. Grievance redressal mechanisms at KOEL are robust and all complaints raised are resolved rapidly while ensuring the confidentiality of whistle-blowers. In the reporting period, no incidents of discrimination were recorded.

Equal Opportunity

KOEL inherently appraises and believes in providing equal opportunity employment for all sections of the community and thereby propagating an inclusive work environment free of any forms of discrimination.

The leadership team is vigilant in ensuring to promote and adopt opportunities for everyone to maintain workforce diversity across the organizational value chain. In alignment with the right to freedom of association principle of the Universal Declaration of Human Rights, KOEL fully recognizes the right to organize and form unions. Three months (12 weeks) is the minimum provided as notice periods to the employees and their representatives before the implementation of significant operational changes that could substantially affect them. (GRI 102-41, GRI 205-1, GRI 205-3)

In line with the company’s ambitions, the job opportunities at KOEL are communicated online and it’s ensured by the management that all eligible internal stakeholders get equal attempts to avail the opportunities.

KOEL inspects periodically and ensures that all female employees are treated at par with male employees. Accordingly, KOEL provides equal remuneration to male and female employees and for some positions, the female remuneration is higher than males.

Employee Benefits (GRI 401-2, GRI 401-3)

KOEL believes that employees can excel at work only when the right balance between Professional and Personal life is maintained. KOEL’s full-time employees are entitled to standard benefits like Life Insurance, Health Care, Disability and Invalidity Coverage, Parental Leave, Retirement Provision, and Stock Ownership.

The company has in place various initiatives for its employees to maintain and improve their well-being and work-life balance. These include a wide range of facilities such as hospitalization and medical claims, scholarship for employees’ children, annual gifts, and schemes such as Parivar Suraksha Yojna,

Flexitime, Birthday Special Leave, Paternity Leave, Bereavement Leave, Relocation leaves. KOEL has also launched a Term Insurance Policy for all the employees.

Employee stock option plan: https://koel.kirloskar.com/site/assets/files/8178/employee_stock_option_plan_disclosure_as_per_sebi_regulation.pdf

Defined Benefit plans (GRI 201-3)

KOEL’s employee benefit schemes include gratuity fund schemes, pension, post-retirement medical, and long-term service award benefit schemes. The employee and employer contribution to the provident fund is 8.33%. Also, KOEL has a National Pension Scheme

(NPS) available for employees. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as of the date of the Balance sheet. In the case of funded plans, the fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on a net basis.

Other Long-Term Employment Benefits:

The company has Compensated Absences Plan which is covered by other Long-term Employment Benefits. These funds are maintained under a registered Trust and there is no other liability to the company.

Table - Ratio of basic salary and remuneration of women to men (GRI 405-2)

Basic salary and remuneration (INR)	Male to Female Ratio
Associate level employees (M5-M3)	1.01357
Middle Management level employees (M2- DGM)	0.92846
Senior Management level employees (GM and above)	1.46384

Table – Parental leave is taken by Employees

Total number of employees

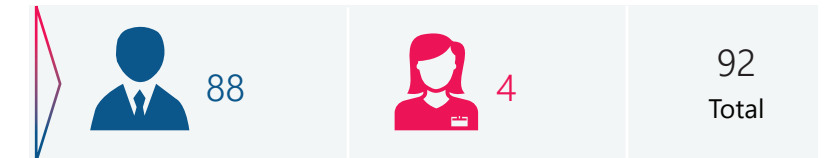
Parental Leave	KAGAL			KMW			NASHIK			Khadki		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees entitled for parental leave	85	4	89	2	0	2	1	0	1	627	33	660
Employees that took parental leave	85	4	89	2	0	2	1	0	1	8	1	9
Employees that returned to work in the reporting period after parental leave ended	85	4	89	2	0	2	1	0	1	8	1	9
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work	84	4	88	2	0	2	1	0	1	6	1	7
Return to work rates of employees that took parental leave	100%	100%	100%	100%	-	100%	100%	-	100%	100%	100%	100%
Retention rates of employees that took parental leave	98.82%	100%	99.41%	100%	-	100%	100%	-	100%	75%	100%	78%

Parental Leave

Total number of employees entitled to parental leave



Total number of employees that took parental leave



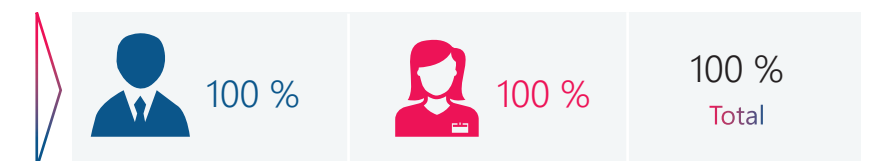
Total number of employees that returned to work in the reporting period after parental leave ended



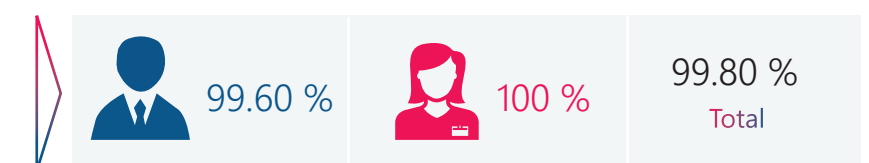
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work



Return to work rates of employees that took parental leave



Retention rates of employees that took parental leave



Male
 Female

Training and Development

(GRI 102-8, GRI 404-1, GRI 404-2, GRI 404-3)

KOEL emphasizes the all-round development of its workforce by providing various state-of-the-art training programs to augment functional and behavioural competencies. Efforts are taken to model customized training modules for the employees by analysing the current market trends, workforce competencies, and organizational effectiveness. Functional training is imparted to the employees involved in core operations, and behavioural training focuses on developing communication, leadership, soft skills, and the safety of employees. The technical training needs are

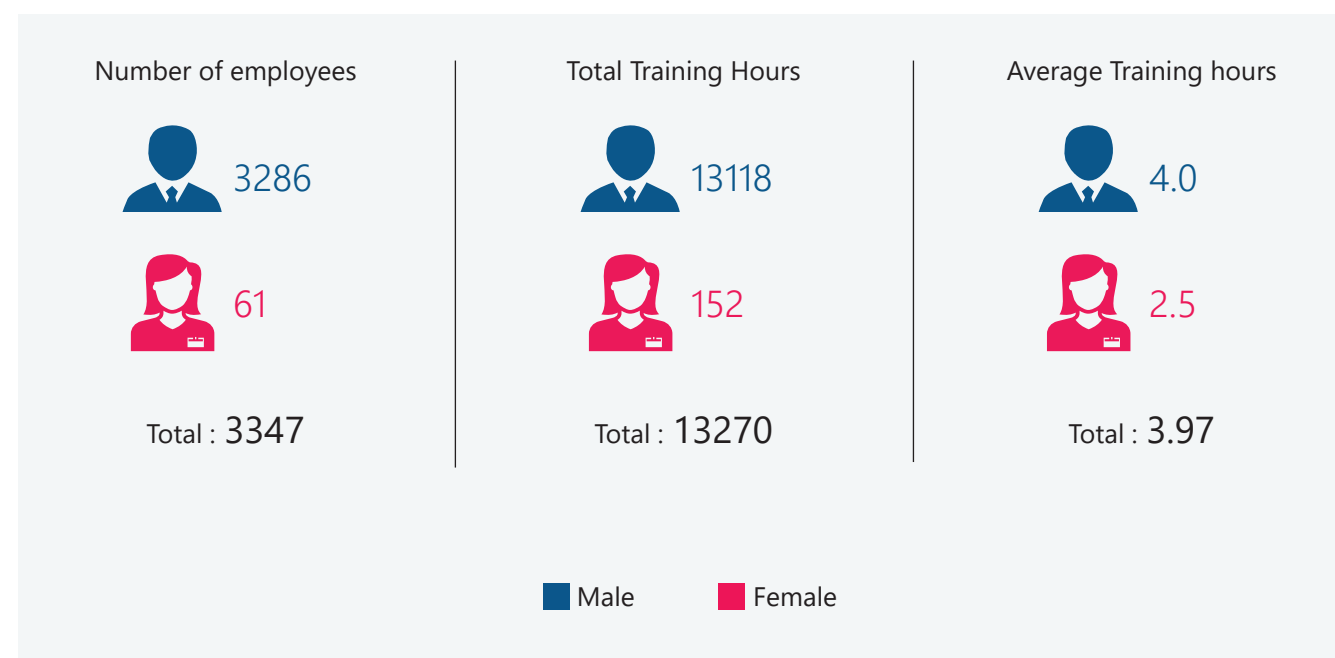
collaborated by each Business HR to plan for the training for their respective BU / Function. Behavioural training is planned centrally by corporate HR as per Business and organization's needs. Through the 'Gurukul' initiative at the Kagal plant, the employees are trained across 40 identified skills also gaining hands-on training to operate all systems on the shop floor. Safety-based training is also rendered periodically to the employees. Optimal training requirements of Non-managers like Sales and Service Executive of Sales and Marketing Business and Junior Service Engineers of Customer Support Business Units are periodically assessed and fulfilled accordingly. All (100%) of KOEL's employees receive

regular performance and career development reviews. These reviews are conducted online on a quarterly and annual basis.

Leadership Fountain Program (LFP)

LFP at KOEL is designed to nominate High Potential Employees among all management levels. KOEL also associates itself with highly esteemed management institutions such as the SP Jain for training select individuals via tailor-made tutorials and programs. All other employees notify their training requirements in HRMS at the time of annual planning, which is then incorporated in the development of the annual training calendar.

Training hours by Gender for FY 2020-21



Training hours by category for FY 2020-21



The NEEM Scheme, also known as the National Employability Enhancement Scheme, is a cooperative project of the Indian government and the All-India Council for Technical Education (AICTE). The initiative was created with the goal of addressing India's skilled labour deficit by developing skilled labourers. KOEL provides employment to such individuals and they are categorized as 'Neem Employees'

Employee Engagement

Motivation and Empowerment:

The Company conducts an "Employee Engagement Survey" (EES) to measure employee perceptions and has a SAY, STAY and STRIVE policy for employee engagement. Trends and results emanating from the EES survey are carefully analysed and worked upon for remedial and improvement actions. Various Initiatives are taken to galvanize the service rendered by the employees. Some are listed below

- KOEL Reward and Recognition program known as 'SAMMAN' has been implemented across the organization covering all employees as per a predefined periodic forum.
- Empowered M5 to M3 – Junior Management Cadre to recognize and appreciate their peers for 'on the spot award'.

Surveys are conducted across all managerial grades and Team Associates; the company recorded a participation level of around 95 – 98% in the reporting period. Survey results were communicated to management teams across the company and each BU/Functions. These results were effective in designing and developing a roadmap for successful operations with employee well-being remaining an integral part of growth.

Spot Awards:

KOEL's On-The Spot-Awards and monthly awards are a tradition at KOEL for years now and these awards recognize the employees with exemplary performances. Such awards act as a positive stimulus in encouraging the employees to perform better year on year. Earlier for the Spot awards, only Managers from M2 and above grades could get gift coupons as recognition. During the last FY, Spot awards were also extended to the

employees to M5 grades and above, for an increased amplitude of coverage. This initiative proved effective in catering to the appraisal needs of neophytes and junior management.

Leadership:

Conscious efforts are taken to develop and nurture a leadership culture wherein people can speak with 'authenticity' without fear. Leaders are encouraged to voice 'dissent' constructively. Through uninhibited/free communication and collaborative efforts, the focus is brought towards achieving 'companywide' goals rather than functional priorities. The effectiveness of leadership is reviewed through various means, viz. key performance results, feedback from employee engagement survey, customer satisfaction survey, etc.

360 Feedback Process:

Employees of certain business units/functions were selected to go through 360-degree feedback. This process helps the organization to understand the impact of employees' performance from the perspective of each stakeholder and internal and external customers. The results of the 360-degree feedback process aid in streamlining the business to formulate focused development plans which are then scrutinized for regular monitoring. This has proved effective in building the

capabilities at the organizational level thereby achieving the vision of constructing an emblematic workplace.

Communication forums

- KOEL has identified several Top-down, Bottom-up, and Horizontal communication channels for its employees such as 'Daily Flow Meeting', 'Sun Rise meeting', and 'Gemba meeting'
- Quarterly business review meetings and Zonal Meetings are some of the major platforms to communicate across regions about the past, current, future business updates, and corporate initiatives.
- Annual meeting with the Senior leadership team
- In-house E-magazines like BaatCheet (digital quarterly newsletter of KOEL) and group newsletter 'Kite Post'.
- Events: Celebration of various festivals like Holi, Ganapati, Independence Day, Garba Celebration, Diwali Celebration, Onam Celebration, New Year's, and Christmas
- Engagements with Kirloskar peers: Fitness Challenge and Hobby Groups, Kirloskar Vasundhara Film Festival
- Sports: volleyball, Badminton, cricket (especially the women employee teams), and Carom and chess competitions are conducted among the employees

- Employee volunteering for CSR activities

Occupational Health and Safety (GRI 408-1, GRI 409-1, GRI 403-1)

Upholding workplace safety is the utmost priority of KOEL. KOEL is committed to ensuring the safety of its workforce across the operations by streamlining the best practices and educating the stakeholders. To enforce the same as also continuously evaluate, KOEL has in place a range of programs and activities viz., on-going toolbox talks to the employees, training using existing manuals (covering safety and Operation control procedures), permit to work system for hazardous activities, safety inspections, Risk and Opportunity Assessment (OHS), reporting and investigation of the incident. KOEL implements OHS management systems based on OHSAS 18001: 2007 covering all workplaces, workers, operational activities. 100% of employees and workers are covered under occupational health and safety management systems. These systems are also internally audited by safety committees and plant heads. There are no work-related injuries recorded during the FY 2020-21.

Work-related injuries (GRI 403-2)

Supplier Communication	Kagal, KMW	Nasik	Khadki
The number of hours worked (employees)	4546112	281880	1806832
The number of hours worked (workers whose work and/or workplace is controlled by the organization:)	333343	187200	684000
The number of fatalities as a result of work-related injury	0	0	0
The number and rate of high-consequence work-related injuries (excluding fatalities)	0	0	0
The number and rate of recordable work-related injuries	0	0	0

KOEL also encourages the worker's consultation and participation for maintaining safety across all manufacturing units. Safety committees are organized at all four units in which workers form an integral part. The main responsibilities of these committees include identification of work-related hazards and risks, taking remedial measures, assisting the management to fulfil the safety system requirements, and investigation and reporting of incidents. These committees meet regularly at three months intervals. Plant heads remain the authorized decision-maker of these committees. Formal agreements are made with the trade unions, covering Health and Safety topics such as the responsibility of the workers for using Personal Protective Equipment, compliance with provisions of the Factories Act, etc.,

KOEL also provides occupational health services' functions to ensure the workers' well-being. Occupational health centres, Ambulance services, first aid boxes, trained first aiders, and firefighters are some of the services. New hires are subjected to pre-employment health check-ups, whereas periodic health camps are conducted for all internal stakeholders. Mock drills are also conducted to explain the execution of activities during emergencies. Covid-19 health check-ups and vaccination camps were conducted for the workers and their families during the reporting period.

KOEL periodically evaluates the organizational and workforce effectiveness and also examines the OHS training needs of the workforce. Various health and safety training is conducted for the employees' Viz. Safety Induction training for new joiners, Health and Safety Training, First Aid and CPR Trainings, Firefighting Trainings, Covid 19 awareness creation and protocol maintenance, On-site emergency plan, Handling and disposal of hazardous chemicals, Safe operations in electric hoist, cranes, forklift operations. These trainings are also conducted with the help of external agencies like CII, QCPI, THORS India, etc., 3059-man hours of safety training were provided to the employees in the reporting period.

The security personnel in KOEL are provided by third-party firms and are subject to the training standards as well. KOEL gives official training to security personnels on the organization's human rights policies and procedures, as well as specialised processes such as dealing with factory fires. (GRI 410-1)

Figure – Safety training man-hours in KG Plant 1 and 2



KOEL facilitates the accessibility of non-occupational health services to its workers through medical camps, vaccination drives, medical health check-ups. Employees can also avail themselves of the finance through medical claims. KOEL also has voluntary health promotion services like Health awareness webinar on ‘Child Health and Constipation’, ‘Healthy Heart Program’, ‘Nutrition for COVID-19 patients and those recovering from it’, etc. A full list of Health Awareness Sessions conducted during the reporting period is given below:

Health Awareness Sessions Name
Health awareness webinar on ‘Child Health and Constipation’
Diet and Health: A session on healthy eating
Myths and Facts about Prevention and Treatment of Covid 19
Oral Hygiene for perfect smile
Healthy Heart Program
Stay Fit to Be Hit
Emotional Struggles during Covid-19
Awareness session on Covid-19 at LEBG Hall
A Healthy Gut: Powerhouse of Immunity
No Tobacco Awareness session
Nutrition for COVID-19 patients and those recovering from it

Corporate Social Responsibility (CSR)

(GRI 102-12, GRI 203-2, GRI 413-1)

KOEL strongly believes in ‘Enriching Lives’ of the people in the communities around it. The Company has a long history of working for the betterment and upliftment of society by making a positive difference in the areas of socio-economic development of underserved communities and other stakeholders, through the formulation of sustainable business processes and strategies, and by implementing various Corporate Social Responsibility (CSR) initiatives for the communities surrounding all of the company’s manufacturing plants, branches, and offices. Education, Health and Hygiene, Environment, Disaster Management, and Rural Development are among the CSR focal areas that have persisted throughout the years. Employee volunteerism and collaboration with a few external NGOs are used to carry out the CSR projects.

The Company has implemented a Corporate Social Responsibility (CSR) Policy, which was updated in 2021 in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules. The number of beneficiaries, as well as the change in their livelihood and income levels, were all tracked as part of the CSR program impact evaluation. The Board of Directors has established a CSR committee to oversee policy

implementation, monitoring, and reporting. The CSR Committee presents the Board of Directors with a periodic overview of CSR activities carried out throughout the reporting year. The Board evaluates and approves the yearly CSR activities as also the amounts spent on them, based on certification given by the Company’s Chief Financial Officer.

The company follows Section 135 of the Companies Act 2013, which directs companies to spend 2% (two percent) of their average net profits made in the three preceding financial years specifically on CSR activities. As a result, the company spent Rs. 5.16 crores on CSR activities during the reporting period.

The link for KOEL’s CSR policy is: https://koel.kirloskar.com/site/assets/files/8126/koel_corporate_social_responsibility_policy.pdf

The focus areas and some of the significant initiatives undertaken by the company in those focus areas are given below:

Education

The Financial Assistance for Education program was formed by KOEL to encourage education and employment whilst strengthening vocation skills, particularly for

impoverished students, women, and the differently-abled. The Kirloskar Institute of Advanced Management and Studies in Pune, Maharashtra, was responsible for executing the program. It is an All-India Council of Technical Education (AICTE), New Delhi approved business school which offers the PGDM program. This initiative not only improved literacy but also increased the employability of society’s individuals.

Health Care

KOEL recognizes that excellent health is one of the most important aspects of a long and happy life. With this in mind, KOEL has launched a slew of initiatives aimed at boosting health care, including preventative health care and cleanliness. KOEL set up health check-up camps in Kagal and Nasik, Maharashtra, through Dr. V. T. Patil Foundation and Shri Guruji Rugnalaya, respectively. The camps were met with a whelming response.

The catastrophic COVID 19 pandemic broke out during the reporting period, and the company’s focus on health and wellbeing became increasingly crucial. , KOEL recognizes the importance of mental health, especially the challenges posed by

pandemic make it more significant and, intending to boost the morale's of the community in such challenging times, KOEL organized the Community Mental Health Program at Kagal, Kolhapur, with the assistance of the Manspandan Foundation, to improve people's mental health. The business also donated PPE Kits and masks to the Government Hospital in Kagal, Kolhapur, in support of Covid-19 relief operations.

Another significant initiative undertaken by the organization was the TB Awareness and Control campaign in Kagal, Kolhapur. Blood donation camps, eye check-up camps, health awareness seminars, and monthly medical check-ups were also held for the company's employees during the reporting period.

Rural Development / Sustainable Livelihood

KOEL had been doing every bit possible for rural development and this year too, the company donated to Dr. V. T. Patil Foundation and Sham Swayamsevi Sanstha for the Promotion of Rural and Nationally Recognized Sports project, which offers training to athletes competing in rural sports, nationally recognized sports, paralympic sports, and Olympic sports. Sham Swayamsevi Sanstha, established in the year 1998, is a registered non-governmental organization (NGO) working in Maharashtra, India in the area of

Education and Literacy, Health and Nutrition, HIV/AIDS, Legal Awareness and Aid, Micro Finance (SHGs), Panchayati Raj, Vocational Training, Women's Development and Empowerment, etc. The organization works towards the promotion of sustainable development.

KOEL's commitment to improving health care services and boosting the livelihood of underserved areas of society has led the company to launch initiatives that focus on assessing society's needs, problems, and issues and attempting to solve them to the best of their abilities with active participation from all. The Community Development Project (Rural) carried out by the Dr. V. T. Patil Foundation helps in the Rural development projects in Kagal, Kolhapur while in Pune the project is progressed by Work for Equality. For development in the urban areas, the company launched the Community Development Project (Urban) in Kagal, Kolhapur through the Dr. V. T. Patil Foundation.

Empowerment of women is very close to KOEL's heart and the company proactively runs several initiatives for women. Women Empowerment is one such Sustainable livelihood program for women's education and employment that teaches them job-enhancing vocation skills to help them embrace work prospects and advance in their current jobs. This boosts the women's

confidence in their ability to attain their objectives and set greater goals for themselves. Dr. V. T. Patil Foundation and Sahyadri Bahuddeshiya Mahila Sanstha are implementing this initiative in Kagal, Kolhapur, and Nasik, respectively.

Environment

Waste management is critical for the development of sustainable and liveable communities, yet it remains the biggest challenge for most developing nations. However, by using next-generation technology, the waste management system's productivity and efficiency may be increased while expenses and pollution are reduced. Advances in digitalization and artificial intelligence, mostly in the form of automation, are considered as a viable approach to propel the industry ahead. KOEL in this context has teamed up with the PI Jam Foundation to bring waste management innovation and automation to the forefront. This initiative aimed to strengthen the waste management system in Pune.

The Company continues to engage in environmental activities across all of its production units, including the commemoration of World Environment Day to raise awareness among workers and adjacent villages, as well as society-wide environmental awareness and tree planting. KOEL also took a variety of steps to lessen the negative impact on the

environment and society, including creative energy-saving projects, environmentally friendly hazardous waste disposal, and so on.

Kirloskar Vasundhara International Film Festival

Theme: Ram Nadi Festival

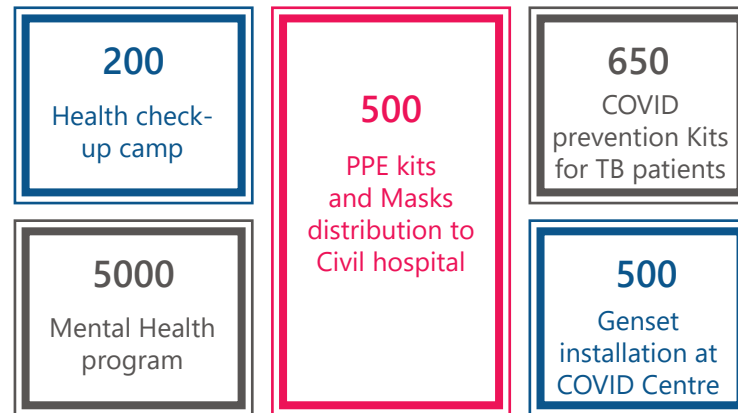
KVIFF is a unique attempt to explore nature and analyse environmental, wildlife, energy, air, and water issues. The film festival, which takes place every year in India, lasts several days and includes exclusive film screenings, expert presentations, and other activities. The theme for Kirloskar Vasundhara International Film Festival 2020 was 'Ram Nadi Festival'. The key events that happened during KVIFF 2020 were: World-Class Films, Live Painting Sessions, Photo Walk and Exhibition Workshops, 'Paryavaransnehi Sahitya Sammelan', 'No to Plastic' Actions, Conferences, Eco Quiz, Audio Visual Lectures, Competitions, 'Ramnadi Festivals and 'Vasundhara Honors. Protecting the environment and maintaining it for future generations is at top of KOEL's priority list. KVIFF is an endeavour to realign ideas and influence the country's policy through high-quality films, presentations, lectures, and related activities that collectively support active sustainability.

Details of the amount spent for the CSR projects for the reporting year:

Name of the Project	Amount spent for the project (in INR)
Financial Assistance for Education	5.01 crore
Promotion of Rural and Nationally recognized Sports	2 lakhs
Health Check-up Camp	50 thousand (Kagal, Kolhapur) and 50 thousand (Nasik)
Community Mental health Program	80 thousand
TB Awareness and Control program	2.5 lakh
Community Development Project - Urban	30 thousand
Distribution of PPE kits and Mask to Government Hospital	3 lakhs
Innovation in Waste management with Automation with PI Jam foundation	1.5 lakh
Community Development Project (Rural)	30 thousand (Kagal, Kolhapur) and 2.5 lakh (Pune)
Women empowerment	50 thousand (Kagal, Kolhapur) and 50 thousand (Nasik)

CSR Initiatives Beneficiaries 2020-21:

Health



Education



Environment



Sustainable Livelihood



Environmental

KIRLOSKAR OIL ENGINES LIMITED

Corporate Sustainability Report
2020-21

ENVIRONMENTAL

Over the years, KOEL has been on a remarkable journey toward energy and environment conservation by formulating and following policy regulations for Energy Conservation. This prompt start has allowed KOEL to refine manufacturing processes and enhance its product portfolio, in turn being a leader in energy and environment conservation from concept to commissioning.

KOEL across all its manufacturing locations and business operations has already begun optimization of energy usage by employing innovative and efficient low-carbon solutions to its bouquet of products and operations. The company is committed to bringing about continuous improvement in processes and products through the use of energy efficiency interventions and renewable energy technologies. As part of the company's focus area on operational eco-efficiency topics such as energy consumption, carbon emissions, waste generated, and water resource use are amalgamated.

The Kagal Plant of KOEL has been awarded the "Golden Peacock Award" for energy efficiency by the Indian Institute of Directors for the second year in a row during FY 2020-21. This is a testament to the company's concerted efforts to improve energy efficiency in manufacturing and business operations.

EEHS Certifications:

The following table shows the list of certifications received by different locations of KOEL:

Certifications	Kagal	Khadki	KMW	Nashik
ISO 9001:2015	√	√	√	√
ISO 14001:2015	√	√	√	√
ISO 45001:2018	√	√	√	√

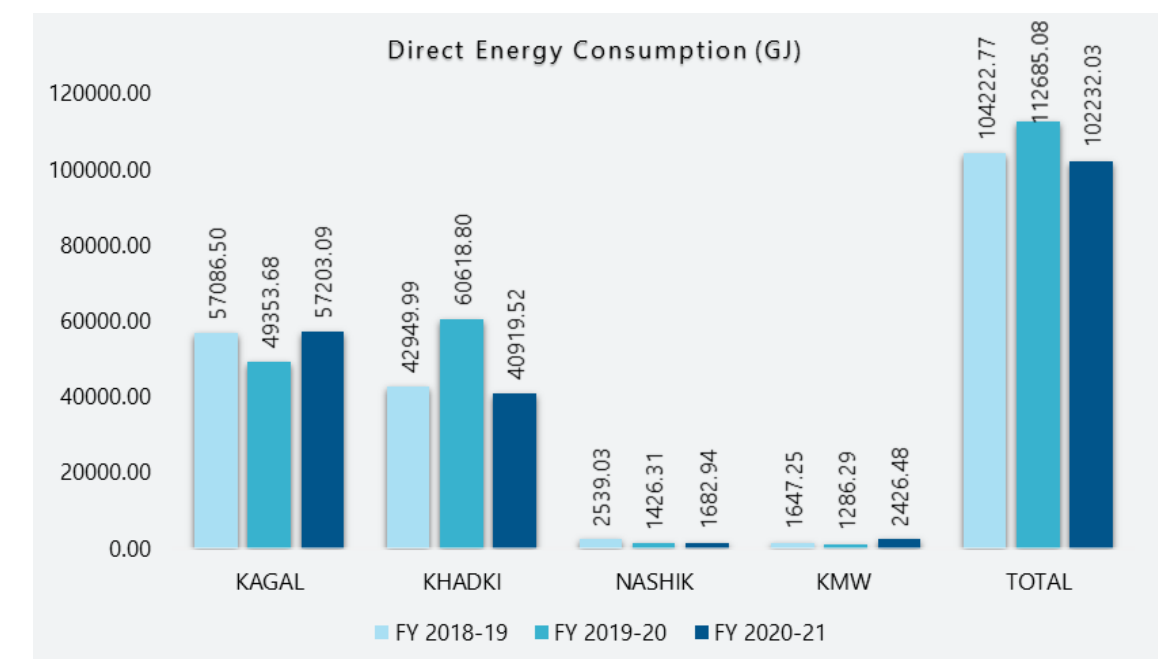
In addition, Kagal is a GreenCo, IGBC, and Carbon Neutrality certified facility.

Operational Eco-Efficiency

Energy:

Direct Energy Consumption¹

(GRI 302-1)



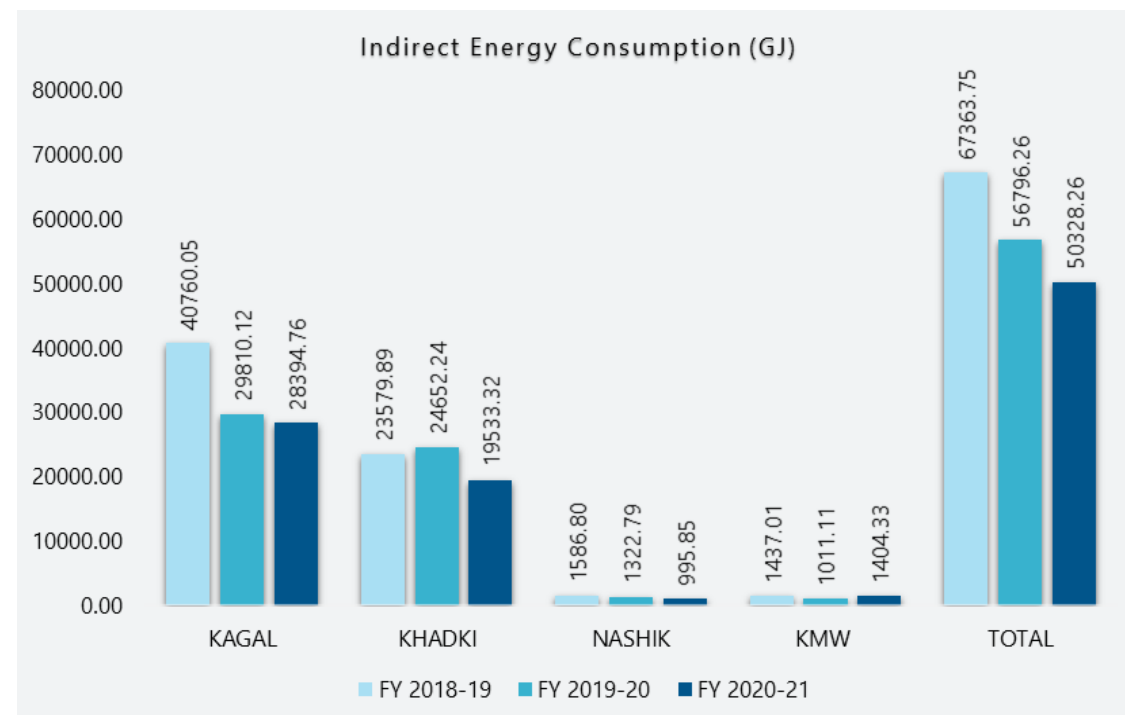
TYPES OF FUELS USED					
Type of Fuel	Kagal	Khadki	Nashik	KMW	Unit of measurement
Diesel - HSD	1081.5	938	38.84	56	kl
Fuel Oil - FO	73.14	NA	NA	NA	kl
LPG	156461.5	5833.5	NA	NA	kg

¹Direct Energy Consumption consist of non-renewable sources such as high-speed diesel (HSD), Liquified Petroleum Gas and Fuel Oil (FO)

Source of conversion: <https://www.ipcc-nggip.iges.or.jp/public/gl/guidelin/ch1wb1.pdf>

Indirect Energy Consumption²

(GRI 302-1)



The company has a dedicated Energy Conservation (ENCON) cell under the guidance of corporate energy managers at all its manufacturing locations. All the corporate energy managers are certified energy auditors and personnel from various departments function under the corporate energy manager. The solar plant installation at Kagal is a grid-connected system that provides excess generation of electricity to the grid. The administration building at Kagal, Kolhapur has been installed with the most efficient air-conditioning system that further helps in energy conservation.

The steps are taken for energy conservation and its impact

Main Kagal Plant

- Board approval for installation of additional capacity of 2.68MWp for Solar Power plant to maximize the use of renewable energy.
- Installation of Solar Light Pipes to avoid usage of conventional lighting-daytime day time.
- Installation of High-Volume Low-Speed Fans at the machine shop for energy saving.
- Installation of inverter-based energy-efficient air conditioning system for the office.
- External energy audit to assess processes for the conservation of energy

²Indirect energy consumption consists of electricity purchased from the grid.

Source for conversion of 1kWh = 3.6 MJ_

https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_annex-ii.pdf

Khadki, Pune Plant

- Energy Efficient LED lights installed.
- Installation of occupancy sensors in toilets.
- external energy audit to assess processes for the conservation of energy

KMW Kagal Plant

- Installed Energy Efficient LED lights.
- Various initiatives were undertaken to reduce diesel consumption for the testing process

Nasik Plant

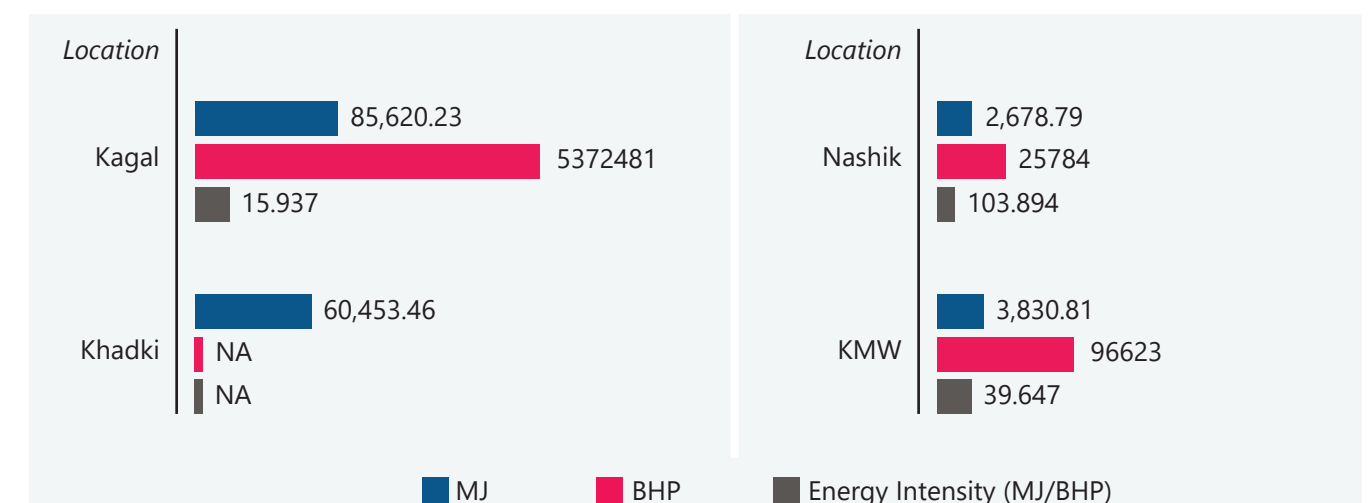
- Installed Energy Efficient LED lights.
- Use of energy-efficient motors in place of conventional motors for manufacturing

Renewable Energy Consumption

TYPES OF RENEWABLE ENERGY					
Source of energy	Kagal	Khadki	Nashik	KMW	Unit of measurement
Renewable electricity	5107	174	NA	NA	kWh
Biogas	2	NA	NA	NA	m3
Solar - Cooking	0.89	NA	NA	NA	Kg of steam

Energy Intensity

(GRI 302-3, GRI 302-4)



To effectively measure and monitor energy consumption, an online Energy Management System (EMS) based on Supervisory Control and Data Acquisition (SCADA) has been adopted which facilitates remote data collection of electricity, various fuel flows, and water consumption. The system also provides for data analysis and evaluation of the carbon footprint of various activities measured. The EMS tracks historical data so that current performance can be monitored and benchmarked against past best performances as well as National and International levels. The energy conservation baseline is well defined for the organization and is fixed and reviewed every year.

During the reporting year, the Company made a capital investment of Rs. 12.35 Crores on energy conservation equipment. Approximately 51% and 4 % of total electrical energy consumption at Kagal plant and Khadki office was renewable electricity with an approximate savings of Rs. 4.72 Crores and Rs. 0.21 lacs respectively. The monetary savings were achieved due to units generated from Solar Captive Power Plant installed and Third-Party Windmill Units purchased from independent Windmill generators under open access policy. The share of 50% renewable energy in total electricity consumption is expected to increase up to 70% in FY 2021-22.

To find out the energy conservation opportunities monthly energy audits are conducted at all locations. In addition to this, field experts are also consulted to assess improvement opportunities, and the findings are executed by the energy manager. The company has successfully carried out approximately 35 numbers of internal energy audits in 3 years.

The steps followed for the internal energy audits are as below-

- Internal energy audits every month for individual area
- Separate teams are identified within the plant
- Under the umbrella of corporate energy management
- Results are shared at monthly ENCON meetings
- Implementation and sustenance of project verified

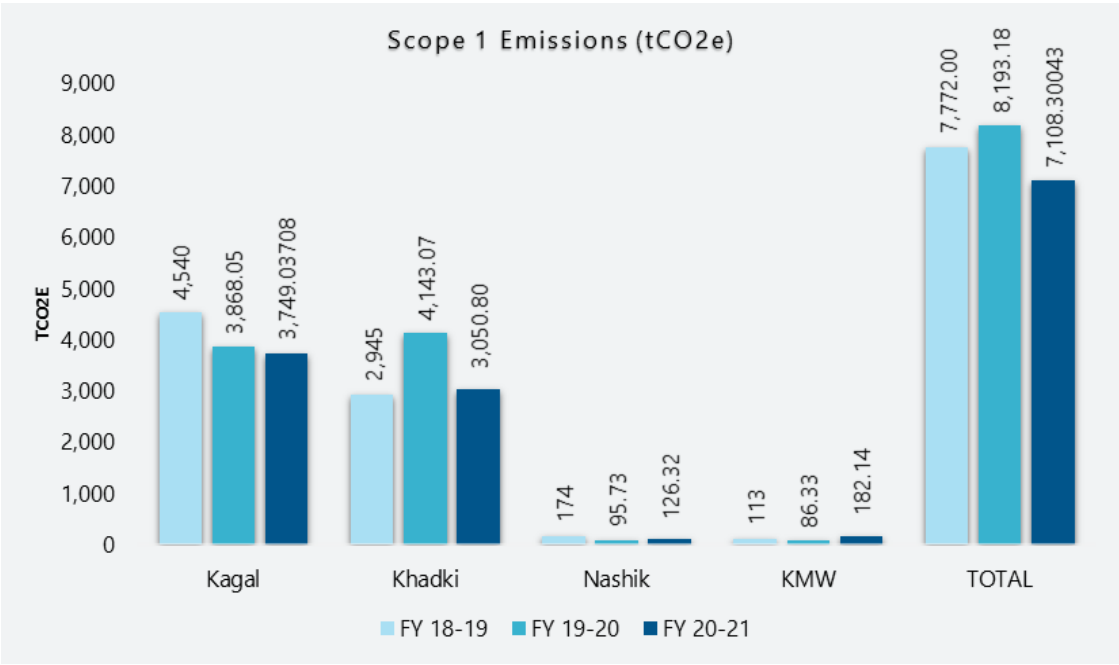
The energy conservation baseline is well defined for the organization. The baseline is fixed and reviewed every year comparing the performance year on year.

Climate Stewardship

GHG Emissions and Intensity

Scope 1 Emissions³ (GRI 305-1)

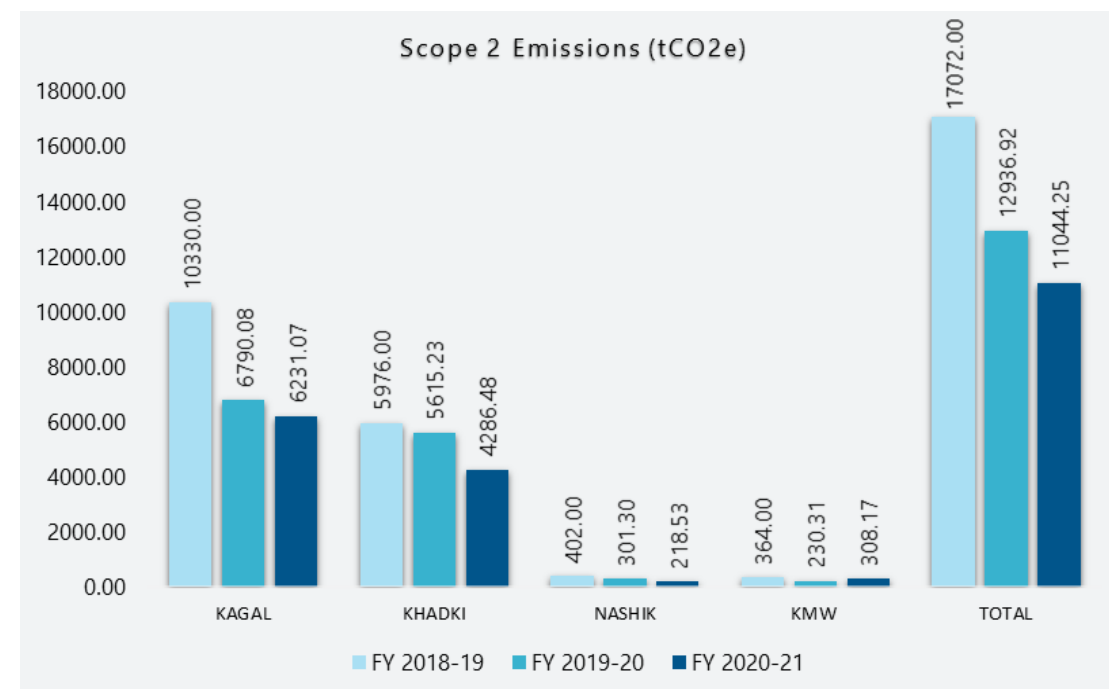
The company has a strong commitment to the nation’s mission for enhanced energy efficiency via concerted efforts for energy conservation in both products and processes. The Kagal manufacturing plant has been PAS 2060:2014 certified for carbon neutrality for Scope 1 and 2 emissions and had also been awarded as “National Energy Leader” by the Confederation of Indian Industry (CII).



As per the commitment in the sustainability report FY 2019-20, the company has begun accounting for methane (CH4) and nitrous oxide (N2O) emissions in addition to the carbon-dioxide (CO2) emissions for FY 2020-21 period. However, it can be seen that KOEL’s efforts of practicing sustainability over the years, has led to total carbon-equivalent emissions (tCO2e) that are lower than previous years carbon-dioxide emissions (tCO2) even after accounting for the additional gases.

Scope 2 Emissions⁴

(GRI 305-2)



GHG Emissions avoided due to Renewable Sources

Emissions Avoided (tCO ₂ e)				
Source of offset	Kagal	Khadki	Nashik	KMW
Electricity Renewable	4.03453	0.13746	NA	NA
Biogas	0.00316	NA	NA	NA

GHG Emissions Intensity and Reductions (tCO₂/BHP)

(GRI 305-4, 305-5)

Location	Tons of CO ₂ emitted		BHP		tCO ₂ /BHP		kgCO ₂ /BHP	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Kagal	9,980.11	11,504	53,72,481	63,65,614	0.001805	0.00181	1.805	1.81
Khadki	7,337.28	10,454	NA	NA	NA	NA	NA	NA
Nashik	344.86	433	25,784	31,090	0.01234	0.01393	12.346	13.93
KMW	490.31	353	96,623	65,657	0.00467	0.00538	4.67	5.38

Air Emissions

- Provided digital display on the main gate to display MPCB consented parameters.
- Ambient air monitoring is carried out half-yearly.

Ambient Air Monitoring for all locations (GRI 305-7)

Kagal				
Parameters	MPCB Unit	FY 2020-21	FY 2019-20	FY 2018-19
PM 10 (µg/m ³)	<100	57.6	45.86	56.00
SO ₂ (µg/m ³)	<80	17.6	21.25	17.00
NO ₂ (µg/m ³)	<80	18	15.38	18.00
PM 2.5 (µg/m ³)	<60	26.4	16.67	22.00
CO (µg/m ³)	<2	0	0.10	0.50

³Source for fuel emission factors: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

⁴Source for grid emission factor: https://cea.nic.in/wp-content/uploads/baseline/2021/06/User_Guide_ver_16_2021-1.pdf

Khadki				
Parameters	MPCB Unit	FY 2020-21	FY 2019-20	FY 2018-19
PM 10 (µg/m ³)	<100	79.52	87.50	98.67
SO ₂ (µg/m ³)	<80	23.64	24.52	24.23
NO ₂ (µg/m ³)	<80	30.01	25.40	25.04
PM 2.5 (µg/m ³)	<60	41.67	49.17	41.25
CO (µg/m ³)	<2	<1.0	<1	<0.4

Nashik				
Parameters	MPCB Unit	FY 2020-21	FY 2019-20	FY 2018-19
PM 10 (µg/m ³)	<100	33.2	33.2	54.93
SO ₂ (µg/m ³)	<80	0.38	9.30	16.99
NO ₂ (µg/m ³)	<80	19.2	10.00	18.08
PM 2.5 (µg/m ³)	<60	14	10.00	6.51
CO (µg/m ³)	<2	4	2.70	1.30

KMW				
Parameters	MPCB Unit	FY 2020-21	FY 2019-20	FY 2018-19
PM 10 (µg/m ³)	<100	79.56	89.68	NA
SO ₂ (µg/m ³)	<80	21.52	20.24	NA
NO ₂ (µg/m ³)	<80	23.64	22.67	NA
PM 2.5 (µg/m ³)	<60	24	23.00	NA
CO (µg/m ³)	<2	NA	NA	NA

Waste and Recycling GRI (306-2)

All manufacturing and business locations of the company are ISO 14001:2015 certified under Environmental Management Systems. This has resulted in exceptional compliance levels as defined by the state authorities for process parameters, equipment, and systems in place. KOEL has been able to set an industry-leading benchmark within the manufacturing industry. All of the company's plant locations are 'zero liquid discharge' plants and any significant impact due to the company's operations is addressed on top priority.

The robust environmental management system allows for the best possible efforts to mitigate the company's environmental footprint. All types of wastes, whether hazardous or non-hazardous are handled with utmost precaution and are sent to recyclers having valid consent and registration certificates or state-approved (MPCB) agencies. Monthly monitoring of the waste generated as against the consented quantity occurs and is reviewed quarterly by the legal committee.

Actions such as green sourcing, supplier's EHS evaluation by supply chain management, Integrated Management System (IMS) policy, green packaging initiatives, and circularity measures help prevent waste generation in the organization's upstream and downstream activities across the value chain to manage significant impacts from waste generated.

Hazardous Waste

Kagal

Types of Hazardous Waste	Unit	Annualised MPCB Unit	Reported Qty FY 2020-21	Reported Qty FY 2019-20
Used Oil/Waste Oil	KL / yr	2100	255.27	282.95
Wastes or residues containing oil	MTA	72	30.54	40.27
Empty Barrels, Containers, Spray Bottles, Empty Aerosol Bottles	nos/yr	29400	10792	91.9
ETP Sludge	MTA	552	59.84	75.16
Paint Sludge	MTA	248	52.06	72.12

Khadki

Types of Hazardous Waste	Unit	Annualised MPCB Unit	Reported Qty FY 2020-21	Reported Qty FY 2019-20
Used Oil/Waste Oil	KL / yr	90	6.72	14.66
Wastes or residues containing oil	MTA	6	0.54	3.93
Empty Barrels, Containers, Spray Bottles, Empty Aerosol Bottles	nos/yr	1200	134	154
ETP Sludge	MTA	6	0	0.49
Paint Sludge	MTA	6	0.35	2.1

Nashik

Types of Hazardous Waste	Unit	Annualised MPCB Unit	Reported Qty FY 2020-21	Reported Qty FY 2019-20
Used Oil/Waste Oil	KL / yr	4.65	1.55	1.55
Wastes or residues containing oil	MTA	1.2	0.194	NA
Empty Barrels, Containers, Spray Bottles, Empty Aerosol Bottles	nos/yr	4200	225	681
ETP Sludge	MTA	0.24	0.017	0.044
Paint Sludge	MTA	0.66	0.055	NA

KMW

Types of Hazardous Waste	Unit	Annualised MPCB Unit	Reported Qty FY 2020-21	Reported Qty FY 2019-20
Used Oil/Waste Oil	KL / yr	24	13.8	NA
Wastes or residues containing oil	MTA	9.6	0.2	1.8
Empty Barrels, Containers, Spray Bottles, Empty Aerosol Bottles	nos/yr	11160	1027	957
ETP Sludge	MTA	36	2.46	1.3
Paint Sludge	MTA	10.08	1.5	2.254

Non-Hazardous Waste

	Unit	Kagal		Khadki		Nashik		KMW	
		2021-20	2019-20	2021-20	2019-20	2021-20	2019-20	2021-20	2019-20
Metal Scrap	MTA	2529.2	2848.2	66.39	53.79	11.94	22.022	15.71	62.9
Wooden Scrap	MTA	311.87	361.78	8.52	12.65	10.87	12.57	95.7	68.6
Rubber Scrap/ Plastic Scrap	MTA	12.75	737.6	10.41	33.73	0	0	3.07	5
Grinding Dust	MTA	83.74	78.28	0	0	0	0.012	0	0
Total	MTA	2937.56	4025.86	85.32	100.17	22.81	34.61	114.48	136.5

Water Consumption

GRI (303-1, 303-2, 303-5)

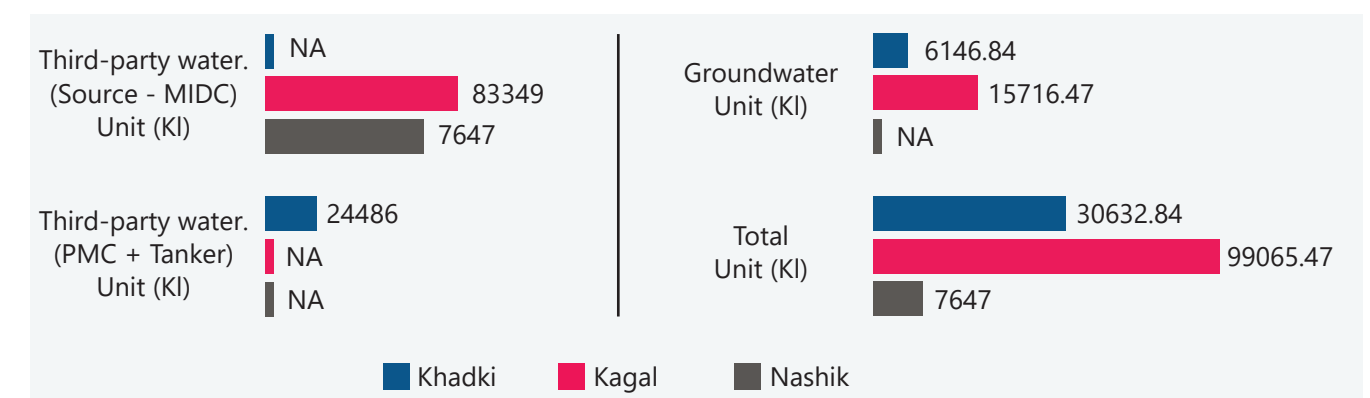
Water scarcity is increasingly becoming a global concern. For KOEL, its operational boundaries do not fall under water-scarce zones, as also the operations are not water-intensive. Notwithstanding, the company has always endeavoured to reduce freshwater consumption and protect water quality around its areas of operations. The Municipal Corporations at each of the locations act as the primary source for potable drinking water. Other sources of water include groundwater through abstraction structures utilized for industrial purposes including cooling towers top-up, coolant preparations, testbed operations, etc.

Water consumption targets are set based on daily monitoring of consumptions data and utilization of facilities. During FY 2020-21, the company continued its efforts for water conservation by adopting water saver nozzles, setting up an effluent treatment plant (ETP) of 16m³ and 2m³ for domestic and industrial capacity respectively. The treated water from ETPs is used entirely for gardening, toilet flushing, and other miscellaneous activities. Technical additions such as the use of aerators help maintain the ETP treated water levels within MPCB limits.

Additionally, the company set up rainwater harvesting and recharge pits in the form of farm ponds with an annual capacity of 21.50 lac litres to assist on the journey to achieve the internal target of zero water import in the future. However, during FY 2020-21, it was challenging for the company to utilize harvested rainwater as also using treated effluents, owing to Covid-19 restrictions, and therefore had to resume to MIDC sourced water at all locations. Some of the other initiatives to improve water consumption efficiency undertaken by the company are as below:

- Installation of Piezometer to check the impact on the groundwater water level at Kagal plant.
- Installation of Sewage Treatment Plant (STP) for new warehouse facility at Kagal location.
- At Kagal, the company installed Soil Immobilized Bio Filtration (SIBF) system for the treatment of sewage at driver's restroom facilities.
- Installation of digital flow meter with telemetry to monitor groundwater consumption at Kagal plant.
- Carried out external water audit for Kagal and Khadki locations.

Total Water withdrawn: (GRI 303-3)



Treated Water Parameters at all locations:

Parameter	Unit	MPCB Limit	Kagal		Khadki		Nashik		KMW	
			2021-20	2019-20	2021-20	2019-20	2021-20	2019-20	2021-20	2019-20
pH		5.5 - 9	7.2	7.2	7.79	7.28	7.01	6.91	7.61	6.56
Suspended Solids	mg/l	100	8.91	9.66	8.5	10.27	8.7	16	8	5
Chlorides	mg/l	600	122.35	179.61	71.93	134.79	54.52	43	60.83	134.96
Sulphates	mg/l	1000	12.58	23.27	32.16	31.48	9.04	10	11.44	26.73
Total Dissolved solids	mg/l	2100	516.2	687	587.4	665	384.37	304	368	610
BOD	mg/l	30	10.96	9.43	8.37	9.88	7.1	7	2.9	6.4
COD	mg/l	250	56.3	46.28	39.85	47.68	34.07	30	15	24
Oil and Grease	mg/l	<10	5.2	5	5	5	5	5	5	5

Biodiversity

KOEL conducts its operations at four locations viz, Kagal, Khadki, Nashik, and KMW and takes utmost precautions to ensure the prevention of negative environmental impacts on the surroundings. At the Kagal campus of KOEL, which is spread over 67 hectares, the company ensures that adequate efforts are undertaken to preserve the biodiversity of the region. The company is aware of the critical ecosystem services that nature provides and the risks that may affect its social license to operate. Hence, KOEL believes in proactive management of the company's impact on biodiversity with a zeal to protect its surroundings.

As part of the company's efforts to conserve biodiversity, an assessment report was carried out to identify the status of biodiversity in the Kagal plant area. The management decided to document the biodiverse nature of the Kagal campus with the help of NABL accredited lab experts in various fields like botany, zoology, geology, geography, etc. The results of the study found that 40% of the Kagal campus is under tree cover while 15% is open spaces. The types of flora, fauna, and species of birds observed during the study are as below:

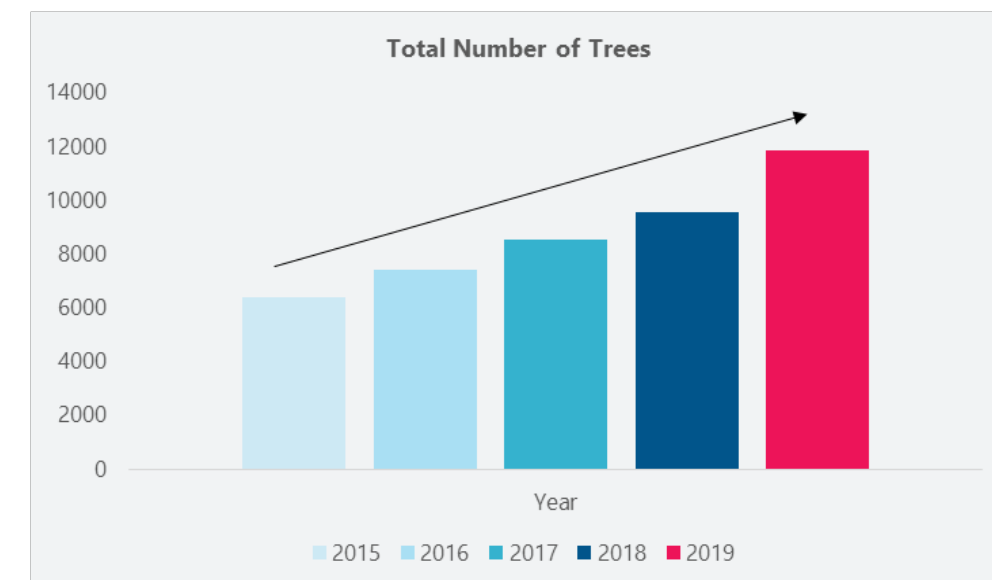
Sr. No.	Species	Number/Species Observed
1.	Plants, Trees, and Shrubs	120 species
2.	Birds	61 species
3.	Insects and Butterflies	8 species
4.	Reptiles	7 species
5.	Mammals	4 species

The expert committee has recommended KOEL's efforts to maintain and protect such a huge area under green cover, along with a water body on campus. Further suggestions to plant more native and fruit-bearing trees to attract more birds and season-wise count of species are being considered to enhance the company's efforts for biodiversity.

Carbon Sequestration:

KOEL's Kagal campus has a total carbon stock of **61.47** tonnes in its trees.

The amount of carbon sequestered by plants is **1.22** tonnes per year.



ASSURANCE STATEMENT

(GRI 102-56)



Independent Limited Assurance Statement to Kirloskar Oil Engines Limited (KOEL) on their Corporate Sustainability Report for FY 2020-21

Introduction

VK:e environmental LLP (VK:e) was engaged by Kirloskar Oil Engines Limited (KOEL or The Company) to provide an independent assurance on its Sustainability Report for FY 2020-21. The report is prepared by the company based on Global Reporting Initiative (GRI) Standards (2016) 'in-accordance - core option' for sustainability reporting. The information and its presentation contained in the Sustainability Report is the sole responsibility of the management at KOEL. VK:e was not responsible in preparing or drafting the Sustainability Report. VK:e's responsibility is to provide 'Limited' assurance on the Sustainability Report 2020-21 as described in the scope of assurance.

Scope and Boundary of Assurance

- The reporting boundary included data and information for the period 01 April 2020 to 31 March 2021.
- The assurance engagement scope included assessment of the Sustainability Report in accordance with the Global Reporting Initiative's (GRI 2016) Standards - 'Core' option.
- The following KOEL units are covered within the scope of the Sustainability Report -
 - Khadki, Pune, Maharashtra (Headquarters)
 - Kagal, Kolhapur, Maharashtra
 - Nashik, Maharashtra
 - KMW Kagal, Kolhapur, Maharashtra

Methodology

VK:e undertook the following activities as a part of the independent assurance engagement:

1. Kick-off meeting along with company introduction and overview of sustainability initiatives of the company.
2. Visit to the main Kagal manufacturing unit (largest facility in scope) on 24th March 2022
3. Interviews, review of documents on-site and off-site and interactions were done at the main Kagal unit and at the Khadki, Pune headquarters on 24th and 25th March 2022. The verification of sample data and information was conducted through interviews and interactions that included the following KOEL personnel -
 - Environment & Sustainability team
 - Senior Management from Environment & Sustainability
 - Plant Head at Kagal (largest unit)
 - Department Heads/in charge of Corporate Governance, Finance, Human Resources, Supply chain, Engineering & Maintenance, Occupational Health & Safety, Energy management.
 - CSR beneficiaries
 - POSH committee members
4. Review of sustainability performance data captured on sampling basis for key materiality topics and

Assurance Statement

KIRLOSKAR OIL ENGINES LIMITED

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2020-21



review of the sample data point sources. This was done to assess the data reliability and accuracy.

5. Review of documentary evidence and responses to interviews produced by KOEL to assess clarity and inclusiveness.
6. Interview based review of systems and procedures used for quantification, collation and analysis of sustainability performance data and disclosures mentioned in the Sustainability Report.
7. Review of stakeholder engagement activities carried out by KOEL.
8. Direct interviews with a few CSR beneficiaries during Kagal site visit.
9. Review of Sustainability Report content against Global Reporting Initiative Standards (2016) for GRI 101: Foundation for reporting principles of Stakeholder inclusiveness, Sustainability context, Materiality & Completeness AND Review of Sustainability Report quality against GRI principles for quality - Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness.

The engagement was planned and carried out to provide "Limited" level of assurance and we believe it provides a reasonable basis for our conclusions.

Specified Sustainability Performance Data

The sustainability performance data is gathered from various departments through a set of data systems and processes. We acknowledge that the data as presented in the sustainability report is reliable. We further recommend continuing improvements in processes for internal data gathering at regular intervals as against the materiality topics and predefined performance parameters so as to review the ongoing performance and take timely corrective actions whenever necessary. This shall also enable better coverage of positive actions and impacts in a more holistic manner.

Evaluation against Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 & 2018, wherever applicable

VK:e conducted a review of KOEL's Sustainability Report 2020-21 and based on our engagement it is our opinion that the Sustainability Report 2020-21 has been prepared in accordance with the GRI Sustainability Reporting Framework including the consideration of appropriate reporting principles and performance meeting the criteria of the GRI Standard Reporting option "In accordance - Core".

Positive Key Observations:

- Agility and responsiveness towards the disaster as well as pandemic in all aspects of ESG.
- Continuity of Business and sensitivity & efforts towards health and well-being of employees considering the pandemic particularly at Kagal Unit.
- Resource consumption reduction measures - viz battery operated forklifts, dry cutting to avoid coolants, non-electric heating for washing machines etc
- Kagal Plant has won various awards and accolades in quality assurance, energy efficiency, conservation and environmental care.



- Extended producer responsibility (EPR) system in place.
- Responsible diversion of hazardous waste.
- Efforts towards Biodiversity mapping
- Monitoring of Ground water table and performance of rainwater harvesting implemented at Kagal plant.

Opportunities for Improvement:

- Consider implementation and audit as per ISO 50001 for Energy Management
- Coverage of interface between the corporate level supply chain management and location-specific supply chain management
- Review the impact and consideration of ERP data as against the actual utilization data on fuels
- Opportunity to map reduction in GHG emissions on account of refrigerant use and mitigation.
- Data collation for HR and Marketing Dept can be improved.
- Coverage of location specific positive environmental initiatives in waste management
- Coverage of positive impact on lives of CSR beneficiaries in addition to funds.
- Better coverage of steps taken in process operations for energy efficiency and conservation.
- Risk management and assessment in cognizance with The Board of Directors for preparation of a three year plan for mitigation of Climate Change Risks is recommended.

Limitations and Exclusions:

- Data and information outside the defined reporting period and boundary.
- The Company's financial performance and compliance to legal obligations
- Any opinions or competitive statements made by the company expressing their opinion, belief, aspiration, expectation, aim or future intentions.

Conclusions

Based on the limited review and procedures performed in line with the scope and methodology it is our opinion at VK:e, that -

- Nothing has come to our attention that reasons us not to believe that the sustainability data and narratives presented in the Sustainability Report 2020-21 is fairly represented in line with the identified material topics and is in accordance with the sustainability reporting standards of the Global Reporting Initiative.
- It is our finding that, KOEL has established appropriate systems for qualitative and quantitative sustainability data management extending to its supply chain and stakeholders.
- A few data representation and calculation related errors were identified and the same were corrected during the assurance engagement.
- The sustainability stewardship at KOEL is highly appreciated and we recommend further upgradation of data management systems in accordance with GRI Standards 2021.



Statement of Independence, impartiality, and competence

VK:e environmental is an independent professional consulting organization with sustainability specialisms particularly in low carbon development projects, green building assessments and third party audits and environmental compliances operational since 2009. VK:e has a Code of Ethics and Conduct to maintain high ethical standards to all its staff regardless of rank or position to be followed in regular business and professional engagements including prevention of conflict of interest, building trust and credibility, accountability and compliance with laws. No member of VK:e has any business relationship with KOEL beyond the requirements of this assignment. We assure that the verification was conducted independently and honestly. VK:e is a licenced assurance provider by AccountAbility. The assurance team has exhaustive experience in Sustainable development, EHS audits, Energy management audits, systems and processes and is led by a GRI certified professional.

On and behalf of VK:e environmental LLP
18th April 2022

Anagha Paranjape-Purohit
Lead Assurer
GRI Certified Sustainability Professional (C19902)



AA1000
Licensed Assurance Provider
000-395

V.P. Kulkarni
Technical Reviewer

UNSDGs

KIRLOSKAR OIL ENGINES LIMITED

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UNSDGS

UNSDG Standards	Description	Coverage in report page no.
	No poverty	43, 54, 63-66
	Zero hunger	43, 63-66
	Good health & well- being	59, 61
	Quality education	43, 59, 63-66
	Gender Equality	48
	Clean water & Sanitation	13, 68-81
	Affordable & Clean energy	34, 68-81
	Decent work & Economic growth	46, 48, 53, 59
	Reduced inequalities	46, 48, 54
	Responsible consumption & Production	12, 68-81
	Climate action	73-81
	Peace, justice & strong institutions	12, 27, 36

GRI Content Index

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2020-21

GRI CONTENT INDEX

(GRI 102-55)

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