

A Kirloskar Group Company



Enriching Lives

[illegible]

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# MESSAGE FROM MD & CEO

(GRI 102-14)



Dear Stakeholder,



*IT GIVES ME IMMENSE PLEASURE TO PRESENT THE NINTH SUSTAINABILITY REPORT FOR KOEL, SHOWCASING KOEL'S SUSTAINABILITY PERFORMANCE DURING 2019-20, FOLLOWING THE GLOBAL REPORTING INITIATIVE (GRI) STANDARDS. WE CONTINUE TO PURSUE OUR COMMITMENT TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs) AND REPORT OUR PROGRESS AND CONTRIBUTION IN THIS REPORT.*

*AT EVERY DECISION POINT, WE FOLLOW THE TRIPLE BOTTOM LINE CRITERIA AND USE PLANET, PEOPLE AND PROFITS TO GUIDE OUR GROWTH. WE HAVE BEGUN WITNESSING AND EXPERIENCING HOW OUR ENVIRONMENTAL STEWARDSHIP IS EXTENDING BEYOND GATE AND CARE FOR PEOPLE THAT INCLUDES CUSTOMERS AND COMMUNITIES CONTRIBUTE*

TO OUR GROWTH AND IMPROVING OUR BOTTOM-LINE. ALL OUR R&D EFFORTS TODAY ARE FOCUSED ON DEVELOPMENT OF EFFICIENT PRODUCTS OFFERING BETTER EXPERIENCE TO CUSTOMERS AND REDUCE ENVIRONMENTAL FOOTPRINT. OUR BUSINESS UNITS/DIVISIONS ACROSS ARE CONTINUOUSLY ENGAGED IN INNOVATIVE INTERVENTIONS IN AREAS LIKE WATER HARVESTING, PLANTATION, RECYCLING & REUSE OF SOLID WASTES AND WASTEWATER, RECYCLING OF LUBRICANTS AND CUTTING OILS TO REDUCE USE OF FRESH OIL, ENERGY CONSERVATION, AND STEPS TO REDUCE/CONTROL POLLUTION IN OUR MANUFACTURING ACTIVITIES AND SERVICES. THESE ACTIVITIES CONTRIBUTE TO IMPROVING OUR CONTRIBUTION TO ENVIRONMENT AND SOCIETY AND ENSURE SUSTAINABLE GROWTH OF THE BUSINESS.



This year has been a testing time for our resilience and business continuity planning. It posed many challenges owing to uncertainty and disruption presented by COVID-19 pandemic. We have stood firm against the disruption. Our systems and infrastructure, each and every employee and partner came together cooperated and co-created new normal. We have returned to growth path and will continue to keep the guard and address the new challenges created in the pandemic and post pandemic world. In addition, we are aware that the focus on the long-term challenges due to inevitable climate change, will have to continue. We have to reinforce our experience and expertise to increase the share of renewables in our energy use. Presently, 6,157 tCO<sub>2</sub>e was offset through renewable energy and 15,837 tCO<sub>2</sub>e was offset through CERs and avoids 11,504 CO<sub>2</sub> during 2019-20 making the Kagal Plant Carbon neutral. This is achieved through our efforts in energy efficiency, renewable energy, plantation and watershed development and finally offsetting 17,661 tons of CO<sub>2</sub> of emissions in FY 2019-20 at Kagal.

We work with our communities in vicinity of our manufacturing plants with an objective of promoting inclusive growth. We continued with our thrust on CSR initiatives in the areas of education, skill development, promotion of health, livelihood promotion, women empowerment, promotion of renewable energy, sanitation, and safe drinking water.

This year has been phenomenally successful in terms of launching of new product range of *LWS 12HP Power Tiller, 8 HP Power Weeder and Ultra Light 5HP*, especially for the rural community, tailor made for their purposes, which saw a huge popularity and acceptance. We work continuously to customize our customer needs and are striving to surpass their expectations, reinforcing their faith and confidence in our brand with each passing year.

Our engagement with our suppliers and distributors is co-creative and this we believe is essential for us to be able to innovate continuously. We engage with suppliers through various channels for operational issues as well as focusing on new and upcoming technologies. Our cross

functional teams of domain experts engage with some suppliers on improving quality, productivity, SHE, and profitability. We also conduct awareness campaigns/programs for our suppliers and vendors on environmental, health and safety and social issues.

In this report, we further detail our progress on nine sustainability focus areas that include innovation, climate change, product stewardship, sustainable supply chain, talent acquisition and retention etc. We recognise the criticality of the trust and engagement with employees, suppliers, customers, communities and shareholders, in the sustainability journey. We look forward to your inputs on this report and our progress.

**Mr. Rajendra R. Deshpande.**

*This report is externally assured (Pg.88) for enhanced confidence in the quality, reliability and accuracy of KOEL's sustainability data. This exercise has been done for improving the reporting process, data management and accountability. It may also be noted that there are no business relationships between the reporting organization and the 3rd party assurance agency.*



# ABOUT THE REPORT

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



This is KOEL's 9<sup>th</sup> Corporate Sustainability Report post the 8<sup>th</sup> report (2018-19), providing a comprehensive view of KOEL's performance of creating long term value for its stakeholders through reporting its environmental, social and governance performances for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

## Reporting Boundaries include (GRI 102-4)

Kagal Plant, Khadki Plant, KMW, and Nashik. KOEL's international operations (KOEL Americas, LGM) and Rajkot are kept out of the scope of reporting boundaries. There are no significant changes to the organization and its supply chain.

The sustainability performance disclosures in this report pertain to all the production facilities and corporate offices located in India. The report contents also mention figures and events from the past to offer the reader comparability. The forward-looking statement contained in this report is based on the analysis of

the current context and its expected outcome is susceptible to change. Care is taken to ensure that all the data in this report is as accurate as possible.

## Guidelines and Standards

This report has been prepared in accordance with the GRI Standards: Core option. KOEL has been using the gate-to-gate approach unless otherwise stated, this report does not include any data and/or information which pertains to any entity outside KOEL.

## Location of the Headquarters (GRI 102-3)

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

## Reporting Framework

This report is developed by a structured process involving internal reflection to map the material topics. Materiality assessment was conducted considering the internal

as well as the external stakeholders. based on relevant materiality issues mapped across ten potential focus areas. All data measurement and calculation techniques are as per the GRI standards. Any assumptions and/or exceptions made while reporting on the GRI disclosures are duly explained. The page references for general standard disclosures, disclosures on management approach and specific standard disclosures for all material aspects are provided in the GRI Content Index at the end of this report.

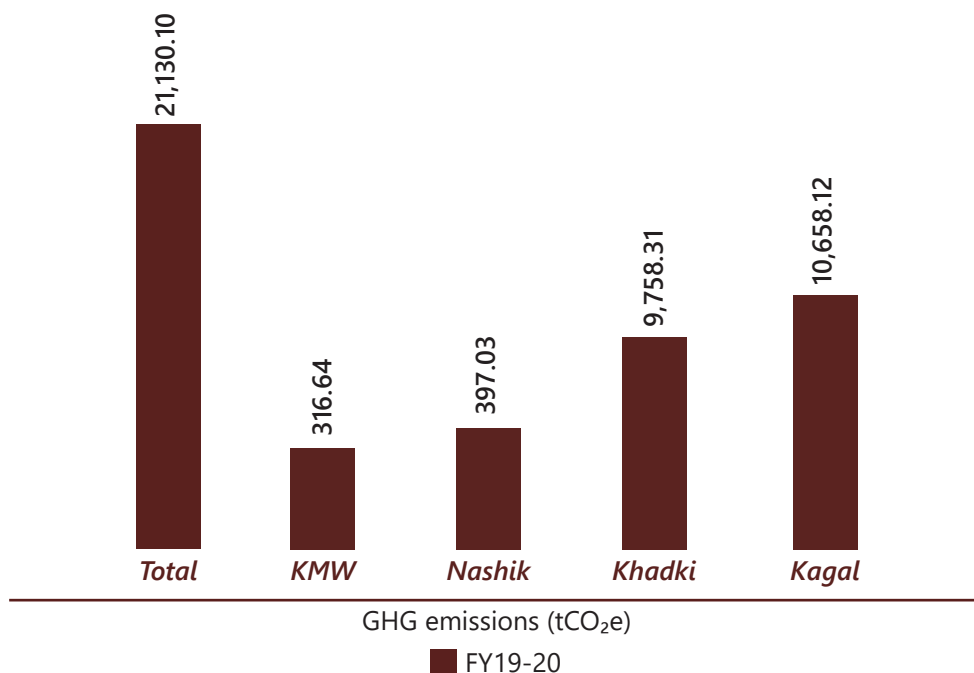
## Feedback:

*Your queries and suggestions are extremely important to us and we would be delighted to hear from you on the data and information at [sustainability@kirloskar.com](mailto:sustainability@kirloskar.com)*

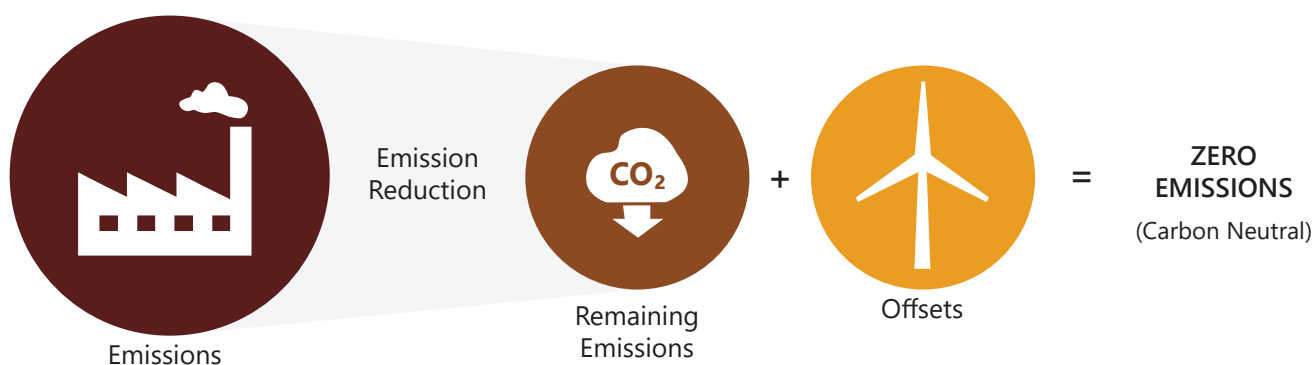
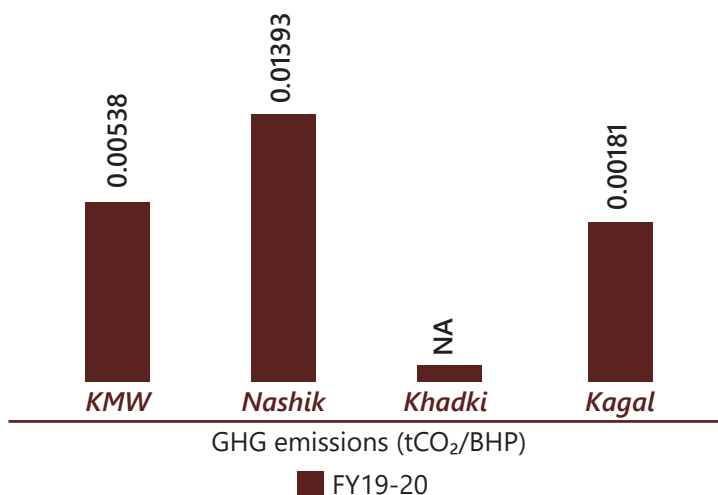
# PERFORMANCE SNAPSHOT

## Environment:

GHG emissions:

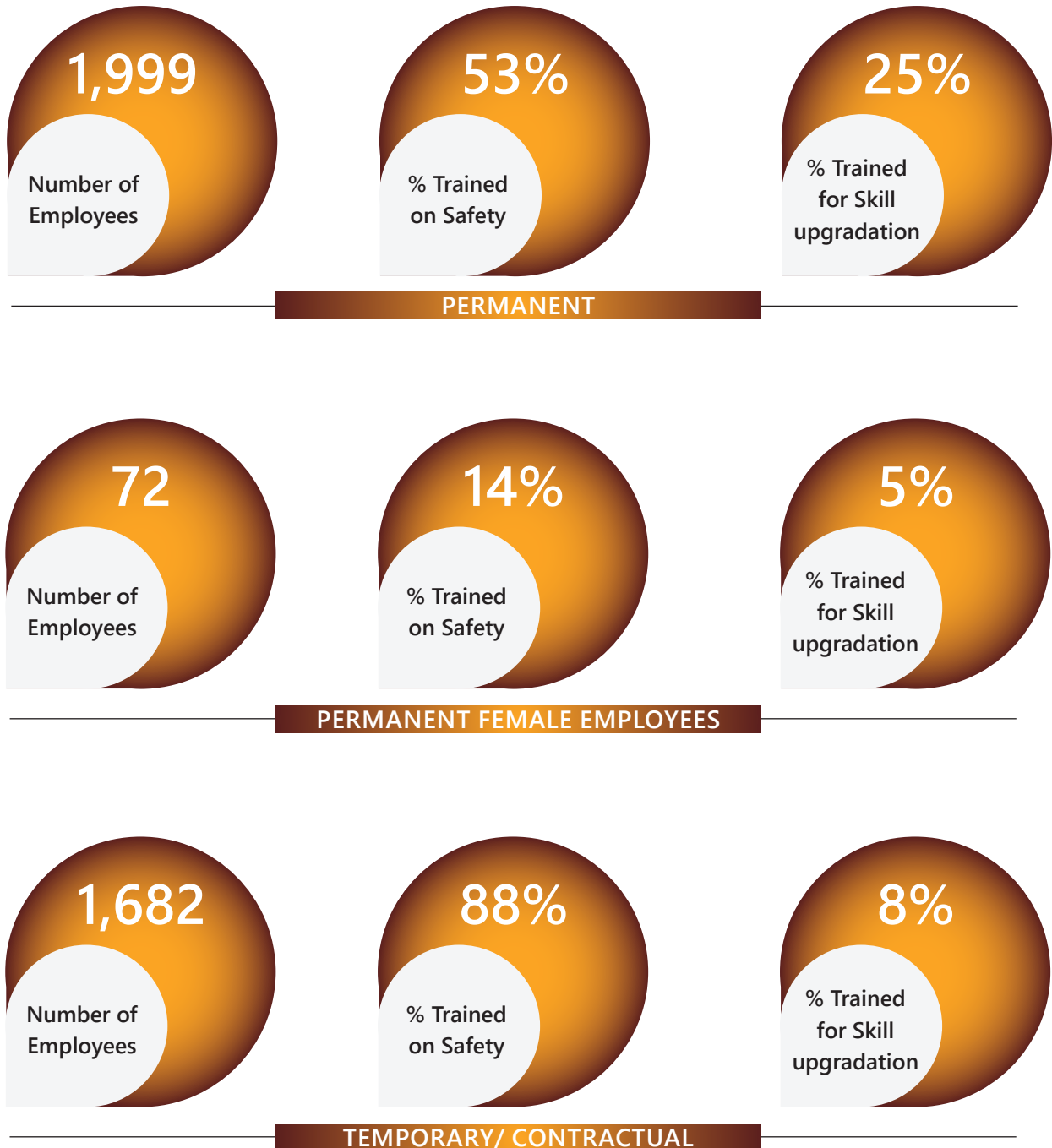


GHG intensity and reduction:



## Social:

Employee category:

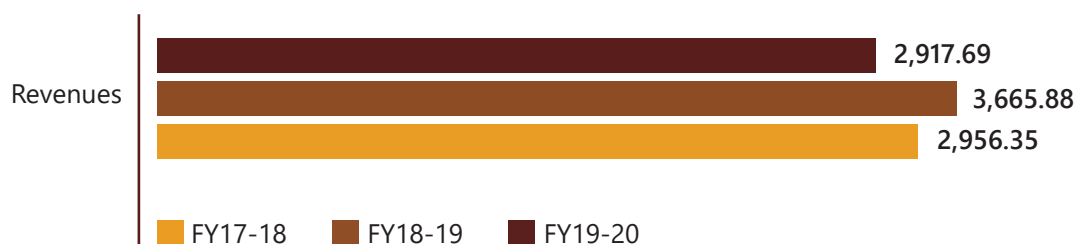


*In 2019-20, approximately 5 % of talent was acquired and 5% of talent was retained.*

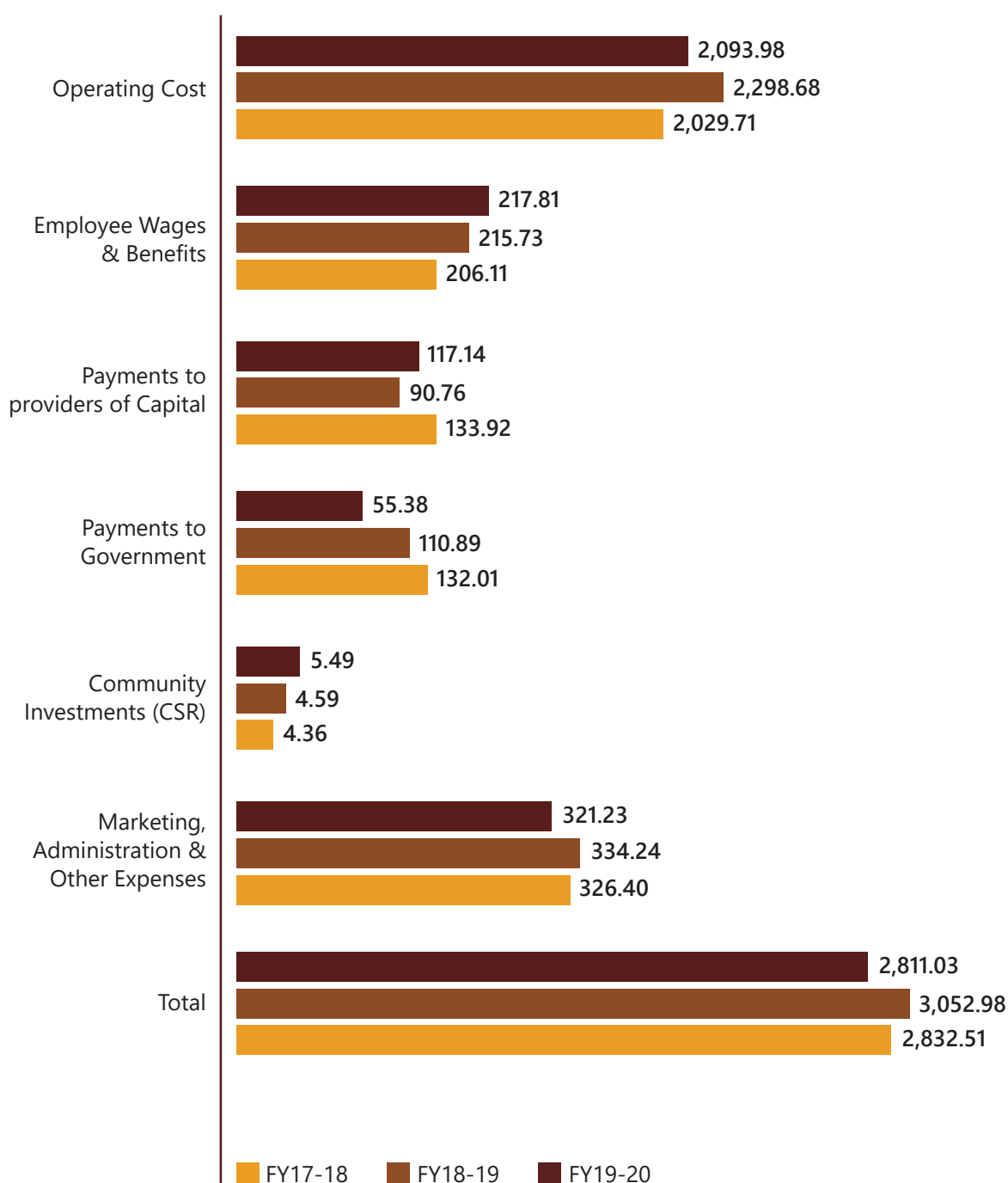
## Economic:

Source: Audited financial report of KOEL 2019-20 (GRI 201-1, GRI 201-4)

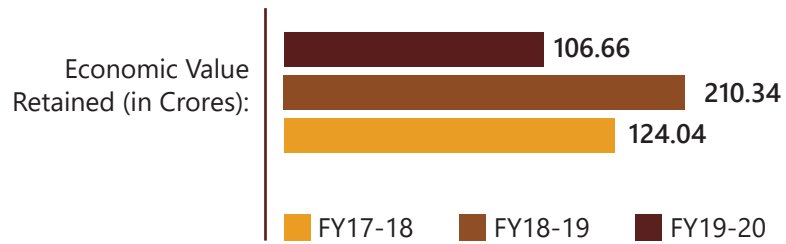
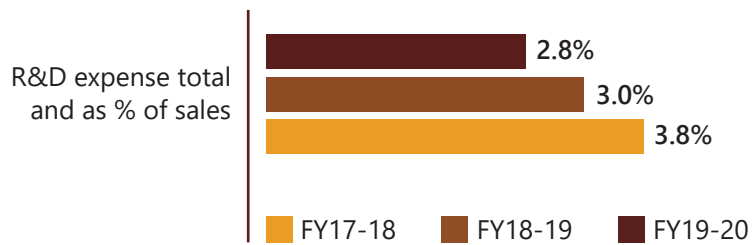
### Economic Value Generated (in Crores):



### Economic Value Distributed (in Crores):





**Economic Value Retained (in Crores):****R&D expense total and as % of sales:**

*Export incentive of 6.01 Crores were received from the Government for the promotion of exports in year 2019-20.*

# KOEL FOOTPRINT

(GRI - 102-2, 6, 7)

KOEL is an acknowledged market leader in India for designing, manufacturing & service of diesel engines, Gensets & Pump sets. Incorporated in 1946 as a part of Kirloskar Group of Companies, KOEL is a leading engineering conglomerate, which was founded by late Mr. Laxmanrao Kirloskar. The group with a rich heritage of 123 years has an annual sales exceeding in Rs. 8,800 Crores and caters to different segment of society with its core purpose of 'Enriching Lives' which is essentially focusing on bringing about a positive change. The smile on millions of faces is a testimony that we have not just achieved it but enriched lives the world over.

KOEL has a state-of-the-art manufacturing unit in India which offers world-class service to its customers. The company has a sizable presence in international markets, with offices in Dubai, South Africa, and Kenya, and representatives in Nigeria. KOEL also has a strong distribution network throughout the Middle East and Africa.

₹ 28.92 Crores

Paid up Capital

₹ 2,841 Crores

Total Turnover

₹ 170 Crores

Total Profit After tax



The Company specializes in the manufacture of both air-cooled and liquid-cooled diesel engines and generating sets across a range of power output from 5 kilo-volt-ampere (kVA) to 1,010 kVA. KOEL offers engines operating on alternative fuels, such as bio-diesel, natural gas, biogas and Straight Vegetable Oil (SVO).

Through its critical engineering solutions across industries from cooling mega power plants to powering countless applications across industries, from saving a million tons of food stock to providing standby power to telecom and defense sectors, and from castings that house automobile engines to greening

deserts, quenching thirsts and fueling CNG vehicles KIRLOSKAR has made a significant difference across continents. KOEL has been endeavoring to delight its customer base with innovative product offerings cutting across the various segments. The Kagal plant in Kolhapur district is a state-of-the-art manufacturing plant for diesel engines & Gensets.

KOEL has been one of the pioneers of 'Make in India' concept since independence. KOEL has developed indigenous engines which are renowned in the agriculture, power generation and industrial off-highway equipment segments. KOEL's engineering capabilities are backed by a strong R&D center which

works towards bringing innovative product offerings to the customer at competitive prices. KOEL has developed a niche for itself in the markets it operates by launching new farm mechanization products and highly efficient diesel generator sets in India. Going beyond India, these solutions have reached the markets of Middle East, Africa, Europe, South Asia and the Americas, making the 'Make in India' campaign a reality.

## Legal Status & Main Business: (GRI 102-5)

KOEL is a public limited company listed on National Stock Exchange and the Bombay Stock Exchange having its registered office at Pune.

## Main Business Areas:

### 1. Prime Power Solutions (PPS):

KOEL offers the widest range of engines as prime movers for different applications in power generation, Off highway and construction equipment. It also supports through Service Dealer networks.

#### **Power Generation:**

Petrol and Diesel Power Generating sets (2-1010kVA) as power back-up for industrial, residential, commercial and telecom. Marketed and promoted under KOEL Green Brand, PG business product lines have been dominating the market for over 3 decades.

#### **Industrial Business Group:**

KOEL Industrial engines cater to two broad segments – construction equipment and tractors. KOEL is the market leader in engines for construction equipment. A wide range of products – back-hoe loaders, excavators, motor graders, concrete pumps – seen on Indian roads and project sites are powered by KOEL engines. KOEL is a niche player in tractor engines, as most

tractor manufacturers use captive engines. As a part of customer engagement, Industrial business conducted Platinum Original Equipment Manufacturer meets at Kagal manufacturing plant. This facilitated meaningful exchange between the key personnel of KOEL and respective OEMs which has enabled to enhance customer's confidence and strengthen partnership further.

### 2. Water Management Solution (WMS):

WMS Business continues to focus on building its reach into rural India and efficient supply chain, to increase its business in engines, pump sets, oil & allied products. The business has more than 580 distributors and over 5,000+ engines retailers and 16,000+ spare parts retailer, WMS has introduced light weight engine pump sets, 'High Head' pump set and 'High Discharge' pump set to meet specific requirements within the diesel engine pump set user segment. WMS has introduced a new brand identity named 'Varsha' to cover all its engines business. WMS has successfully implemented TOC way of working, which has resulted in ensuring availability of the products at all times at maximum number of places where customers can buy. On the Electric Pumps, KOEL has been adopting the NO Compromise approach which ensures that the customers get the best experience.

### 3. Farm Mechanization Solutions (FMS):

This unit has two categories of aggregates. 1. Mega T (Power Tiller) 2. Tractor Parts & Oil business. Agri FM BU's successful launch of innovative end product- Power Tiller (Mega T), under the umbrella Brand KMW (Kirloskar Mechanization Works) is very well accepted in the market.

### 4. Customer Support Business Group: [CSBG]

With 430 plus service touch points PAN India and an extremely proactive service team, KOEL boasts of one of the best after sales service support in the industry. KOEL CARE has established itself as a dominant service brand in the market. KOEL CARE has four regional level training centers across India aimed at constantly improving the competency of our field service team. In order to enhance customer experience, CSBG has initiated several 'Go Digital' initiatives which are the benchmark in the industry.

### 5. Industrial Project Solutions (IPS):

IPS business continue to operate in a niche segment where demand is based on the launch of large government projects and defense power and propulsion requirements which includes Energy systems for radars, communication systems repowering of vehicles, Gensets and propulsion engines for defense and commercial marine segment.

New Product and application development remained the focused area for growth. IPS has developed light weight and compact generating sets model as per customer's requirements and also obtained necessary approval from defense authorities. IPS developed marine engines for fishing boat application. These engines have undergone Type certification by IRS for commercial marine market. Engines commissioned on fishing boats performance well appreciated by customers.

Special Marine engine (A-Magnetic engines) for Mine swipper boats for Indian Navy was developed. With this successful development, KOEL has become the first Indian company and also third company globally to have

capability to develop such an engine.

## 6. International Business (IB)

Supplies engines and generators to over 50 countries across the world covering wide range of industrial, agricultural and power generation applications. IB has set up representative offices in Vietnam and Indonesia in addition to its existing four regional offices in UAE, South Africa, Kenya and USA. IB has also deputed product support personnel as well as established network of channel partners and OEM customers in focus markets. In line with Go Digital, IB launched Warranty Administration Portal. Also launched customer helpline for international markets. KOEL have participated in several key exhibitions and advertised in various print media in order to build KOEL brand recognition and value in the new markets.

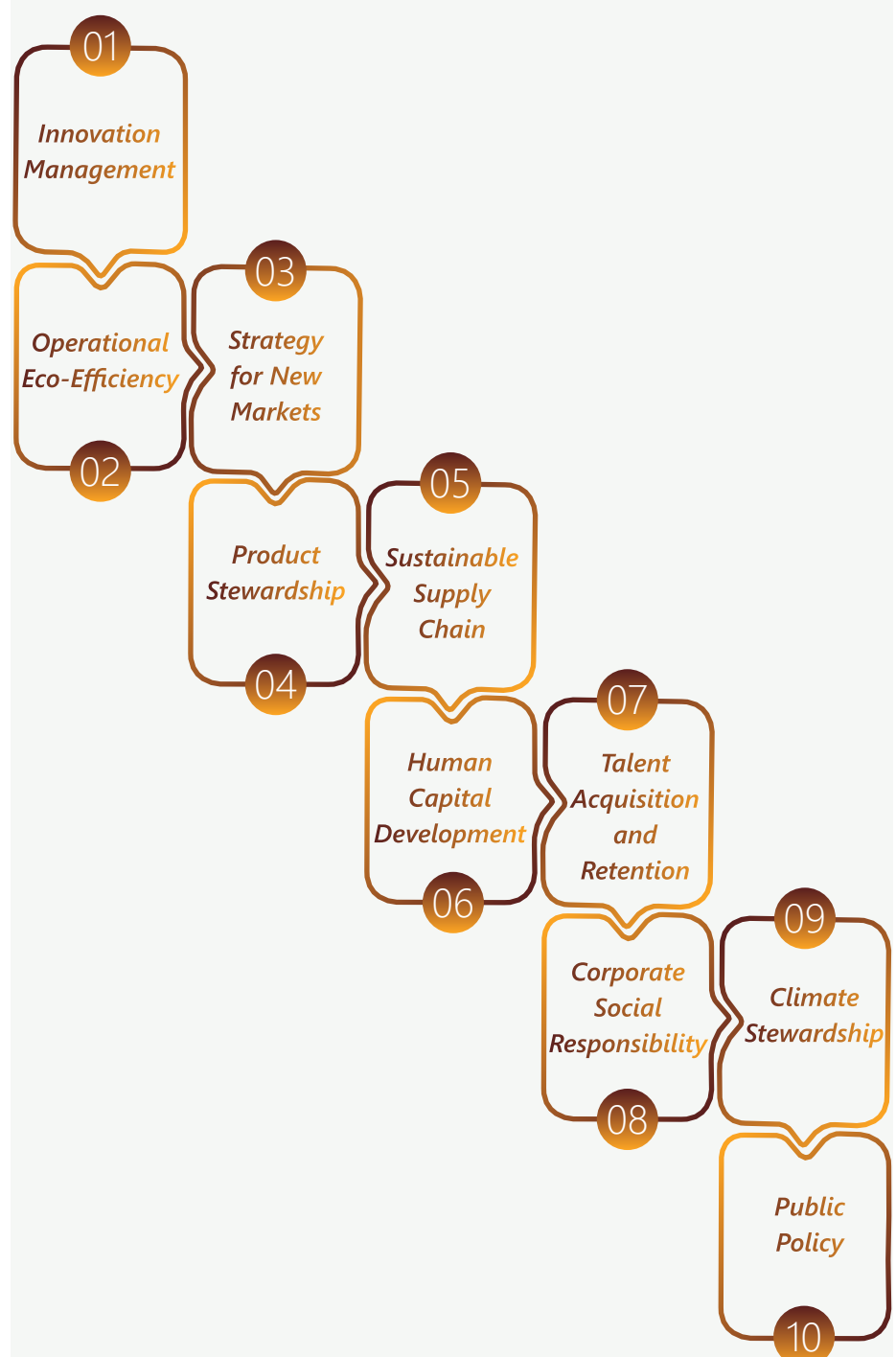
## 7. Corporate Research and Engineering (CRE) and Application Engineering (AE)

In line with KOEL's Vision & Promise 2021, CRE & AE focus is on New Product Development and Introduction which is driven by strategic technology deployment. Based on important drivers strategic projects are prioritized and worked upon. Emission regulations being the key driver across the globe, various technologies to suit key markets and product segments are strategized and deployed. CRE and AE have also delivered on the key strategic objective of the company for the HHP segment in terms of the 750, 910, 1010 KVA products from concept to reality as first of its kind in India and demonstrated capability of Design and 'Make in India' in the segment that enabled KOEL fortify its market leadership positions. CRE and AE are also working on filling the gaps in the existing product portfolio to meet various strategic objectives and market (global) requirements.

Products like K4300, R550, CRDI projects on different engine nodes, FMUL projects for the US market, EPA projects are presently worked upon to fulfil this promise. Also, Project Whale and Project Elephant are being pursued to meet the Defense business segment under Make in India Initiative. CRE & AE have been continuously investing towards modernizing an upgrading existing product development facilities and development of new technologies for cost effective emission solutions.

In keeping with the Company's commitment to responsibility and accountability towards all its stakeholders, in the current year, KOEL is pleased to present its ninth sustainability report, since their first sustainability report in 2009-10. With their Sustainable Operational Excellence Strategy well in place, this report presents the progress made during the year 2019-20 with an emphasize on their major 9 focus and overarching principles:

### Focus Areas







## Materiality Assessment

Identifying material issues that influence an organization's ability to create value in the short, medium and long term and addressing them according to their impact is a crucial step in the sustainability journey. Materiality assessment is essential to integrate sustainability with the organization's overall strategy and to build resilience.

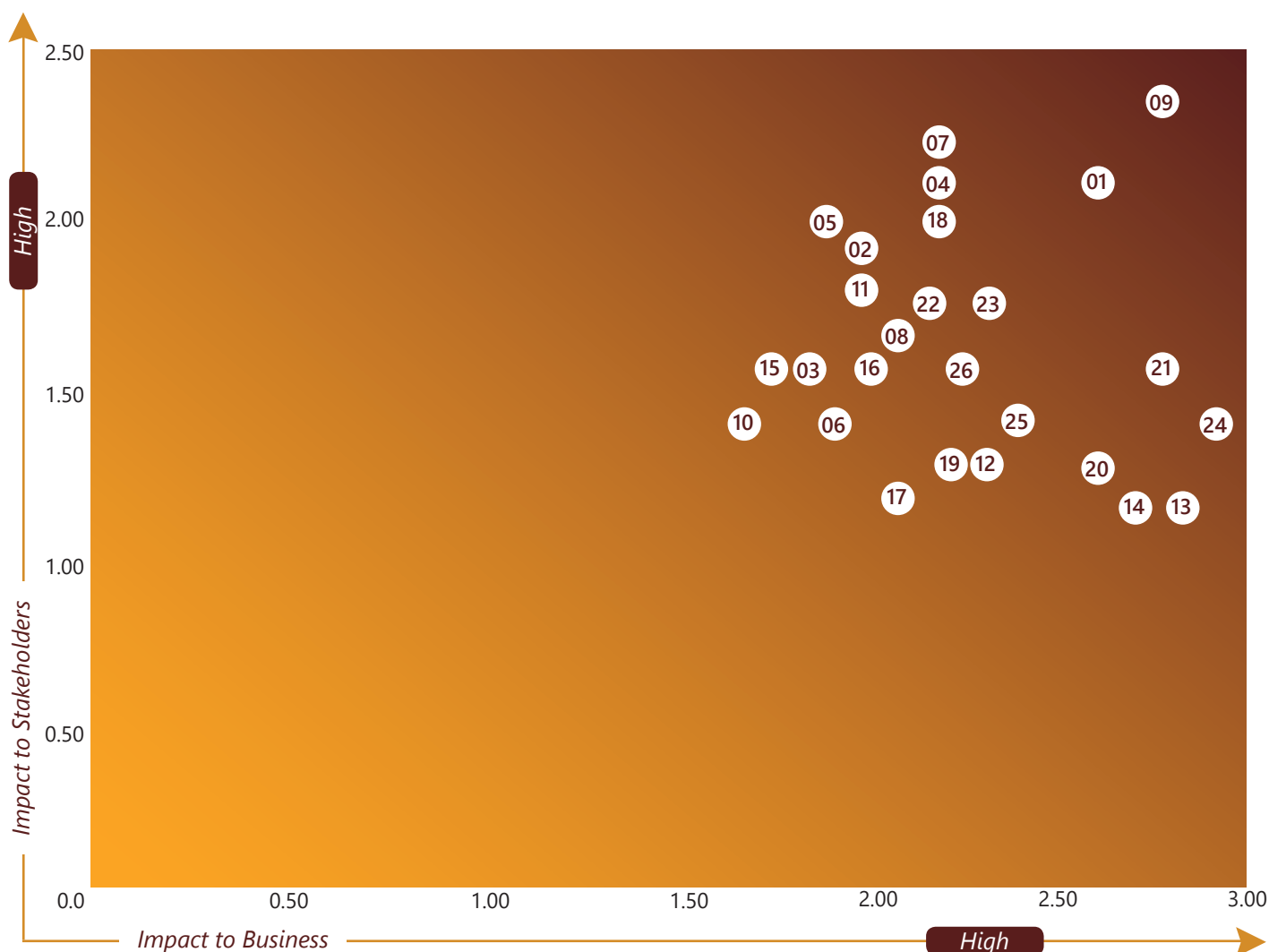
### Methodology for Materiality Assessment.

Materiality Assessment Procedures for KOEL			
Step 1	Step 2	Step 3	Step 4
Forming a bucket list of topics	Stakeholder concerns	Identification and Prioritization	Plotting Materiality Assessment Map
A bucket list of material issues was developed based on secondary literature surveys, peer reviews, global and regional industry trends, GRI reporting guidelines, Sustainable Development Goals and Dow Jones Sustainability Index (DJSI), and rating agencies.	After identifying issues of stakeholder concern, KOEL selected material topics which were discussed and confirmed with additional suggestions during capacity building workshop for senior leadership as also sustainability champions. 1. The survey was designed by a third party in a web-based questionnaire and was circulated to the sample representatives among the identified stakeholders. These issues were scored as per the relative importance to business and its stakeholders on a scale of -3 (risk) to +3 (opportunity).	The results of the materiality survey were used to identify the material topics with the highest priority for stakeholders and the biggest estimated impact on KOEL's business into high-high and high-medium priority areas. The responses included various stakeholders such as senior/middle management employees, contract employees and suppliers (could not record responses from regulators, costumers.) This was further categorized along the ten focus areas identified by KOEL as potential for their business.	The Materiality Map was then reviewed and approved by the relevant stakeholders.



## Materiality Matrix

All the issues presented in the matrix are material for all the manufacturing plants of KOEL, except indicators related to the customer, supplier, and transport (which are reported from the outside boundary). The material issues were identified after a thorough materiality assessment exercise conducted by the company which as described earlier involved consultations with multiple stakeholders. In 2018-19, the materiality issues were covered under three major sectors as environment, economic and social. However for the current reporting cycle all relevant material issues have been mapped across 10 focus areas as identified to be significant for KOEL's business. The report is compiled in accordance with the Core Option of GRI Standards, which requires consideration of aspects relevant to the company's business. The boundary for this sustainability report is the composite boundary consisting all the manufacturing plants of KOEL.



1. Transparency
2. Ethical behaviour
3. Stakeholder engagement
4. Accountability
5. Grievance Mechanism
6. Diversity and equal opportunities
7. Respect and recognition of the human rights
8. Donations and investments in CSR
9. Spending on locally-based suppliers.
10. Responsible product design
11. Customer Health & Safety
12. Customer Privacy
13. Partnership with suppliers and customers
14. Emphasis and efforts for Innovation

15. Supply Chain capacity building
16. Supply Chain Audits on EHS
17. Waste treatment and disposal
18. Environmental education for internal and external stakeholders
19. Reduction in waste water generation
20. Initiatives to hire local people
21. Talent Retention
22. Training and Skill- upgradation
23. Promoting health and wellness
24. Promoting & encouraging innovation.
25. Public Policy
26. Accuracy of product-related communication practices

## Product portfolio:

- Power Generation Diesel Engines and Gensets - 5 kVA to 1,010 kVA
- Industrial Engines (80 HP to 355 HP)
- Agricultural Engines and Pump sets (3.2 HP to 28 HP)
- Spare parts Customer Service 113 Service Dealers, 400 Outlets
- Large Engines – Defense and Marine
- Export – Power Generation segment, Agri Pump sets, and OEMs
- Power Tiller
- Revolutionary Mega T12 LW
- Stylish Min T8 DLX
- KUBIX



## New Products Launched

In the Financial Year 2019-20 also, the company continued innovation and introduced of new product ranges to address the market requirements in 12HP lightweight segment and Power Weeder segment.



## The scale of the organization:

(GRI 102-7, 102-8)

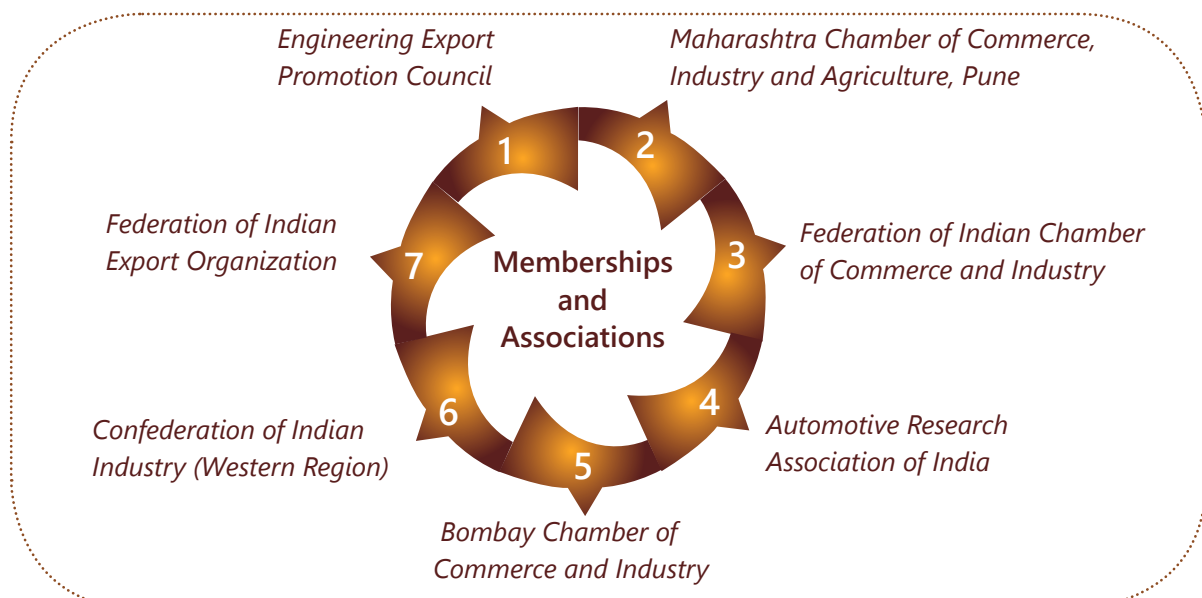
**1,999**

The total number of employees

**₹ 3,265** Crores

Net revenues

## Memberships and Associations: (GRI 102-13)



## Awards and Recognition:

### KAGAL PLANT

- “Golden Peacock Award” - 2019 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
- “GreenCo Platinum” rating by CII National forum (This is league of organizations following world class green practices)
- On the World Environment Day our Kagal plant achieved the “Carbon Neutrality” certification under the guidelines of PAS 2060:2014 for 2018-19 by offsetting carbon emissions to the highest standards
- “Excellent Energy Efficient Unit” at 20<sup>th</sup> National Award organized by Confederation of Indian Industry (CII)
- “National Energy Leader” award for its continuous efforts and excellent work in the field of energy management
- ‘Certificate of Merit’ at 14th State Level EC Award towards energy conservation in Automobile and Engineering industry category through Maharashtra Energy Development Agency (MEDA)
- “Highest Par Excellence Award” and “Sliver Award” at International Convention on Quality Control Circles, 2019 at Tokyo in categories viz. Quality Assurance, 5S and Gold Award safety skit from Quality Circle Forum of India, Pune Chapter



Supplier Excellence Award 2019-20



Excellent Energy Efficient Unit Award 2019-20



“GreenCo Platinum” Award 2019-20

### NASIK PLANT

- “Excellent Energy Efficient Unit” at 20th National Award organized by Confederation of Indian Industry (CII) for the first time in 2019-20.



Golden Peacock award FY 2019-20



# CORPORATE GOVERNANCE

(GRI 102-8, 16, 18)

An effective corporate governance is the cornerstone of trust – the result of wise and skillful balancing of competing interests and conflicting claims of different stakeholder groups. Good governance enables creation of value and accentuates the ability to harness growth opportunities.

KOEL pays huge emphasis on transparency, accountability and integrity which is reflected in its corporate governance codes and ethics. The company has a policy of timely reviewing its governance structure and code of business conduct and make appropriate changes to make it more effective. The company believes that the strong governance policies of the company including that for CSR and sustainability matters has enabled it to earn the trust of the investors, business partners, customers and communities in which KOEL operates. Also, the company has been able to motivate board members and its employees to work in the interest of the company and its shareholders due to its governance models. This is reflected in the company's ability to sustain through tough times and increase its revenue year on year.

The Company's philosophy of good Corporate Governance aims at establishing a system which assists the management to fulfill its corporate objectives as well as to serve the best interest of the stakeholders at large viz. Shareholders, Customers, Employees, Environment, Society, Suppliers, Lenders etc. This philosophy has been strengthened by the adoption of a Code of Conduct for Board of Directors and Senior Management, adoption of CII's Business Excellence



framework, Code for prevention of Insider Trading and also re-enforcing the commitment towards Corporate Sustainability and adoption of the GRIs guidelines on Triple Bottom Line reporting.

The Company's Code of Business Conduct, its Risk Management Framework together with its well-structured internal control systems which are subjected to regular assessment for its effectiveness, reinforces integrity of Management and fairness in dealing with the Company's stakeholders. This, together with meaningful CSR activities and sustainable development policies followed by the Company has enabled the Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates.

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 regularly reviews performance of the organization based on these goals related to economic, environmental, and social topics.

## The Board of Directors

The Company has a broad-based and diverse Board of Directors constituted in compliance with the Companies Act and the listing agreement with Stock Exchanges and in accordance with best practices in corporate governance. The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas. The management provides the Board of Directors a detailed report on its performance on a quarterly basis.

The Non-Executive Directors including Independent Directors on the Board are experienced, competent and highly renowned personalities covering a wide industrial domain such as textiles, manufacturing, finance, taxation, legal, management, information technology, CSR, etc. They take active part at the Board and Committee meetings by providing valuable guidance to the management on various aspects of business, policy direction, governance, compliance etc., apart from playing a vital role on strategic issues, which enhances the transparency and add value in the decision-making process of the Board.

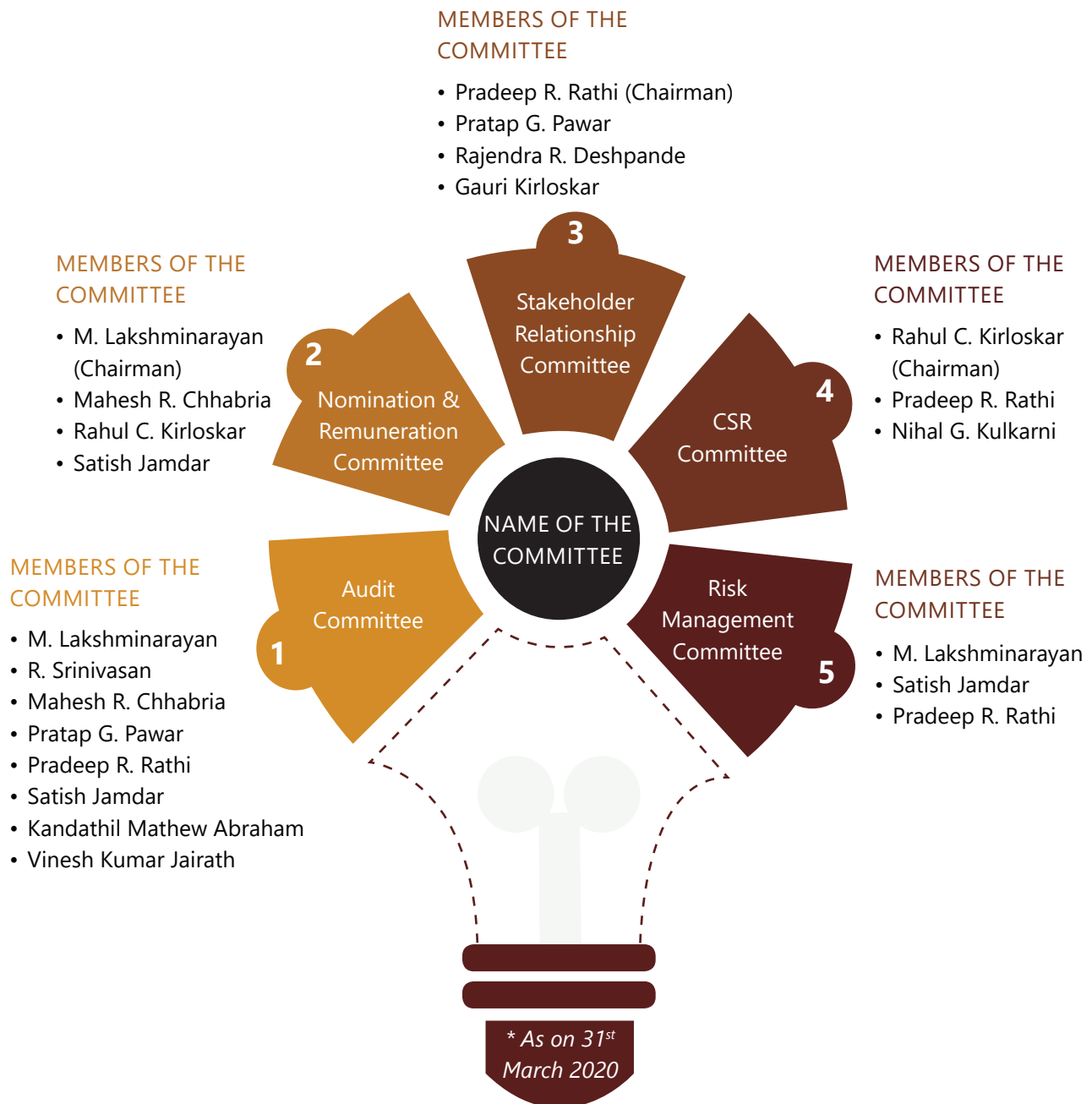
The composition of the Board is in conformity with the Listing Regulation and Companies Act, 2013.

NAME	DESIGNATION
Atul C. Kirloskar	 Executive Chairman
Nihal G. Kulkarni	 Non-Independent Director <i>(Resigned as Managing Director with effect from close of working hours of 28th April 2020 and continued as Non-Executive Non-Independent Director w.e.f. 29th April 2020)</i>
Rajendra R. Deshpande	 Managing Director and Chief Executive Officer <i>(Upto 28th April 2020)</i>
Rahul C. Kirloskar	 Non-Executive, Non-Independent Director
Sanjeev Nimkar	 Additional Director & Managing Director <i>(co-opted w.e.f. 29th April 2020)</i>
Pratap G. Pawar	 Non-Executive Independent Director <i>(Upto 11th August 2019)</i>
R. Srinivasan	 Non-Executive Independent Director
M. Lakshminarayan	 Non-Executive Independent Director
Mahesh R. Chhabria	 Non-Executive Independent Director
Gauri Kirloskar	 Non-Executive, Non-Independent Director
Pradeep R. Rathi	 Non-Executive Independent Director
Vinesh Kumar Jairath	 Non-Executive Independent Director
Satish Jamdar	 Non-Executive Independent Director
Sunil Shah Singh	 Non-Executive Independent Director
Mrunalini Deshmukh	 Non-Executive Independent Director
Kandathil Mathew Abraham	 Additional Director <i>(co-opted w.e.f. 10th August 2019)</i>
Shalini Sarin	 Additional Director <i>(co-opted w.e.f. 25th October 2019)</i>



## Board Committees

(GRI 102-18)



### Delegating Authority:

The Board of Directors and the committees of the Board are involved in an ongoing basis in the oversight of the company's material enterprise related risks. Senior management, led by the Chief Executive Officer and Chief Financial Officer in conjunction with other appropriate officers, undertakes a process that identifies, categorizes, and analyzes the relative severity and likelihood of the various different types of risks to which the company is or may be subjected to.

Depending upon the type of the identified material risks, the board's various committees receive periodic reports and information directly from senior management members who have functional responsibility for the management of such risks. (GRI 102-19)

The CSR Committee is responsible for KOEL's strong sustainable framework, implementation of all EHS & OHS initiatives and for KOEL's sustainability journey.

The Company's Utilities and EHS teams investigate resource efficiency and the EHS issues. A dedicated CSR team looks after community relations and Purchase and Marketing teams look into supplier and customer relations. All these teams report to HODs, under the MD's guidance. All the observation regarding ESG issues are reported to the top management by the company secretary. (GRI 102-20)



## KOEL Values

(GRI 102-16)

Considering, the dynamic situation in the external world, it was felt that there was a need to reorient the internal responses and behaviors. Accordingly, the senior leadership team had intense sessions on evaluating the current behavior of the leaders and systematically evolved a refined set of values after due deliberations.

- Integrity: Do what I say and say what I do
- Create Wealth for all the stakeholders: Do the right things for the organization
- Simplicity: If it is not simple enough, it is not yet a solution
- Empowerment: Be free
- Innovation: Be exponential

## KOEL Vision

By 2025, Kirloskar Oil Engines touches the world.

- We will constantly innovate, create products and service offerings that simplify lives
- We will create iconic and valued global brands
- We will establish leadership in emerging markets and create significant businesses in the developed ones
- We will build simple systems and processes that enable exponential growth
- We will be a leadership factory



## Code of Conduct and Ethics

(GRI 206-1, GRI 102-1)

KOEL has a robust code of conduct and ethics for its Board of Directors, senior management and its employees which are based on the National Voluntary Guidelines. KOEL ensures that such codes are strictly adhered to by having an efficient vigil mechanism and a whistle blower policy in place. A senior company official is entrusted with the responsibility of hearing complaints regarding Code of Conduct and taking appropriate action as required. The company even has a separate code of conduct for its suppliers. This ensures delivery of safe and sustainable goods for the employees.

Every year all directors and senior management team reaffirm their

commitment to code of conduct. Also, the new joiners at KOEL are made aware of the KOEL's way of doing business and are inducted into the company's culture of transparency, integrity, and accountability through sustained and sincere efforts in the initial phase of their career. This helps them discharge their duties professionally in lines with company's values and vision. There were no legal actions pending during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation on KOEL.

## Compliance and Risk Management

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

Adherence to statutory rules and regulations has always been a top priority at KOEL. It is due to the

continuous sustained efforts taken by the management at KOEL to identify possible gaps in its processes that the company had to pay no fines or penalty for flouting rules concerning emissions, health and safety impacts of its products and services during their life cycle. The company uses workflow based legal compliance software tool that monitors and ensures compliance of all applicable regulations across all factories and offices.

KOEL has its own Internal Audit Department (IAD) which carries out periodic risk assessment and management process for the company. The internal audit procedure has been designed such that it covers various aspects of the business and is commensurate with the size and complexity of the business. Accountability is established by identifying risk

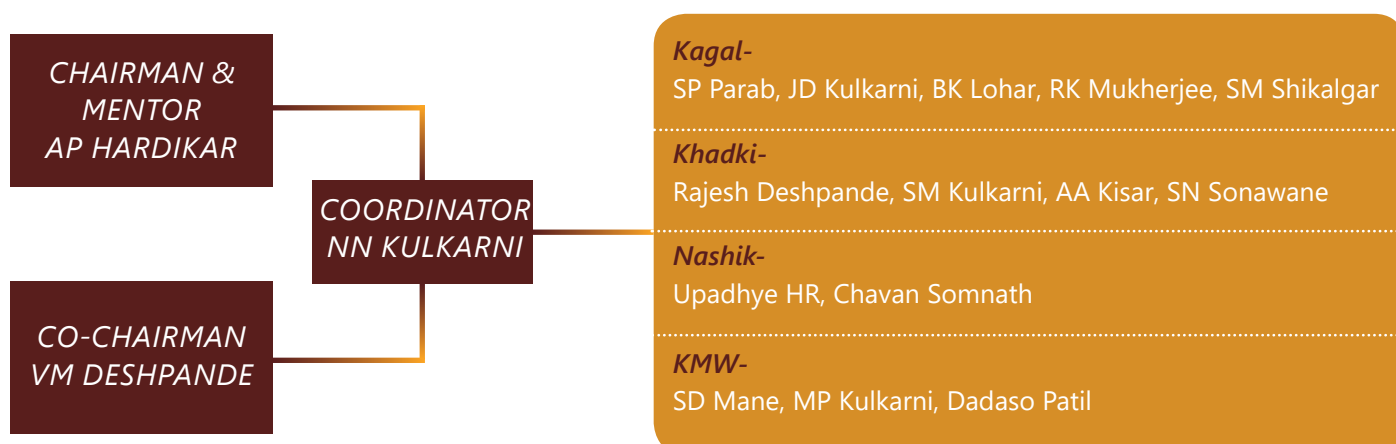
owners for each identified risk, and a detailed mitigation plan is provided by risk owners, which is then implemented after proper review. An IT system has been developed for the IAD to not only help it conduct audits but also track open issues and their closure. The Audit committee reviews the significant observations made by IAD and the follow up actions taken thereon. There were no notices received by the company for any anti-competitive behaviour, anti-trust, conflict of interest and monopoly practices. Similarly, there were no violations for any other compliances and regulations on environmental, economic, social, human rights practices. (GRI 102-25)

Also, the business risks are managed through cross functional teams comprising of personnel from various domains. They are reviewed by business heads at periodic intervals as described below:

### Review Mechanism:

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 capital budget, quarterly financial results	Shareholders	Quarterly
KGMOB	EC/ EVC/ MD	Financial and operational performance, strategic issues, organization structure	Shareholders	Monthly
LRP & AOP	EC/ EVC/ MD	Rolled over business plans, Operational and strategic issues, new projects, and developments	Senior leadership	Annual with 2-3 interactions
Weekly tracker review meeting	MD	Segment wise business performance review and financials	Customer, suppliers, employees	Weekly
Monthly performance review	MD	Business performance review and financials	Customer, suppliers, employees	Monthly
Functional review	Business Head/ Functional head	Functional goals, key improvement projects, AOP – monthly/ quarterly	Customer, suppliers, employees	Monthly
Production core team review	Plant Head	Daily and weekly production targets	Customer, employees	Daily
MRM /QMS ISO 140001 & OHSAS	MD	Internal and external audit, findings and CAPA, customer issues	Customer, suppliers, employees, society	Quarterly
CSCM	VPO	Safety precautions and measures	Employees	Quarterly
Business review	Business Head	Full scale review of Actions Plan	AM, HO, Manager	Quarterly

### KOEL's Sustainability Team Chart



## Socioeconomic and environmental

(GRI 307-1, GRI 419-1)

At KOEL, all facilities comply with the local environmental legislative requirements – such as those enforced by the Central Pollution Control Board, State Pollution Control Boards, in addition to compliance with Factories Act and Rules. Apart from the regular Environmental & legal compliances, KOEL has undertaken number of initiatives to reduce the adverse effect on environment & society such as innovative energy conservation projects, Environment-friendly disposal of hazardous material, etc. KOEL has a legal compliance reporting framework in place. A consolidated report on the status of various statutory and legal compliances is presented to the Board of Directors every quarter. The finance department ensures payment of all statutory payables on their respective due dates. Compliance with RBI requirements related to foreign currency transactions and their reporting is ensured through laid down processes and Controls. Various reports and timely alerts are developed in ERP system to facilitate better controls and exceptional handling. Compliance requirements are periodically reviewed and updated. In the current reporting period, no cases of noncompliance with any laws and regulations in the social and economic area was reported.

### Regulations:

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

# STAKEHOLDER ENGAGEMENT

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

KOEL understands the significance of stakeholder concerns perspectives and concerns. This is critical for protecting and enhancing value created along the chain. Enhancing the company's ability to create long-term value for all its stakeholders is an essential component of KOEL's business strategy. Ensuring growth that is contributed by and benefited to all stakeholders, is possible only through robust stakeholder engagement. Effective engagement helps translate stakeholder needs into organizational goals and creates the basis of effective strategy development.

The key stakeholders identified and engaged by KOEL are employees, customers, suppliers and distributors, business partners, investors, regulators as also certain financial institutions. KOEL has internal mechanism for mapping ESG along the contractor supplier side. However, from the next reporting cycle the audited responses will be taken into consideration for stakeholder engagement. The company has established effective mutual communication with its stakeholders, which allows to create and maintain enduring relationships with all of them. The engagement with the stakeholders has helped KOEL to meet its expectations, thereby providing an opportunity to effectively respond to stakeholder concerns. Currently, company secretary after interacting with various stakeholders collates environmental, social, legal, economic data (related to environmental) viz, contractors, suppliers, vendors etc. Currently there is an informal way in which Company Secretary collates all the relevant data and reports it to the management. However, from next reporting cycle a proper formal process will be considered for the same. In the reporting period there were no critical concerns raised by various stakeholders. Kagal and Khadki (80-90 % of business) are the major boundaries in this report. Similar engagement processes are followed at other places. (GRI 102-44)

The following table summarizes various stakeholders, their engagement forums, and objectives as well as the initiatives taken.

## A structured forum for effective engagement of leadership with Stakeholders:

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



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

### Mode of Engagement for gathering stakeholder needs & expectations

Stakeholders	Stakeholder Needs & Expectations	Mode of Stakeholder Engagement
Customers, OEMs, GOEMs, Dealers & Channel Partners	<p>Timely availability of Products &amp; Services</p> <ul style="list-style-type: none"> <li>Legally compliant products &amp; services</li> <li>Competitive products and services</li> <li>High Quality, Range, Low cost, on-time delivery</li> <li>Meet customer's specific needs</li> <li>Prompt Pre &amp; post Sales &amp; Service</li> </ul>	<p>Communication of Brand Promise - like Efficiency Integrated for KOEL Green</p> <ul style="list-style-type: none"> <li>Help desks/ care centers e.g., HHP desk</li> <li>Customer In-sighting Initiatives</li> <li>Customer Delight Index feedback</li> <li>CSS / KGD Survey</li> <li>Customer Training / Meets</li> <li>Proactive visits to Customers by seniors</li> <li>Customer Complaints Resolution</li> <li>Published data from government and different institutes.</li> <li>HHP roadshows /product launches e.g., iGreen launch event</li> <li>Field feedback from regional offices, dealers &amp; channel partners</li> <li>Mr. Customer initiative,</li> <li>Customer Care &amp; Periodic product campaign, Exhibitions &amp; Melas</li> </ul>

Shareholders	Sustainable growth in revenues & profits <ul style="list-style-type: none"> <li>• De-risking from diesel</li> <li>• Higher Dividend</li> <li>• Higher P / E ratio</li> <li>• Quick resolution of complaints</li> </ul>	Quarterly Investor/analyst meets, and one-one investor meets <ul style="list-style-type: none"> <li>• Manufacturing plant visits</li> <li>• Annual General Meeting</li> <li>• Annual Report containing the Chairman's Report, Director's Report</li> <li>• Published Quarterly results</li> <li>• Press Releases</li> </ul>
Employee	Job satisfaction <ul style="list-style-type: none"> <li>• Career Growth</li> <li>• Training &amp; Development</li> <li>• Motivation</li> <li>• Reward &amp; Recognition</li> </ul>	Town Hall meetings <ul style="list-style-type: none"> <li>• Coffee with MD &amp; CEO</li> <li>• Quarterly appraisal</li> <li>• Performance Review forums</li> <li>• Employee Engagement Survey</li> <li>• R&amp;R forums</li> <li>• External consultants' interactions</li> <li>• AOP/LRP deployment meets</li> <li>• Feedback from unions</li> <li>• Apex Committees</li> <li>• IR Committee / Grievance handling committee / Dept. Safety Committee</li> </ul>
Supplier / Strategic Alliance / Technology Collaborators	Fair commercial terms <ul style="list-style-type: none"> <li>• Involvement in NPD</li> <li>• Minimal fluctuations in delivery schedules</li> <li>• On-time payment</li> <li>• Growth in Business avenues &amp; improved ROI</li> </ul>	Supplier conference <ul style="list-style-type: none"> <li>• Technology Day</li> <li>• Supplier quality contests</li> <li>• VAVE exercises mention the abbreviation</li> <li>• Supplier Satisfaction Survey</li> <li>• Interactions with Vendors</li> <li>• Joint Improvement activities</li> <li>• Supplier 'A' Panel Meet</li> </ul>
Government & Society	Good corporate citizen <ul style="list-style-type: none"> <li>• Compliance with regulation</li> <li>• Regular tax payments</li> <li>• Employment generation</li> <li>• Social responsibility</li> </ul>	Society Perception Survey <ul style="list-style-type: none"> <li>• Economic Publication in journals/seminars/ media reports</li> <li>• Interaction with District &amp; State Authorities / Central Govt./ PCB</li> <li>• Meetings with Direct/Indirect Tax officials</li> </ul>

The company has established effective channels for communication with the stakeholders which helps it identify their issues and address them effectively and create value for the company and the nation. Our key stakeholders include customers, dealers, distributors, suppliers, vendors, employees, and the local community.

The company has been in a constant endeavor to enrich the lives of the vulnerable and disadvantaged sections among the stakeholder group through its CSR and other activities. The company has laid a special focus in Health, Education, Environment and Rural Development which has brought enrichment to the lives of many people.

Substantial sustainability measures undertaken for various stakeholders are summarized in the table below.

Stakeholders Group	Purpose of Engagement	Achievements
Customers	Legally Compliant Products	Successfully upgraded new product lines from CPCB stage I to CPCB stage II requirements
	Fuel efficient products	Fuel consumption reduced by 25%
	Environment friendly packaging	"Wood FREE" packing
Suppliers	Local sourcing	57% suppliers within 300 kms from Pune plant
	Environment compliance	<ul style="list-style-type: none"> <li>• Green Sourcing</li> <li>• Yield &amp; Productivity Improvement</li> </ul>

Employees	Health & Safety	<ul style="list-style-type: none"> <li>• No occupational illness</li> <li>• 3% of workforce in Health &amp; Safety committees, all Manufacturing plants certified to OSHAS 18001</li> </ul>
Shareholders/ Investors	Being a Corporate citizen	<ul style="list-style-type: none"> <li>Various CSR projects developed and supported</li> <li>Started business responsibility report (BRR in 2019-20)</li> </ul>
Society	Development of the local communities residing around Manufacturing	<ul style="list-style-type: none"> <li>• WASH Initiatives</li> <li>• Enhancing Employability</li> <li>• Health Check-up camps</li> </ul>
	Renewable energy initiatives	<ul style="list-style-type: none"> <li>• Open access Renewable energy purchase for Kagal and Khadki</li> <li>• Renewable energy consumed in 2019-20 – more than 85 lakhs Units</li> <li>• CO<sub>2</sub> emission reduction</li> </ul>
	Eliminating Ozone depleting substance	<ul style="list-style-type: none"> <li>• ZERO level achieved</li> <li>• Reduction of equivalent CO<sub>2</sub> emission</li> </ul>

## Grievance Redressal Mechanism

Customer focus and field issue resolutions: KOEL's engineering team is in constant interaction with the internal and external customers to understand the key product-related issues and work upon them in a structured manner. Following are formal interactions which happen on a regular basis:

- FCM: Field compliant meeting. CRE and AE teams attend the monthly FCM meetings to understand the field issues and provide the required solutions
- GOEM Meets: Understand GOEM issues with the product and provide solutions
- Industrial Customer Visits: To meet and understand the industrial OEM issues.
- Quality review meetings: Specific meetings organized by the quality team to address critical product-related issues.
- ECR-ECN Process: Minor product-related issues are also addressed through the ECR-ECN process.

This is mapped on Pulse where the complaint is lodged, a unique service request is created and real-time MaxTTR (Maximum Time to Restore) is calculated. KOEL offers value-

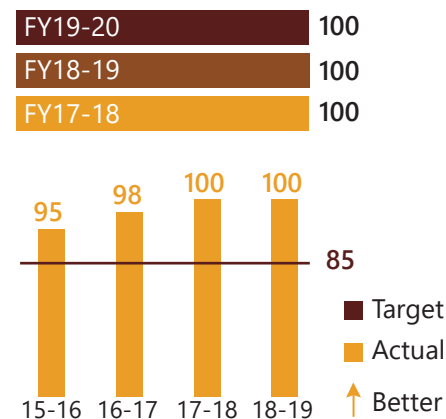
added services like Comprehensive AMC Contracts, Bandhan services, Service Camps and Customer Training, Customer Mela to take care of long-term relationships with Customers.

- The customer gives a complaint to KOEL helpdesk/SD
- Helpdesk generates service requests in CRM
- Helpdesk informs SD, auto SMS, and main generation
- SD deputed technician & resolves complaint
- SD closes the complaint on CRM & informs helpdesk
- After the closure of complaints in the system, Grievance team takes a call for CDI Feedback after three days
- Escalation if not closed in time
- Investigation and corrective action initiation by QA

KOEL continues to carry out a Society Perception Survey every year through a reputed external agency in the field. The survey results enable KOEL to assess the perception within local communities on its performance of initiatives undertaken and measuring improvements on a year-on-year basis. Further, it enables KOEL to integrate the key findings in developing future CSR initiatives. A CSR policy mandated by

the Board is implemented through various planned and budgeted initiatives with focus on Health, Education, Environment & Livelihood. KOEL drives its CSR initiatives by collaborating with employee volunteers and NGO partners.

## KOEL Community Satisfaction Survey Index (GRI 413-1, 413-2)



KOEL believes in 'Enriching Lives' of the people surrounding the communities in which it operates. The key identified focus areas remain as Health, Education, Environment and Livelihood. Most CSR activities are carried out through employee volunteering programs across our plants and offices. All three operations in the reporting boundary have community engagement and impact assessment. There were no negative impacts reported on the local community during 2019-20.

# SUPPLIER ENGAGEMENT

Suppliers are segmented for ease of engagement depending on the following factors:

Based on Importance/impact on KOEL, s Product	Based on the type of component /RM used	Based on supplier location	Type of component
a) Preferred Suppliers supply of proprietary / critical parts impacting Safety / performance of the product. b) Partner Suppliers Suppliers with KOEL involvement in their processes & procurement	a) Proprietary b) "5C" components c) Small castings d) Aluminum Parts e) Fabricated Parts f) Sheet metal g) Rubber and plastic h) Bar turn/ forged	a) Domestic b) Import	a) Class A b) Class B c) Class C

Supplier communication forum:

Supplier Communication	Periodicity	Information shared
BPR 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 condition 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 & KOEL expectations for the way ahead.

Improvement actions & initiatives taken based on Supplier Satisfaction Survey

Area of Improvement	Initiatives 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 supplier end c) Implementation support by 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.

Supply chain is an important component of any manufacturing process. It is important to have a very robust and efficient supply chain to sustain in today's competitive era. Hence, it is important to pay special emphasis on supplier selection and equip them with necessary tools and trainings so that they help establish responsive and cost-effective supply chain. Keeping this in mind, KOEL has laid special emphasis on its suppliers and considers them to be at the core of business. KOEL ensures involvement of its critical suppliers at an early stage of new product development. Such Co-Creation strategy helps in ease of manufacturing and ensures quality and cost competitiveness. KOEL keeps its suppliers updated regarding business environment, plans and other relevant initiatives through its quarterly communication. The company is engaged in

the Samvardhan Program for MSME suppliers with a view to change owner's perspective to an Entrepreneurial. The company is embarking on deployment of Lean principles for its MSME.

KOEL holds Annual Supplier Quality Improvement Contest. The event helps all the suppliers learn through various media platforms such as presentations covering diverse areas and apply changes to their existing processes. Additionally, events such as Technology Days are organized at certain times of the year where suppliers get a chance to showcase their products and new technologies which can be appropriately used as end products.

The company is aligning itself to the modern concepts of industry 4.0 and also modifying and improving its supply chain in the same context.

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 Critical Chain Project Management (CCPM) methodology with a view to correctly prioritize the issues leading to saving of time and energy for all the relevant stakeholders and for new product development.

## Grievance Redressal

(GRI 103-2, GRI 418-1, GRI 102-43, GRI 102-44, GRI 103-2, GRI 406-1)

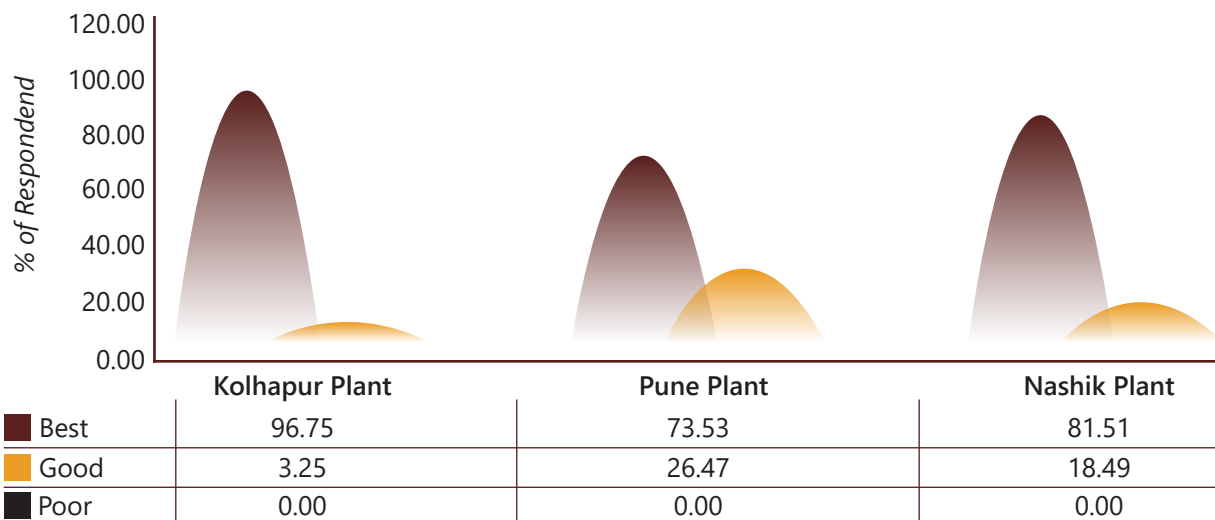
### Community

- KOEL has always paid special emphasis on the development of a strong and stable community in which it operates. To achieve this objective, many CSR activities are carried out for community upliftment around the company's operations with a special focus on Health, Education, Environment and Rural Development. Also, it is of great significance to mention that the CSR representatives meet directly with the community members while trying to address their grievances.
- KOEL has a structured community grievance redressal process in the next reporting period.
- No cases of discrimination were reported during the period 2019-20.

Result of Society perception survey				
Perception Indicators	Company performance as Responsible citizen (Last five years' scores)			
	2013-14	2014-15	2015-16	2016-17
Disclosures of relevant information in the community	95	95	94	99
No discrimination/ Equal opportunities	94	93	92	98
Relationship with relevant authorities	95	93	90	98
Ethical behavior	98	98	98	100



## Company's performance as a responsible citizen (All Plants)



## Key expectations of society and their likely impacts

Expectations of society	Response from KOEL
Pollution free products	Developing CPCB II compliant engines resulting in competitive edge
Employment generation	Acquiring new talents and retaining
Support for social projects	WASH & Akansha initiatives with focus on Education and Health

# INNOVATION AT KOEL

KOEL has always believed in the power of innovation and considers it to be an important driver for growth. The excellent R&D facility set up by KOEL is an important reason for it being able to sustain its business year on year for a long time now. The R&D facility works closely with suppliers and other business partners as also various renowned research institutes of the country like Petroleum Conservation Research Association (PCRA), CPCB, Indian Institute of Technology, Vehicle Research and Development Establishment etc. KOEL's strong focus on innovation has enabled it to come up with products that can deliver high value for the customers at a comparable cost. The R&D strategy continues to focus on increasing efficiency, customer satisfaction and strengthening business presence in growing markets.

**The innovation initiatives carried out by KOEL have been grouped into different categories as follows:**

## **Several enhancements were made in existing product lines**

- The High Horsepower genset product portfolio from 910 kVA
- Heat Exchanger cooled and stone crusher genset range
- 12 HP power-tiller
- Tier 3 engines from 30 kW to 100 kW power range for emergency standby market in US.
- BS III emission compliant engines for construction equipment
- CPCB stage II emission norms applicable for power generation
- Bharat (TREM) Stage III emission norm compliant engines for tractor

application

- Range of fire pumps were enhanced by adding 3000 rpm engines

## **Innovation for a sustainable future**

- Designing of new engine platforms namely K4300 and R550
- Cost effective emission solution for Tier 4 Final/ BS IV CEV norms
- Development of special marine and defence application
- Implementation of critical chain project management methodology for new product development

## **Future Outlook**

- Focus on modernising and upgrading existing product line
- Further enhance HHP range
- Development of global engine platform
- Implementation of critical chain project management methodology to set right project priority
- Getting supply chain aligned with the concepts of industry 4.0

## **Test facilities at CRE**

- A state-of-the-art test setup is under deployment where all test cells are being upgraded to new facility
- A brand-new proto engine assembly setup is deployed to meet the futuristic needs of the product portfolio
- Various assembly and test facilities for HHP segment viz. K4300, 1010kVA are in the advance stages of deployment
- Engine performance test facilities for torsion, NVH and swirl
- Test setups for oil pump testing, coolant flow testing, FIE calibration support characterization of the critical engine subsystems
- Individual component, subsystems

test rigs to cater to HHP

requirements are in the design stage

- Renovation of test facilities caters to reliability, endurance requirements of engines
- Four emission test beds, two transit dyno and two steady state dynos with capabilities of TIER IV emission optimization are in place
- Planned investment for testing compliance to emission US Ties III and above

## New Product Development

Strategic Objective	New Products launched	
HHP	DV750kVA	250-625 kVA cold start ability range
DV 910 kVA	250-1010 kVA stone crusher range	
DV 1010 kVA	DVHE cooled range	
DV fire fighting	Gensets for data centers	

## Railway- a) on- board b) on- board silent c) under slung gensets

Exports	Enhanced features genset	Genset range for LatAm market
Super silent genset	FMUL listed/ non listed firefighting engines	

## Compact gensets range of 4k and 6k series launched in exports

EPA certified range	Telecom gensets for Vietnam	
End products	Power tiller mega T12, power weeder MINT8, MINT5, electric pump sets	
Go digital	Remote monitoring of gensets	Drawing and canopy BOM automation

*8 HP Power Weeder**12 HP Power Tiller Light**15 HP Power tiller Light*

# OPERATIONAL ECO-EFFICIENCY

(GRI 305-1, 305-2, 305-4, 305-5)

KOEL monitors its Greenhouse Gas (GHG) Emissions and its related KPIs as part of its internal monitoring system. Various energy efficiency initiatives in operations and products are planned by Company to reduce its carbon footprint. During the year 2019-20, KOEL has purchased Renewable energy through Open Access for its Kagal and Pune Locations, which has helped in improving its carbon offset.

During the reporting period, all the emissions / wastes generated were well within limits prescribed under consents of SPCB/ CPCB. These are also reported to SPCB as per the process prescribed by them every year. No show cause and legal notices were received during year under review from the CPCB or SPCB at any of KOEL operations.

## Regulatory & Compliance framework:

Initiative / Program	Objective	Achievement
ENCON –Energy Conservation	To reduce the specific energy consumption.	Achieved a reduction in Specific. Energy consumption in FY19-20 is 2.26 kWh/BHP
Environmental Compliance	To comply with applicable environmental laws	100% compliance achieved as per MPCB [Maharashtra State Pollution Control Board]
Carbon Footprint Study	To determine the carbon emissions from all processes	The study of Short-, Medium- & Long-term goal for reducing Carbon footprint was taken into operations
Renewable Energy Initiatives	To increase the consumption of Green Energy resulting in a reduction in CO <sub>2</sub> emission	The share of renewable energy in total electrical consumption for FY19-20 is 30.50% with respect to Total Electrical Consumption for Kagal which has resulted in an offset of carbon emitted by 7484 tCO <sub>2</sub> . Khadki replaced about 3% of its total electrical consumption by renewable energy through open access FY19-20.
Hazardous waste management	Reduce the generation of hazardous waste from manufacturing plants	Within State Pollution Control Board
Operational Safety	To ensure Machine Operator Safety	100% Machine Guarding done.
	To improve workplace safety	Replacement of wooden platform with MS platform
Occupational Health Improvement	Reduce exposure to high noise zone	Provision of Acoustic enclosure for engine testbed across all manufacturing plants

KOEL's management is environmentally conscious and it makes best possible efforts to minimize its environmental footprint. KOEL follows ISO 14001 guidelines which have helped to implement a robust Environmental Management System with its view on protection and restoration of the environment. KOEL also makes significant efforts to minimize environmental damage for the neighboring communities in which its plants operate. KOEL's commitment to sustainable operations is extended even to its suppliers and contractors. (GRI- 301-3)

All the plants of KOEL are 'zero discharge' plants, and. the treated effluent is used for gardening purpose within their campuses and no discharge leaves the premises.

## Pollution control

KOEL's plants are fully compliant with the CPCB and respective SPCB norms.

### Environment and OHS:

OHS is one significant area which needs constant focus and attention, during the reporting year, a number of initiatives were undertaken at KOEL's plants and offices in the areas of Environment, Occupational Health and Safety (EHS). Some of the key initiatives are listed below –

#### Environmental initiatives by Khadki plant:

- Use of fly ash bricks for civil work.
- Celebration of World Environment Day. Tree plantation in factory premises.
- Use of treated effluent for toilet flushing in addition to gardening.
- Constructed rainwater harvesting structures and one bore well recharge structure.
- Installed piezometer for recording ground water level.

### Occupational Health Initiatives by Khadki Plant:

- No Tobacco and De-addiction drive.
- Emergency preparedness training for employees
- Blood donation camp on 28th May
- Periodical Medical examination of all employees
- Organized International Yoga Day on 21st June
- Health Checkup and follow up of all Diabetes and Hypertension detected employees
- Lectures on various health topics by eminent personalities from related fields
- Managing Cholesterol and Prevention by Dr. Gauri Damle
- First Aid training for Security Personnel
- Awareness session on dry eyes by Dr. Amrish Darak
- Health talk on Diabetes by Dr. Chetan Burujwale.
- Health Talk on Heart Diseases by Dr. Chetan Burujwale
- Stress Management awareness session by Dr. Jayant Karandikar
- Awareness session on diet and nutrition about Power of Proteins by dietician.

### Safety initiatives by Khadki plant:

- Celebrated Safety Week. Organized various competitions.
- Organized lecture on fire fighting.
- Addressed near-misses in communication to employees.
- Mock drills conducted as a part of OEP.
- Trainings arranged for forklift drivers and crane operators.
- New earthing's provided in transformer yards for increased safety.

### Safety initiatives by KMW plant:

- Basic Safety Awareness
- Accident Investigation & Report Filling
- MSDS Awareness Program
- Fire Fighter & Emergency Preparedness
- Crane Handling and Safety
- Safety in Forklift & Stacker
- First Aid Training Program refresher
- PPE'S Awareness Training

Health camps	1. Eye & Dental Checkup Camp 2. Blood Donation Camp 3. TT Immunization Camp
Health Awareness Trainings	Health Awareness Session Conducted on 1. Asthma 2. Hepatitis 3. Heart Disease 4. Dental Care 5. Eye Care 6. Arthritis 7. Yoga Awareness & Day Celebration
Health check up	1. Annual Health Checkup for all employees 2. Team Members & Spouse Health Checkup
Environmental Initiatives	1. Celebration of World Environment Day by planting Trees in company premises on 5th June 2019. 2. PUC Checkup Camp organized for all employees in Sep-19 3. CSR Activities to create environmental awareness amongst society, like Kirloskar Vasundhara International Film Festival in Nashik City and Vasundhara Eco Rangers Activity in various colleges.



### Safety initiatives at Nashik Plant:

1. Various Trainings Organized on EHS Viz. – Basic Safety, Electrical Safety & OHSAS Legal Requirement.
2. Various Mock drills like Fire at Scrap Yard, Medical Emergency, Acetylene Gas Leakage, etc. conducted to assess the emergency preparedness.
3. Trainings organized on Behavioral Based Safety.
4. Internal Safety Audit conducted & actions generated on recommendations

\*Zero Accident achieved in this year also.

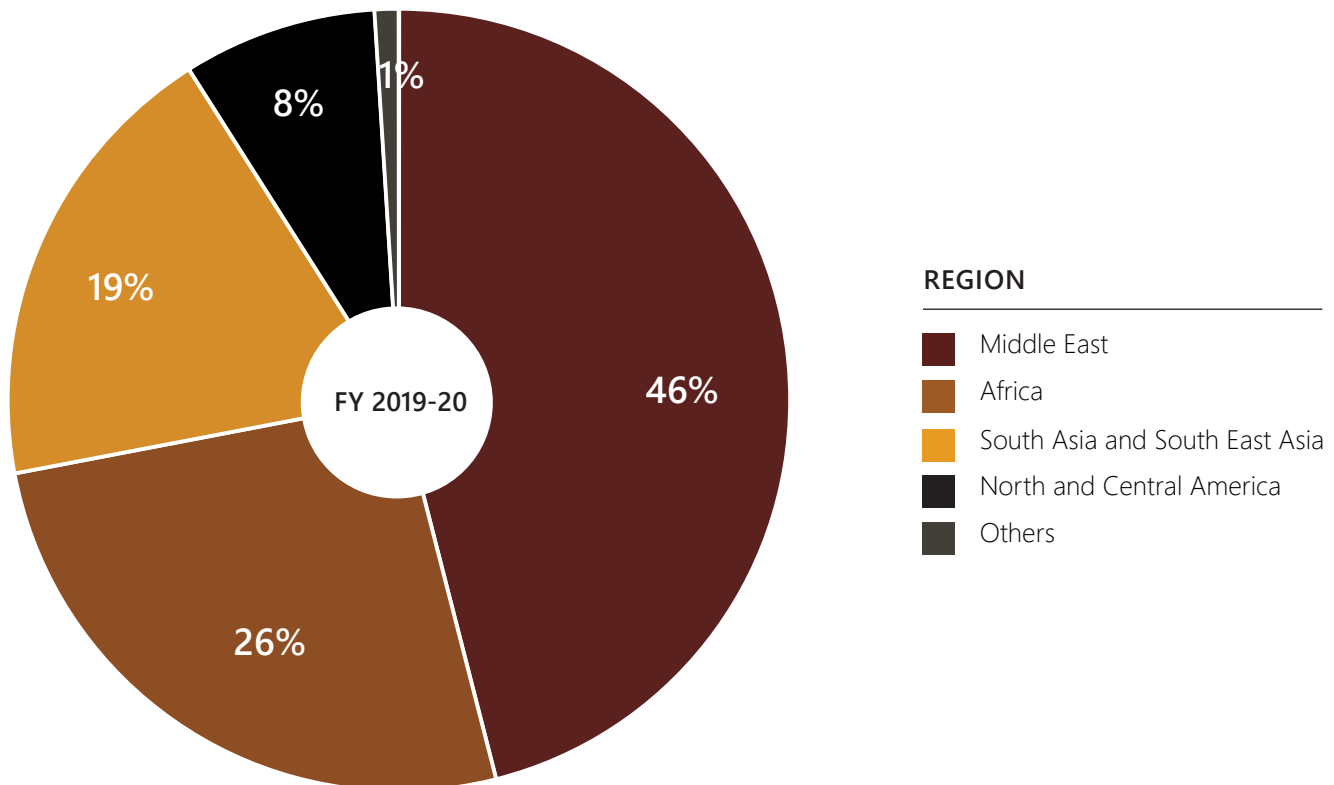
\*In FY 2019-20, KOEL has reported zero accidents during the entire duration of 2381 total working days (Reportable), beating its previous best record of 725 days.

\*Introduced and conducted innovative Safety competitions to enhance workforce engagement.



# STRATEGY FOR NEW MARKETS

The reporting year had been good for overseas business segment, since the revenue from overseas Business in FY 2019-20 was 233 crores as against 206 crores in 2018-19. The organizational efforts in focus markets as well as adding new OEMs to our portfolio enabled a growth of 12% over the previous fiscal year. Power Generation and Firefighting segments were the major growth contributors. New markets and segments contributed to about 31% of the overall export revenues. The Company achieved a notable double digit growth in key South East Asian and African markets, while the Gulf countries and South Africa contributed significantly to export revenues. KOEL made a promising start to power generation business in the USA, while business in the rest of the Americas region remained steady. On the other hand, competition from multinational companies has extremely intensified in the Power Generation and Industrial segments. KOEL also faces severe price competition from Chinese and domestic players in the agriculture segment.



## Some of the highlights in the International Overseas for the Financial Year 2019-20 include:

- Concentrated intensified efforts resulted in a growth of over 70% in South Africa and United Arab Emirates, both of which were identified as focus markets for KOEL.
- FMUL fire-fighting engines business contributed to about 14% of the overall export business. As part of the business strategy, KOEL implemented a regional stocking arrangement in the UAE, and this was instrumental to the business growth.
- In the USA, we introduced EPA-

certified Tier 3 diesel engines suitable for up to 100 kWe Standby Generating sets, also made a beginning with OEM business. These are expected to be one of the growth drivers for FY 2020-21.

- KOEL made significant strides in South East Asia in the Power Generation segment, especially in Vietnam and Myanmar. We intend to use this as a platform to build further, during the new Financial Year.

## Future Outlook

Decline in secondary sales at the beginning of Financial Year 2020-

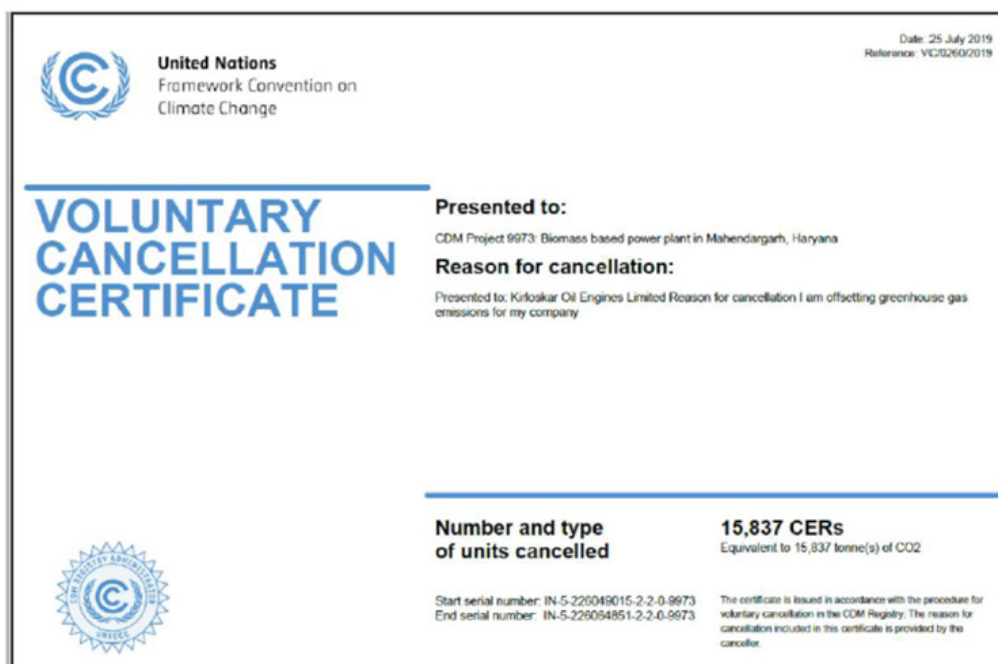
21 is anticipated in all the markets. Efforts will be done to engage actively with Channel partners, OEM's and Customers and to explore new business opportunities to minimize the anticipated loss in sales. The focus in Financial Year 2020-21 will continue on the market penetration in targeted markets identified. On products front the company will make sustained efforts on selling high horse power range and FMUL engines for firefighting pump sets and will also explore opportunities for gas engines.

# PRODUCT STEWARDSHIP

(GRI 416-2, GRI 417-2, GRI 418-1)

The Company believes in developing sustainable products with optimum use of resources over the lifecycle of a product i.e. from design to disposal. Product lifecycle management is core to the organization. KOEL is committed to creating and preserving a clean environment. KOEL is committed to minimizing any potentially negative environmental and social impact of its products during manufacture, use and disposal. KOEL's management is environmentally conscious and it makes best possible efforts to minimize its environmental footprint.

KOEL commits that all products in agri- domain are qualified as per the testing criterion IS9935:2002; IS9980:1988; IS13539:2008. KOEL has already embarked on a remarkable journey towards environmental conservation. On World Environment Day, 2019, KOEL Kagal Plant has achieved Carbon Neutrality as per the guidelines of PAS 2060:2014. Carbon Footprinting analysis has been carried out and audited for 19-20. However, neutrality study remains to be audited and certified.



The Company ensures that its products uphold the highest levels of safety, quality, and environment friendliness. The Company's products are designed responsibly which stew the products towards respecting various environmental and social norms and regulations restricting emissions and noise. The products of the Company have received a variety of certifications like FMUL (Factory Mutual Underwriters Laboratory). The Company's operations adhere to and are certified for ISO 9001 and all manufacturing units are certified for adherence to ISO 14001 and OHSAS 18001. The Company's products are also certified by BIS (Bureau of Indian Standards) and 'Conformite Europeene' (CE) or European Conformity label.

The Company's standard operating practices, product information and labelling etc. are designed to ensure that everyone connected with the product lifecycle i.e., designers, producers, value chain members, customers and recyclers are aware of their individual responsibilities.

KOEL – CSBG has deployed structured approach of conducting annual training programs for its All-India service dealers and their technicians on a periodical basis to promote and ensure responsible use of KOEL Products and enhance the competency of the service dealer personnel by demonstrating right maintenance practices. In addition to this KOEL CSBG had commenced exclusive regional training centers

at Kolkata & Delhi to enhance & moderate the skills of engineers working with local dealers.

## Following tailor-made training programs are arranged for customers and service dealers:

- Engine assembly & dismantling practices
- Recommended maintenance practices
- Electrical training program on Main alternators & others.
- Customer training program on Operation & maintenance practice on engine / DG Sets
- Customer sensitization & Presentation skills.

**Apart from above, the following initiatives are taken by KOEL for training its customers:**

- Product demonstrations in PG/Agri/LEBG
- Training at Customer's premises
- Product Literature
- Use of skids instead of wooden packaging to maximize Green effect
- Field demonstrations of product usage in Agri (CUE)
- Customer communication during site visits in all BU

All (100%) the significant product and service categories have been assessed during the reporting period for improvement for which health and safety impacts may be expected. This is done as part of the design criteria, routine O&M as well as the specific servicing requests received. There were no cases of non-compliance concerning the health and safety impacts of products and services as well as product and service labelling. KOEL has a publicly available privacy policy and had made elaborate internal data management protocols. Further, there were no complaints concerning breach of customer privacy and loss of customer data. There were also no incidents of non-compliance concerning marketing communications.

KOEL uses various display labels on the products & spare parts to inform customers about these products. We also provide Operations & Maintenance (O&M) manuals of the respective products in conformity with relevant labeling requirements. Other than this, all products are given certain Do's & Don'ts guidelines, regulatory approval certificate reference along with user manual and spares code numbers.

## Product and services

The wide range of products that KOEL has are significantly used in sectors that are drivers of economy in the country. These include sectors like infrastructure, real estate, construction, mining, factories, retail, hospitality, telecom and agriculture. KOEL's product line includes products like portable gensets, large gensets, industrial engines, agricultural pumps and engines etc. There have been no substantiated complaints received during the report period, concerning breach of customer privacy. Also, there were no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

## Product Responsibility

KOEL has proper systems in place to ensure safety, quality, and sustainability of its products. All its products go through required regulatory approval process and are introduced into the market only after proper procedures are followed. Also, the company provides relevant user instructions on its manuals and labels put on products to enable safe use of products.

## New product Development:

The company operations balance the art of new product development and Circular Economy. In FY 2019-20, KOEL has revisited the findings for stewarding its products responsibly:

- Subsidy plays a major role in Agri Small Machinery segment. Hence, enrolment in subsidy list of major states for Power Tiller is critical step after Government testing certification

- Depending upon Natural Calamities, Central Government to announce special packages for affected states for agriculture machines
- Agriculture field and off field operations are season specific, hence readiness for service is critical which can result in increase in spare parts revenue
- Some of the Parts are prone to wear ie. Rotor blades after every two seasons called for replacement
- Average expected life of machine is around 4-5 years, hence every 4-5 years' machine replacement is expected

## Customer health and safety

KOEL has a dedicated network of marketing and sales officers in India and other countries who take proper feedback from customers and provide valuable inputs to the company. KOEL's MD and other Business Unit Heads visit some selected domestic and overseas customers to gather appropriate inputs regarding the products and its use for strategic positioning of the products and rectify the faults identified. Such systems help the leadership to know the customer's actual perception on the product's quality and service. (GRI 416-2)

## Customer Engagement Initiative:

### Project Velocity:

To nurture collaborative & customer focus culture, HR has launched 'Project Velocity', a Customer Engagement Initiative for PG. This was a certification program for Area Sales Managers and Zonal Sales Managers of Power Generation business. There were 3 levels of this program. In Wave-1, the sales team of LMHP was covered. Wave-2 covered the sales teams of HHP and C&I. In Wave-3 of Project Velocity, trainers were trained who then imparted the knowledge to the Channel Partners of KOEL, thereby strengthening the bond between the two.

### Phases:

Enabling the team for strategic account management to bring focus on large customers.



Developing the team for effective channel management aligning to customer at the core.

Setting up processes for scalability and growth by enabling channel team to drive acceleration.



# SUSTAINABLE SUPPLY CHAIN

(GRI 308-1, GRI 102- 9)

KOEL's supply chain includes material procurement, inbound logistics, material handling and finished product supplies to the markets. KOEL understands the criticality of maintaining a robust supply chain to build a sustainable business. Hence, the company has focused to build a strong supplier's base over the years. This has ensured on time delivery and maintaining desired quality of products.

The company has well defined Sourcing Policy and Supplier Quality Manual which outlines the plans for supplier development. The policy emphasizes procurement from local vendors particularly those in plant's vicinity to promote growth and development of local communities. Continuous enhancement of supplier skills and competencies are ensured through well-structured systems and activities in place.

KOEL engages in activities like Samvardhan Program for MSME Suppliers with a vision of transforming owner's perspective to an Entrepreneurial one. KOEL helps in facilitating formation of MSME clusters along with National Productivity Council (NPC) and MSME ministry. Other than this, 'The Annual Supplier Quality Improvement Contest' is held. It is a forum for suppliers to share and learn from their peers. It is a one of its kind programs and has become an industrial benchmark. Apart from these, several technology days are conducted throughout the year which gives suppliers a platform to showcase their products and new technologies.

**As a part of Supplier trainings, special sessions were also conducted on:**

- Six Sigma
- Value Stream Mapping
- Single Minute Exchange of Dies (SMED) for handling complex situations
- Regular training programs were also provided on PPAP, Energy Conservation, Geometric Dimensioning and Tolerances (GD&T), Measurement System Analysis
- Trainings on Supplier awareness
- Supplier Quality Improvement Contest-SQIC
- Zero Defect
- Composite Score
- Samvardhan
- Zero Fetting

Apart from these, the company has started applying the concepts of Industry 4.0 which will enable the company to develop future ready supply chain.

**The company also conducted various workshops/meetings for safe and quality supply chain in the organization, in 2019, KOEL conducted the following workshops:**

- Supplier Quality Improvement Contest-SQIC: **Annually, one meeting in November 2019**
- Zero Defect: **Monthly review with 58 suppliers**
- Composite Score: **Annually**
- Lean Clusters: **Part of monthly supplier reviews**
- Zero Fetting: **18 suppliers monthly**

KOEL is committed towards conducting its business in an environmentally sustainable manner. Keeping this in mind, the company

has defined a Green Supply Chain Policy which aligns actions in supply chain in an environmentally friendly manner. It advocates judicious use of natural resources like wood, recycling of wastes and adoption of responsible business practices. The supplier manual contains specific instructions on environment, occupational health and safety management systems. The company lays key emphasis on sustainability while selecting its logistics partners. The company initiated the use of CNG vehicles for inbound transportation. The company has a policy to engage with only those vendors who are compliant to all environmental laws. The company conducts awareness programs for use of non-conventional sources and installation of solar panels on supplier's premises. Periodical assessment of suppliers for their environment, health and safety management systems are done.

## Suppliers

Quarterly communication, which encompasses the current business environment, KOEL plans and implement any other initiatives undertaken during the period are shared with suppliers. A monthly score card program has been launched, wherein the company communicates to their suppliers on monthly basis. The overall goal for such meets/ calls is to check for Quality and Delivery scores. Emphasis has been given on strengthening the supply chain, since raw material cost forms a major part of KOEL's product cost. In line with Annual Operations Plan (AOP) - Organisational Goals, Senior Leadership team and Supply chain management team are taking various initiatives with supplier's involvement to develop and sustain

a competent and dedicated supplier base for KOEL.

Senior leadership has special focus on improving supply chain productivity. They carry out regular engagements with suppliers in respect to improving quality, productivity, on time delivery, cost reduction and use of technology. Special workshops and periodical meetings are conducted for the suppliers to familiarize them with the changing needs of the company with emerging business scenario and disruptions being caused by technology. The outcome of these meetings helps in making strategic decisions like capacity planning and design changes.

There are regular interactions between the suppliers and the SCM head on issues such as inventory control and OTD (On Time Delivery). Supplier Quality Improvement (SQI) team looks after proper training programs and practical knowledge of supply chain concepts like TPS, Six Sigma, Kaizen etc. for the suppliers to make them acquainted with the latest global supply chain trends. There are personal meetings and quarterly meetings with suppliers to address their grievances. This helps KOEL earn their commitment and create a strong supply base. KOEL engages with suppliers at an early stage of product design to ensure their views are being considered. KOEL has a dedicated Supplier portal, where information such as purchase orders, GRR status, payments, corrective action request and inventory is available in real time. This reduces the time for follow ups from suppliers.

As per the commitment to sustainability, KOEL has adopted a policy of green supply chain. The company has adopted paperless freight billing system as per that policy. Also, KOEL has adopted practices like local sourcing and logistics optimization which helps in

reducing environmental footprint. Also, KOEL encourages practices such as 3R (Reduce, Reuse, Recycle), rainwater harvesting, tree plantation and usage of energy efficient equipment at supplier premises.

**In line with green supply chain practices, KOEL has developed structured approach for reducing and eliminating usages of Natural resources like wood, energy, water, sand which are as follows:**

- Conversion of Sand Casting to Aluminum Dye Casting for over 30 components thereby reducing Silica Sand consumption.
- Reduction of power consumption per unit of castings produced.
- Supplier Production Part Approval Process (PPAP) document in soft form instead of Hard copy.
- Re-designing packaging and forwarding method for base plates of Gensets.
- Introduction of Metal Skids instead of wooden packaging for radiators higher KVA engine models and alternators.

## Supplier Assessment

(GRI 414-1, 308-1)

### Dealers / Distributors:

KOEL constantly engages with AGOEMs, Service Dealers and Distributors to understand the market demand and the requirements of specific products and services. The engagements also help in understanding the expectations of the dealers and distributors which aid in better collaboration. Further, it is of immense use in identifying the gaps in the system that helps in cost reduction and better services to the customers.

Further, to make things more transparent and simpler for the distributors/ dealers/ AGOEMs/

OEMs, KOEL has given its suppliers access to iStore (inventory store) and CRM. This helps them view business related transactions on real time basis. Hence, the time in follow ups has reduced considerably.

SCM is involved in creating AAA (Agile Adaptable & Aligned) supply chain through its comprehensive processes aimed at obtaining maximum advantage on cost, technology, process, quality and delivery. As a major contributor in Organization's goal achievement, SCM leverages sourcing power of organization through 280+ suppliers for about 7,000+ parts. Demand driven supply chain based on the concept of Theory of Constraints (TOC) is a way of life at KOEL which has ultimately resulted in significant improvement in availability of products at customer end year on year. Capability Building for future ready supply chain is ensured through well-structured approaches like Project Lakshya, Lean Cluster, Samvardhan, Project Unlock, CCPM Way and Green Sourcing Initiatives. KOEL is setting Industry BENCHMARK for organizing its annual supplier quality improvement contests where the central theme is Share-Learn-Apply.

### Percentage of new suppliers screened:

(GRI 308-1, 414-1)

In the reporting period KOEL has screened 100% of its critical suppliers (in production parts), has conducted Zero Defect Project for supplier improvement, with six monthly reviews, incl. EHS score and social criteria.

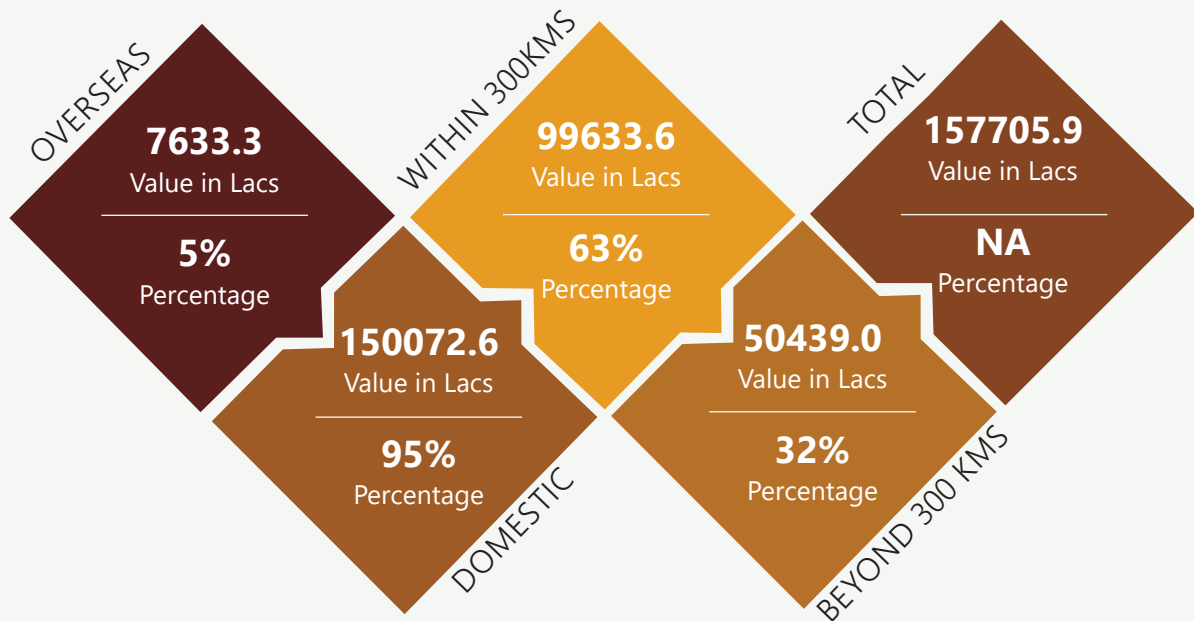
### Proportion of spending on local suppliers (GRI 204-1)

In keeping with its commitment to promote the local community, KOEL has employed around 59% local suppliers for its on-site jobs for

Kagal, which represents more than 60% of the operations (within 300 km, as per Supply Chain Policy) and 4% overseas suppliers were brought onboard in the reporting period. For Nashik and KMW, Kagal is the major source of raw material. (GRI 308-2)

There were no negative environmental, social and human rights impacts observed for all the suppliers assessed in the reporting period.

### Direct Material Spent for Pune and Kagal FY 2019-20



*% of the procurement budget used for significant locations of operations that is spent on suppliers local to that operation.*

# HUMAN CAPITAL DEVELOPMENT

(GRI 401-1, GRI 414-1)

The values at KOEL ascertains that the most important asset, the Human asset is being cared for, since employees are the most valuable business assets. To always ensure the healthiness of its employees, the company arranges regular health checkup camps across the organization followed by necessary corrective and preventive actions.

The Company's HR processes address the well-being of its employees at all levels and offers equal opportunity to all without any discrimination. These processes are guided by the inherent values of the company and are always in conformity with labor laws, human rights and other legislations promulgated from time to time. The Company strongly condemns any form of child labor and recruit employees only after ascertaining proper age by way of valid documentation.

There were no complaints relating to child labor, forced labor, involuntary labor or sexual harassment in the last Financial Year as also at the end of Financial Year 2019-20.

Recently KOEL has revamped its HR strategy and came up with Darwinbox – Performance Management System which enables half yearly performance review system.

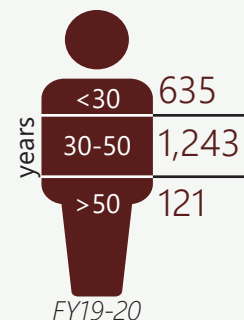
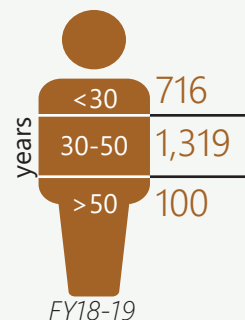
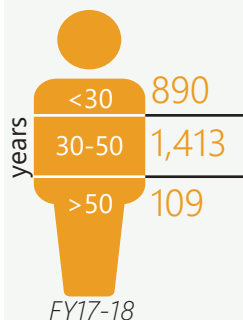
KOEL has a policy of equal opportunity for all its employees in all aspects. It provides equal remuneration to both male and female employees and equal opportunities to grow in the organization irrespective of gender, caste, or religion.

## Employment:

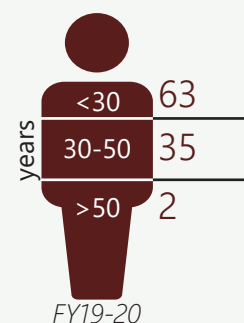
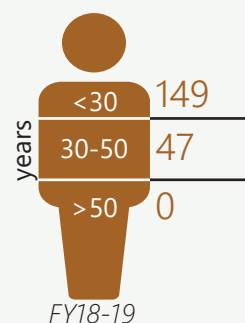
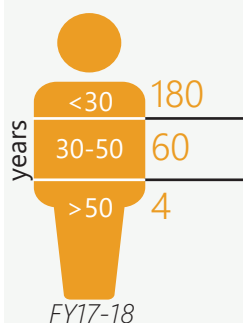
### Total Workforce

2,412  
FY17-182,135  
FY18-191,999  
FY19-20

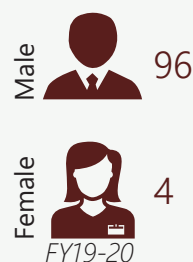
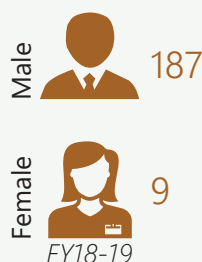
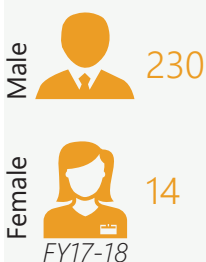
### Employee Diversity (by age group)



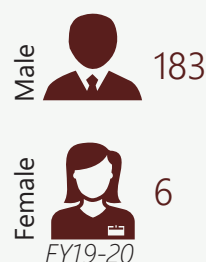
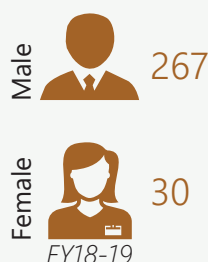
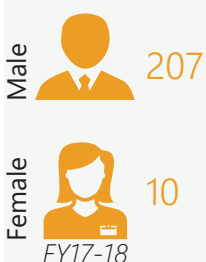
### New employees hired by age group



### New employees hired by gender



### Employees turnover by gender



## Diversity:

To promote gender diversity and further to enactment of 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', a series of sessions have been conducted by an external agency to create awareness for all employees. In the report period, KOEL has also reviewed Hospitalization Policy of Team Associates and appropriate recommendations were made.

## Training and Education

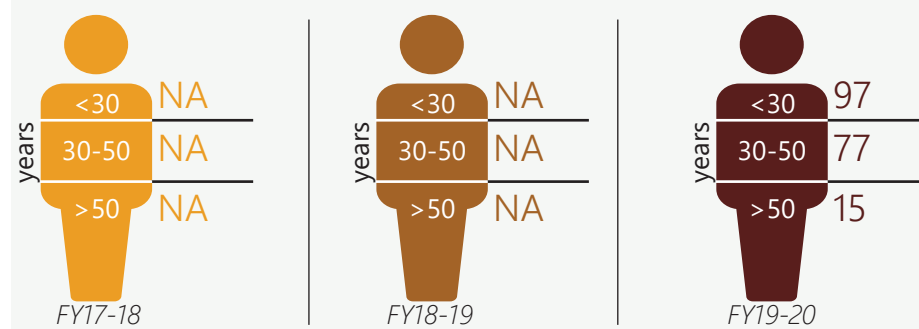
(GRI 404-1, GRI 404-2, GRI 102-8)

At KOEL, training and development opportunities are provided to employees under two major domains: Technical or functional and Behavioral based. Training requirements are mapped on periodic basis. For Manager Grade-M2 to M5 category employees, leadership competency trainings are conducted. To further enhance skills and enable employees perform better, KOEL exercises Competencies Identification which is a competency-based assessment for employees. Depending on these assessments further training needs are assessed separately for each department. KOEL is in the process of preparation of talent development framework to ensure employee capacity building and better management. The company has also been proactive in developing and circulating a yearlong training calendar to its employees.

## Attract, Develop & Retain Talent

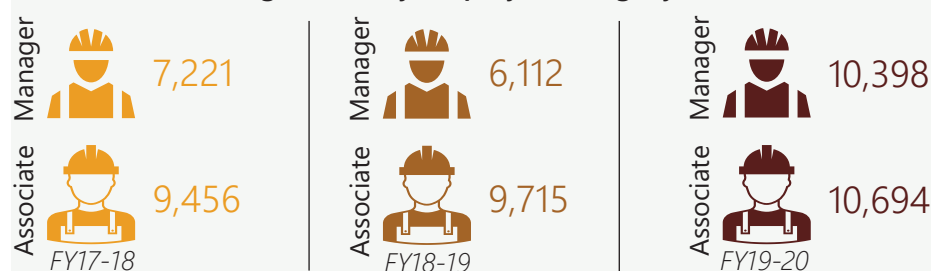
The strategic objective of Learning and Development Framework is to develop and retain the right talent. Learning organization focus on building a sustainable growth and edge over competition. This phenomenon is imbibed in us, making KOEL a place where Learning and Development is not just encouraged but is linked to the vision and values of the organization.

## Employees turnover by age group

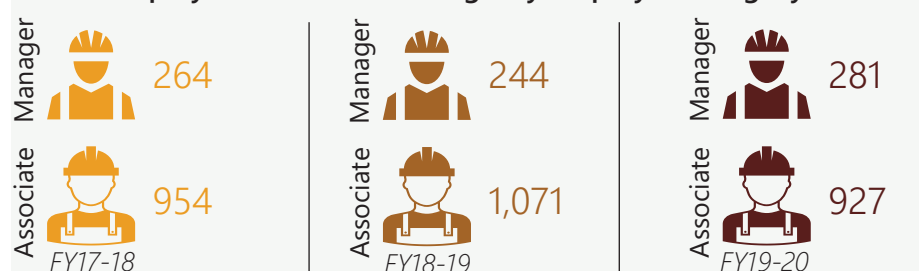


## Kagal/KMW:

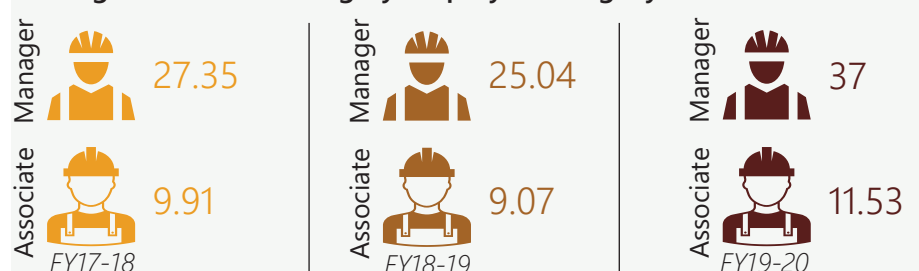
### Total no. of training hours- by employee category



### No. of employees received training - by employee category



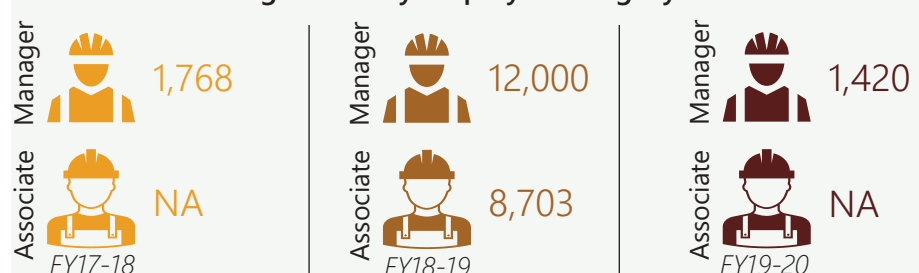
### Average hours of training by employee category



All (100%) of KOEL's employees receive regular performance and career development reviews. These reviews are done quarterly and annual in an online format (GRI 404-3).

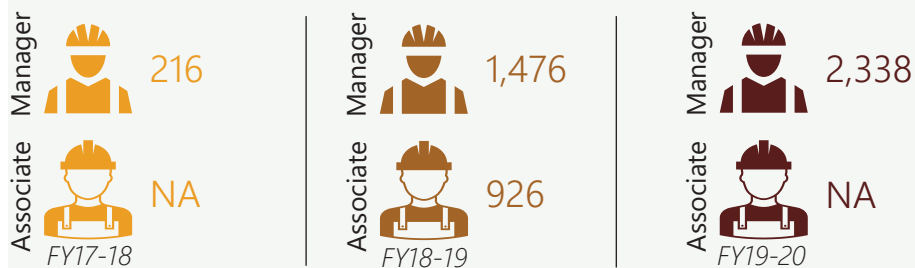
## Khadki:

### Total no. of training hours- by employee category





## No. of employees received training - by employee category

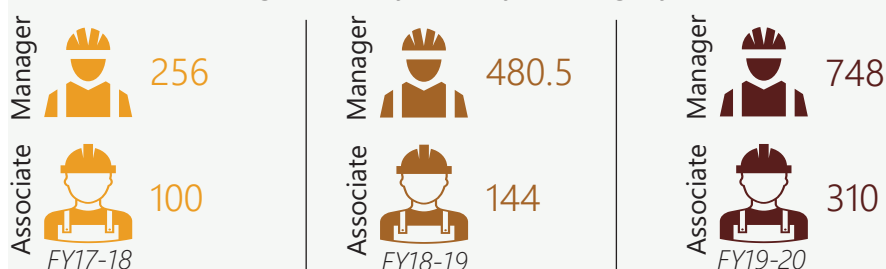


## Average hours of training by employee category

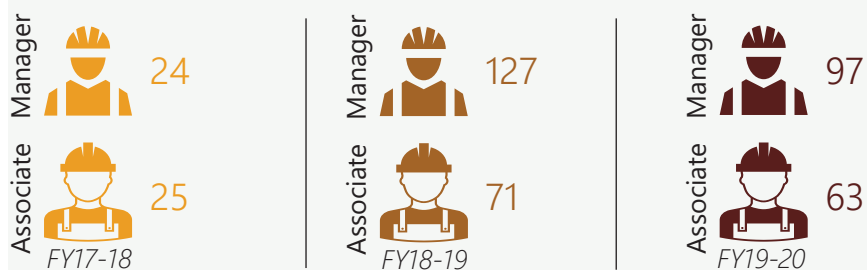


## Nashik:

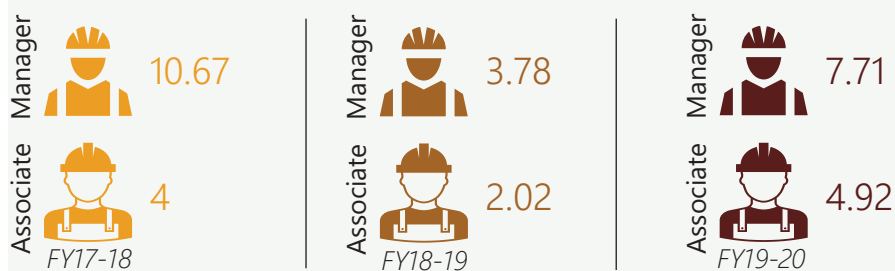
## Total no. of training hours- by employee category



## No. of employees received training - by employee category



## Average hours of training by employee category



## Employee category



## Platform for people involvement in improvement initiatives

Project unlock	Mr customer	Lakshaya 100
Six sigma BB	ENCON	Engine leak- free
Six sigma GB	TPS	WASH
VA/VE	Supplier quality task force	5S and kaizen
Quality circle	Process audit	Supplier six sigma
SAMMAN	AOP sign- off offsite meetings	Coffee with MD and CEO

## Benefits provided to full-time employees

(GRI 401-2, GRI 401-3)

### Employee benefits – Permanent and contract



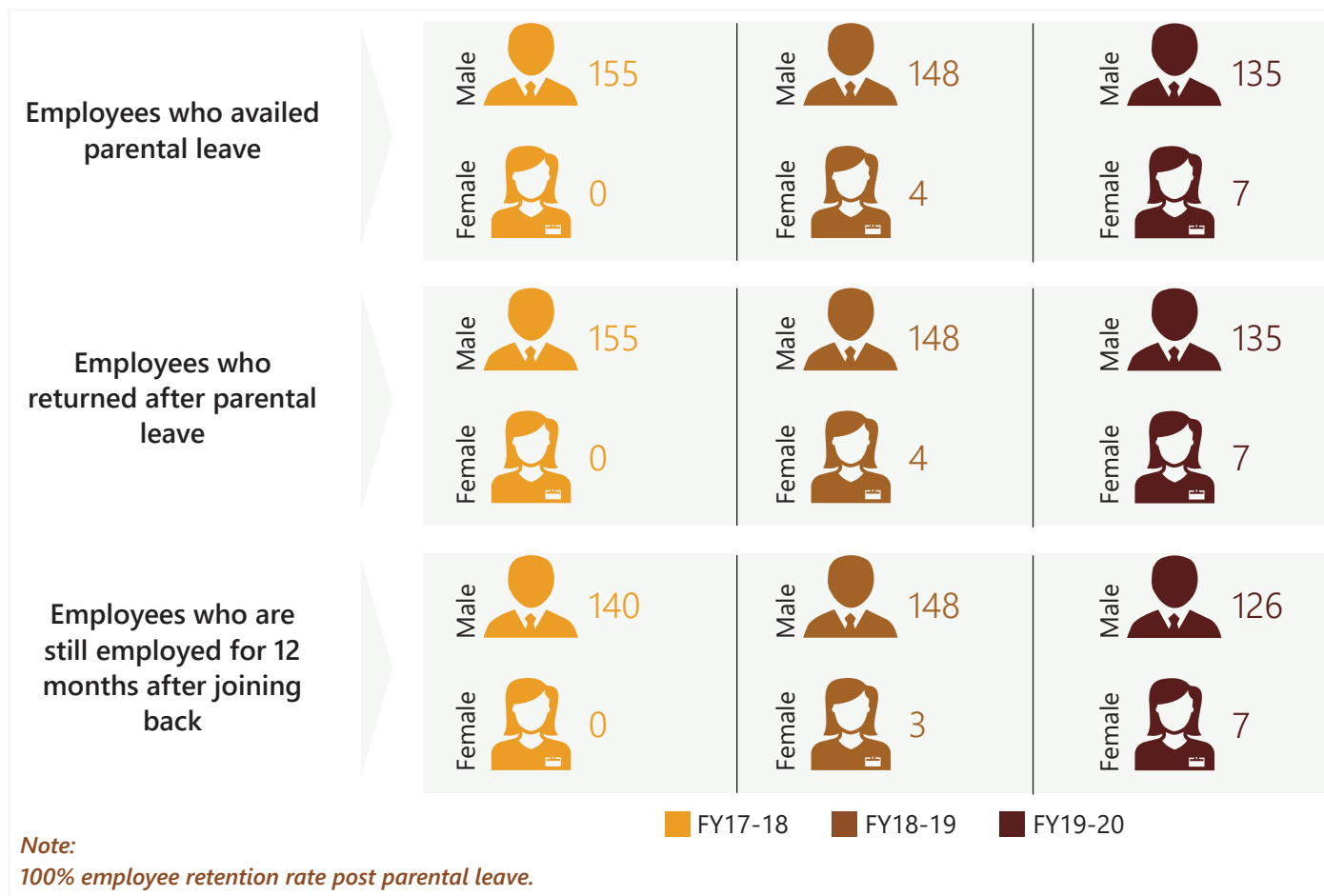
### Defined Benefit Plans:

(GRI 201-3)

The employee's gratuity fund scheme, pension, post-retirement medical and long-term service award benefit schemes are company's defined benefit plans. The employee and employer contribution to 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 at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on the 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.



## Employee engagement

Motivation and Empowerment:  
Various Initiatives taken such as

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

### 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' in a constructive manner. Through uninhibited / free communication and collaborative efforts, focus is brought towards

achieving 'companywide' goals rather than functional priorities. Effectiveness of leadership is reviewed through various means, Viz. Key performance results, feedback from employee engagement survey, customer satisfaction survey etc.

### Employee Engagement:

KOEL deals with huge amount of talent on daily basis in the form of recruiting, screening, interviewing, and placing professionals while also handling employee relations, payroll, benefits and training. It engages in recruitment drives, contractual and third-party manpower hiring.

### 360 Feedback Process:

Employees of certain business units/functions were selected to go through 360-degree feedback. The 360-degree feedback process helps the organization to understand the impact of employee's performance through the perspective of each of the stakeholder and internal and

external customers. The results of the 360-degree feedback process helped the business to develop focused development plans which are then monitored at regular intervals. Such initiatives are taken to build on overall capabilities of the organization to achieve our vision of building a leadership factory. Various surveys are taken as part of employee engagement. Ethics committee is in place to look after employee behavior at the workplace. KOEL engages in various activities to ensure employee wellbeing at the workplace. It engages in formal on-boarding for new joiners. Also, initiatives like Team Tarang are organized on yearly basis. Employee engagement calendar is circulated to ensure inclusion.

### Various organizational initiatives for enhancing employee engagement:

- Six Sigma,
- QC Circle,
- 5S,

- Kaizens,
- Project Unlock,
- Mr Customer,
- Process Audit,
- ENCON,
- Supplier Quality Task Force,
- Project Pulse,
- Project CARE,
- WASH,
- IMS,
- Project Lakshya 100,
- Business Excellence

### Modes of employee engagement:

Town Hall meetings, Coffee with MD & CEO, Quarterly appraisal, Performance Review forums, Employee Engagement Survey, R&R forums, External consultants' interactions, AOP/LRP deployment meets, Feedback from unions, Apex Committees, IR Committee / Grievance handling committee / Dept. Safety Committee.

### Coffee with MD & CEO:

While mass communication was taking new shape, two-way communication that helps in understanding the pulse of the employees, was taken to a new level. 'Coffee with RR' (Mr. Rajendra R. Deshpande) was introduced where the managerial employees get an opportunity to interact with the MD & CEO over a cup of coffee. Various other forums for two-way communication is provided.

### Recognizing innovation can apply to process:

Use of Digital Platform: To align closer to the strategic focus of 'Go Digital', many of the company's HR initiatives have been transformed on the digital platform which also aid in strengthening the transparency and speed efficiency of these processes.

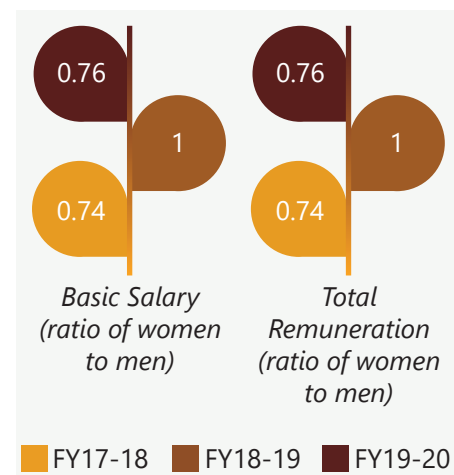
### Spot Awards:

KOEL has been sponsoring On-The-Spot-Awards and monthly awards for those who exhibit significant performances for years now, this encourages 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. Now, Spot awards can be raised for employees who are at the same grade or a grade below. It was assessed that the spread and depth of the Spot Awards had to increase. To achieve this, in line with our Value of Empowerment, the eligibility was extended up to M5 grade which is the start of the managerial hierarchy. As a result, the consumption of Spot Awards rose by 125% over previous year and employees even at the grass-root levels started getting appreciated on-the-spot. The programs cater to different needs of managers and leaders to reward individuals and groups of individuals depending on the results achieved.

### Testimonial from Ms. Sarita Patil (Team Associate – Quality Assurance)

"In my tenure of more than 12 years of working at KOEL Kagal, I got many opportunities to grow, improve myself. I got chance to travel internationally (Malaysia) through quality circle forum.

POSH is internal committee for all our employees, everyone has rights to register their complaints related to POSH. Fortunately, our culture is very safe and decent enough to allow each one of us to work comfortably and with dignity. We have undergone many personal as well technical training sessions at KOEL to improve on our abilities. I am extremely proud of being part of this company."



### Testimonial from Ms. Priyanka Patil (Deputy Manager – Supply chain management)

"For the past 8 years, I have been working in KOEL, one of the oldest manufacturing companies in INDIA. Here I got numerous equal opportunities to involve in various prime activities carried out in the company which helped me to climb the success ladder on my professional front. POSH initiative is one of the prime attributes wherein we can register any related issue to the committee, and we get robust response in return, without any bias. Also, many trainings provided by company on health, safety, and mindfulness helped me to maintain equal sense of balance in my personal as well as professional life."

### Human Rights (GRI 412-3)

KOEL considers employees as its most valuable resource and constantly strives for their wellbeing and satisfaction. KOEL follows a strong policy of providing equal opportunity to all the employees irrespective of their caste, gender or religion. There were no significant investment agreements and contracts during the reporting period.

The company works in conformity with all the labor laws, human rights directives and other legislations as promulgated from time to time. Company's policies and senior

management has been able to create an environment free of bias and have carved out a progressive path for all based on their work and capabilities. KOEL administration condemns all forms of child labor and does not practice it in any form.

The company strongly believes in and promotes equal Opportunity and diversity KOEL, also the leadership is watchful about this and strives to promote and adopt opportunity for everyone and workforce diversity across the organizational value chain. For instance, job rotation opportunities at KOEL are communicated online so that all eligible personnel get equal attempt with respect to available opportunities.

Female employees are treated at par with male employees at KOEL. They receive the same wage as their male counterparts. The ratio of entry level salary is 1:1 after which all are given a fair chance to grow in the company. Also, all employees including contract workers are paid more than the minimum wage requirement. Employee Salary ratio male/female is for all category of employees from entry level to senior management. Ratio of entry level wages to local minimum wages for females is 1.95 while that for males is 2.08. (GRI 202-1)

### **Ratio of basic salary and remuneration of women to men**

KOEL has a policy of equal opportunity for all its employees in all aspects. It provides equal remuneration to both male and female employees and equal opportunities to grow in the organization irrespective of gender, caste or religion. (GRI 405-2)

In February 2014, KOEL evolved a comprehensive policy for Prevention of Sexual Harassment of Employees in line with the law passed by the

Government of India in this regard. The broad objective of this policy is to ensure that the employees at all levels can work together in an environment free from gender discrimination, violence, and harassment on the basis of gender and ensure that all are provided with equal opportunities for expression and progress.

There were no complaints relating to child labor, forced labor, involuntary labor or sexual harassment in the reporting period across company operations as also primary supply chain. Based on the internal audits, there were no significant risk for incidents of forced or compulsory labor.

KOEL does not have a standalone human rights policy but various other programs like prevention of sexual harassment, child labor, forced labor; occupational health & safety, non-discrimination, which cover different aspects of human rights. These policies are strictly enforced in our organization due to which zero cases of human rights violation and discrimination were reported in our company during 2019-20. This is in recognition of our duty towards the constitution of India which has human rights as an integral principle. Currently human rights aspects are a part of employee induction training. We have proper forums & mechanisms Viz. Whistle Blower, Values Ombudsman and Grievance Redressal in place to report and take effective remedial steps for any human right violation in the company.

KOEL has not come across any instance where in its operations or in its suppliers' domain employee rights to exercise freedom of association or collective bargaining and child labor requirements has been violated or is at significant risk. However, KOEL is not complicit in any violation of human rights in the contractor or

supplier premises. The contracts with employees (Long Term Wage Agreement), Supplier contracts contain human right clauses such as no use of child labor and use of PPE (safety) etc.

All (100%) of our security personnel, including those supplied by third party, are trained in the human rights policies and identification, prevention of child labor. To promote gender diversity and further to enactment of 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', a series of sessions has been conducted by an external agency to create awareness for all employees. (GRI 410-1)

### **Employee Care & Work-life balance initiatives**

The company provides various facilities such as hospitalization and medical, scholarship for employees' children, annual gifts, and Parivar Suraksha Yojna continue to be examples of the employees being cared for. From 2019-20, grades of local employees and DETs got covered under group Medclaim just like all managers. This reinforced KOEL's commitment to inclusive welfare and showed in the Employee Engagement Survey too. KOEL has also launched a Term Insurance Policy for all employees. KOEL believes that employees can excel at work only when they are able to strike the right balance between Professional and Personal life. An array of benefits is provided through policies on Flexi time, Birthday Special Leave, Paternity Leave, Bereavement Leave, Relocation leaves.

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

KOEL continues to maintain healthy and harmonious industrial relations at all manufacturing plants for all employees including contract employees. There are also formal



agreements with the trade union covering Health & Safety topics such as responsibility of the workers for using Personal Protective Equipment, compliance with provisions of the Factories Act etc.

KOEL is setting a benchmark in Indian Industry for maintaining peaceful and healthy industrial relations for more than five decades (Considering Pre and Post Demerger period) at both the locations i.e., Pune & Nasik, the settlements are operative for three years and the terms and conditions of service are renewed immediately after three years.

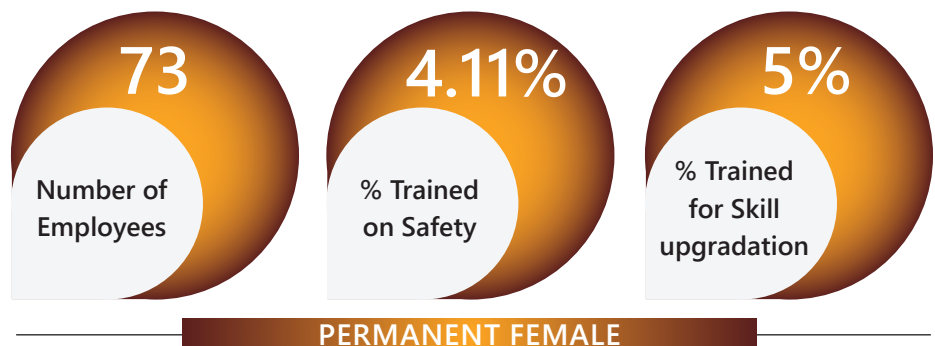
The Company has adopted a range of top-down, bottom-up and horizontal communication channels to effectively communicate with its employees. The Company provides a safe workplace environment and imparts training to all its employees on regular basis as required. The on-going toolbox talks to the employees, explaining the existing manuals, covering safety and machine handling aspects is another mode to address safety. Kaizens, ENCON, Quality Management, Safety Management and WASH Pledge are some of the forums and methods where initiatives to improve occupational health and safety are conceptualized, planned, and deployed.

The Company provides a safe workplace environment and imparts training to all its employees on regular basis as required. There are also formal agreements with the trade union covering Health & Safety topics such as responsibility of the workers for using Personal Protective Equipment, compliance with provisions of the Factories Act etc.

All (100%) employees are covered under joint management – worker health and safety committees' provisions. The Company has adopted a range of top-

down, bottom up and horizontal communication channels to effectively communicate with its employees. Kaizens, Quality Management, Safety Management and WASH Pledge are some of the forums and methods where initiatives to improve occupational health and safety are conceptualized, planned and deployed. The on-going tool box talks to the employees, explaining the existing manuals, covering safety and machine handling aspects is another mode to address safety.

KOEL administration condemns all forms of child labor and does not practice it in any form. There were no complaints relating to child labor, forced labor, involuntary labor or sexual harassment in the reporting period in operations and primary supply chain. Based on the internal audits, there were no significant risk for incidents of forced or compulsory labor.



During the year, numbers of initiatives were undertaken in the Company's plants and offices in the areas of Environment, Occupational Health and Safety (EHS). Some of the key initiatives are listed below:

Name of the Unit	Pune (Khadki)	Kagal (KP1+KP2)	Nashik	KMW
Occupational Health Initiatives (Provide Nos. & details)				
Initiatives / Programmes implemented	<ul style="list-style-type: none"> <li>* HIV Screening of contract and koel employees on voluntary. Basis.</li> <li>* Automated Electrical Defibrillator installation and training.</li> <li>* Ergonomic study</li> </ul>	<ul style="list-style-type: none"> <li>AED machine use training</li> <li>Ergonomic study</li> <li>Deworming therapy for Canteen &amp; Garden employees</li> <li>Medical Emergency Mock drill</li> <li>* International YOGA day celebration</li> </ul>		<ul style="list-style-type: none"> <li>Ergonomic study</li> <li>Medical Emergency Mock Drill</li> <li>International YOGA day celebration</li> </ul>
Health camps	Blood donation camp	<ul style="list-style-type: none"> <li>Blood donation camp</li> <li>Medical examination camp for flood affected employees</li> <li>Eye examination camp</li> <li>TT immunization camp for Gardeners</li> </ul>	<ul style="list-style-type: none"> <li>Blood donation camp.</li> <li>Periodical Medical examination of all employees.</li> </ul>	
Health Awareness Trainings	<ul style="list-style-type: none"> <li>* International Yoga Day Managing Cholesterol and Prevention by Dr. Gauri Damle</li> <li>* Health Check-up and follow up of all Diabetes and Hypertension detected employees</li> <li>* First Aid training for Security Personnel.</li> <li>* Tobacco DE addiction for employees.</li> <li>* Awareness session on dry eyes by Dr. Amrish Darak</li> <li>* Health talk on Diabetes by Dr. Chetan Burujwale.</li> <li>* Health Talk on Heart Diseases by Dr. Chetan Burujwale.</li> <li>* Stress Management awareness session by Dr. Jayant Karandikar.</li> <li>* Awareness session on diet and nutrition about Power of Proteins by dietician.</li> </ul>	<ul style="list-style-type: none"> <li>* Health awareness talk on-               <ol style="list-style-type: none"> <li>1) Hypertension by Dr. Akshay Bafna</li> <li>2) Anaemia by Dr. Varun Bafna</li> <li>3) Obesity by Dr. Sourabh Gandhi</li> <li>4) Cholesterol prevention by Dr. Vidhur Karnik</li> <li>5) Diabetes Mellitus by Dr. Avinash Kumbhar.</li> </ol> </li> <li>* Covid-19 awareness sessions.</li> <li>* First Aid training.</li> <li>* Stress Management awareness session by team of</li> <li>* MANASHAKTI foundation Lonavala.</li> <li>* Health hazard awareness training to employees doing Powder Coating.</li> <li>* Deworming therapy &amp; personal hygiene awareness training to Canteen employees.</li> </ul>	<ul style="list-style-type: none"> <li>Health Checkup and follow up of all Diabetes and Hypertension detected employees.</li> <li>Lectures on various health topics by eminent personalities from related fields.</li> <li>Managing Cholesterol and Prevention by Dr. Gauri Damle.</li> </ul>	<ul style="list-style-type: none"> <li>* General Health &amp; Hygiene awareness</li> <li>* First Aid Training Program</li> <li>* Work Place Ergonomics</li> <li>* Health Talk on Obesity &amp; Hypertension</li> </ul>
Health checks up	Periodical Health Check-up of all employees incl. contract labour	Periodic medical check-up of all employees	Periodical Health Check-up of all employees incl. contract labour	Medical Examination for all employees including contract labour

Occupational Safety initiatives (Provide Nos. & details)				
Initiatives / Programmes implemented (Initiated & implemented by Safety at factory locations).	Internal Safety Audit involving Safety Committee members; * Safety Awareness for employees	<ul style="list-style-type: none"> <li>* Internal Safety Audit involving Safety Committee members;</li> <li>* Safety Awareness for employees</li> <li>* Conducted road safety awareness campaign in Kolhapur city as well as on highway;</li> <li>* Installation of Laser sensor system on Bending Machines at KP-I factory to prevent access to pinch point/danger zone;</li> <li>* Implementation of 9 phases of Behavioural Based Safety at KP-I factory;</li> <li>* Installation of lifeline &amp; fall arrest system at all the bulk oil stg. areas and the scrap yard at KP-I factory;</li> <li>* Conceptualized &amp; developed IMS e-Bulletins by Cop. Safety Head for circulation to employees across all locations;</li> <li>* Developed on-line Near-miss incidents recording system and Safety Observations recording system for use by all KOEL locations;</li> <li>* Conceptualised and developed "Safety Ambassador" &amp; "Unsafe Act Caution" cards systems;</li> <li>* Conducted Workshop on BBS on 11th Mar 2020 at the NSW concluding function organized by DISH.</li> </ul>	<p>First Aid training for Security Personnel.</p> <p>Various Trainings Organized on EHS Viz. – Basic Safety, Electrical Safety &amp; OHSAS Legal Requirement.</p> <p>Internal Safety Audit conducted &amp; actions generated on recommendations *Zero Accident achieved in this year also. *In FY 2019-20, KOEL has reported zero accidents during the entire reporting period.</p>	<ul style="list-style-type: none"> <li>* Internal Safety Audit and report generating</li> <li>* Safety Awareness for all employees by supervisor.</li> </ul>

## Occupational Health and Safety data for Kagal Plant:

Aspects	Units	2017-18	2018-19	2019-20
<b>HEALTH &amp; SAFETY COMMITTEE</b>				
Number of health & safety committee within organization	Number	1	1	1
Total Number of members in health & safety committee	Number	31	31	28
Total number of workers in health & safety committee	Number	NA	NA	9
Total number of workers as a percentage of total workforce in health & safety committee	%	2.68	2.68	2.42

## Occupational Health and Safety data for Khadki Plant:

Aspects	Units	2017-18	2018-19	2019-20
<b>HEALTH &amp; SAFETY COMMITTEE</b>				
Number of health & safety committee within organization	Number	1	1	1
Total Number of members in health & safety committee	Number	26	26	26
Total number of workers in health & safety committee	Number	8	8	8
Total number of workers as a percentage of total workforce in health & safety committee	%	NA	5.19	5.41

## Occupational Health and Safety data for KMW Plant:

Aspects	Units	2017-18	2018-19	2019-20
<b>HEALTH &amp; SAFETY COMMITTEE</b>				
Number of health & safety committee within organization	Number	1	1	1
Total Number of members in health & safety committee	Number	21	21	22
Total number of workers as a percentage of total workforce in health & safety committee	%	50	50	*NA

*\*Note: There are only associates and managers but no workers at KMW plant*

## Occupational Health and Safety data for Nashik Plant:

Aspects	Units	2017-18	2018-19	2019-20
<b>HEALTH &amp; SAFETY COMMITTEE</b>				
Number of health & safety committee within organization	Number	1	1	1
Total Number of members in health & safety committee	Number	15	15	14
Total number of workers in health & safety committee	Number	6	6	5
Total number of workers as a percentage of total workforce in health & safety committee	%	40	40	35.71

## Injury rate, lost day rate for permanent employees For All Locations (On Roll) (GRI 403-2)

Aspects	2017-18	2018-19	2019-20
Injury rate by gender (Reportable Accidents as per Factories Act)	ZERO REPORTABLE ACCIDENT	ZERO REPORTABLE ACCIDENT	ZERO REPORTABLE ACCIDENT
Male	0.0	0.0	0.0
Female	0.0	0.0	0.0
<b>INJURY RATE (REPORTABLE ACCIDENTS AS PER FACTORIES ACT)</b>			
	0.0	0.0	0.0
<b>OCCUPATIONAL DISEASES RATE (ODR) BY GENDER</b>	NA	NA	NA
Male			
Female			
<b>OCCUPATIONAL DISEASES RATE (ODR)</b>	NA	NA	NA
<b>LOST DAY RATE BY GENDER</b>			
Male	0.0	0.0	0.0
Female	0.0	0.0	0.0
<b>LOST DAY RATE</b>			
	0.0	0.0	0.0
<b>FATALITIES</b>			
Male	0	0	0
Female	0	0	0

## Safety training hours, no. of accidents, Frequency rate, severity rate

	2017-18	2018-19	2019-20
Safety training person-hours	4,938	4884.5	6212.5
No. of accidents (reportable as per Factories Act i.e. > 48 hrs lost time)	0	2	0
The frequency rate of accidents (per million working person hours)	0	0.72	0
Severity rate of accidents	0	164.97	0
Total Safety Training man-days	760	610	0



All (100%) of the employees are tested annually for audiometry, lung-function test, and eye test, (including those with exposure to the noise and emissions at engine test beds and paint booth). The safety committee meets every two months to review progress and incidents. The reported data also captures contract personnel.

The company intranet 'mykoel.com' provides all the IMS related documents to the employees.

### **New initiatives**

- Operational Control Procedures (OPCs) and Standard Operating Procedures (SOPs) are translated to Marathi, with pictorial presentations for benefit of contractual workers.
- Behavior Based Safety (BBS)
- Safety Tool Box Talk (TBT)

### **Collective Bargaining and Employee Engagement**

(GRI 102-41, GRI 205-1, GRI 205-3)

The Company respects and is committed to the right to freedom of association, participation and collective bargaining, 29% employees are part of union at Khadki plant. The Company provides equal opportunity to each employee to learn, grow and develop, irrespective of religion, gender and caste. At every manufacturing plant, a committee addresses the issues raised through grievance redressal mechanism or otherwise.

The Company conducts "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 analyzed and worked upon for remedial and improvement actions.

KOEL respects and is committed to the right to freedom of association, participation and collective bargaining. At every manufacturing plant, a committee addresses the issues raised by employees through a grievance redressal mechanism or otherwise direct communication with BU heads.

The notice period for operational changes to employees is four weeks and is in line with the applicable regulations. KOEL respects and values human rights. Currently, human rights aspects training is provided as a part of employee induction training. Enforcement of code of conduct is regularly reviewed across organization covering aspects on anti-corruption, bribery, and ethics. All (100%) of the operations are assessed for risks related to corruption and the significant risks related to corruption identified through the risk assessment. During the reporting period no significant risks related to corruption was observed. All new joiners sign a code of conduct and critical suppliers-customers are mailed the respective codes along with the PO and annual communications.

# TALENT ACQUISITION & RETENTION APPROACH AT KOEL

The Talent acquisition and retention policy at KOEL reflects a roadmap about maintaining the skills of all the employees in the company, simultaneous efforts to identify, support and update the required skill sets within suitable and motivating working conditions. Factors viz. working environment, a sense of purpose and a shared identity reflect the main focus areas of internal communication policy developed at KOEL.

The company will pursue its commitment towards diversity management, promoting gender equality and fighting discrimination. This is an important part of our strategic roadmap to integrate employees in a quickly evolving, global and digital environment. This roadmap sets out the actions to mobilize and modernize the expertise of the company and its employees in a responsible and sustainable manner.

Every year during January, all BU / Functions in KOEL prepare their respective Annual Operating Plan for the next financial year. During this time Business HR Partner of each BU / Function works closely with the Business Head and Departmental Heads to map their talent requirement. These goals are directly aligned with company balance score card which is cascaded to BU / Function level including HR Function.

Similarly, during this time the Long-Range Plan (LRP) is also reviewed at the board level. In the broader sense, the Company Balance Score Card (BSC) is aligned with the LRP and every year in frequent board meetings LRP and BSC both are reviewed and cascaded to BU/Function level including HR. BU/Function Level reviews happen on current SDM and AOP so that the efforts are being taken in alignment with company's goals and vision.



## Talent Acquisition Approach and Strategies

The entire recruitment process of KOEL is on the HRMS. Irrespective of their grades the broad-based recruitment process remains the same. Each candidate at the time of recruitment process has to undergo assessment and Psychometric tests. Candidates hired for technical roles also undergo technical assessment to assess their current knowledge levels.

Grades	Recruitment Tests / Assessments
VP – AVP	Caliper (Psychometric) + Hogan's Assessment (Competency)
Sr.GM – GM	Caliper Test
M1 – M5	CB 5 (Psychometric test)
Sales, Service Executives, Engineers etc.	AM CAT (Psychometric + English + Logical) Depending on the education background and position being recruited for Technical Test is also conducted.

Our Recruitment and Selection policy clearly states that all recruitment and selection decisions will be made consistently, fairly, and equitably at Kirloskar Oil Engines Limited. Managers with an approved position in the manpower budget plan and a Job Description consistent with Kirloskar Oil Engines Limited standards may be hired against a vacancy in concurrence with the HR team.

KOEL prides itself in being the 'Equal Opportunity Employer' and same values are demonstrated right from 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 without compromising on the quality of hires. The figure further explains the recruitment process in detail:



**Internal Job Postings (IJP):**

As a process managerial level positions are first posted internally to identify internal talent availability or internal employees who aspire to perform in the said role. This approach gives the opportunities and scope for employees to move vertically or horizontally in the same or different departments. All employees who apply for IJPs must go through a structured recruitment and selection process to classify them as job fit for the applied role.

**Internal Assessment for identification of internal talent**

In all our Businesses we have various employees working at the front end Viz. sales executives, service executives, service engineers or diploma engineers. Through a continuous review mechanism that is done at BU / Function level either monthly and quarterly their performance and achievements are reviewed and annually it is reviewed through performance appraisal cycle. The high performers may be considered for senior positions should a vacancy arise for roles such as Area Manager, Territory Manager, Sr. Engineer etc.

**Job Rotation**

KOEL believes in developing its internal talent pool for next level roles in the organization. To achieve this, it is important for employees to have exposure and experience in diverse functions and roles across the organization. With KOEL's process of Job Rotation many senior positions have been filled internally.

The company believes that for a good career growth, it is desirable that employee gains exposure to diverse roles and varied work environments adding to the overall capability and learning. To enable career development and mobility of our workforce, KOEL has taken a strategic decision that positions at GM grade and above will be hired

laterally only if the required skill sets are not available within.

**Building Organizational Capabilities for Developing and Retaining Employees****Learning & Development (L&D)**

KOEL gives equal weightages to functional and behavioral trainings, and all our learning endeavors are aligned to create internal opportunities for employees so that they can learn and grow within the organization.

**High Potential Employees Development (LFP):**

High potential employees are nominated for Leadership Fountain Program (LFP). The Leadership Fountain program in KOEL is conducted in collaboration with a highly renowned institute Viz. SP Jain institute and all the modules in the program are highly customized to meet the requirement of talented skilled individuals specifically at senior most positions. The high potential employees are identified separately across the grades of senior management, middle management, and junior management. Three customized LFP's are designed and delivered along with faculty of SP Jain institute.

Additionally, senior manager and above grade employees also undergo 360-degree feedback assessment and Manager's assessment (Manager and Skip Level Manager) every 18 months. The results of these assessments are used to design individual Development Plans which helps the HR to track their progress, bridge the competency gap areas and provide learning opportunities through internal tools like Internal Job Postings or Job rotation or including additional assignments for the individual's role as a part of development interventions.

**Development of other Employees:**

All other employees share their training needs on the HRMS at the time of goal settings, which are then used to plan for their technical trainings for the year. The technical training needs are collaborated by each Business HR to plan for the trainings for their respective BU / Function. Behavioral trainings are planned centrally by corporate HR as per Business and organization's needs. Additionally, 360-degree feedback is also conducted for all other employees from grade senior manager and above.

**Functional Training:**

Non managers like Sales & Service Executive of Sales and Marketing Business and Junior Service Engineers of Customer Support Business Units are given separate trainings for their skill development. For e.g., Behavioral Training and Technical Training calendar for Sales and Service Executives are separately designed to enhance their personal effectiveness and to groom them for managerial positions.

**Development of Team Associates:**

Team Associates at Kagal Manufacturing Plant undergoes extensive training program under the initiative of 'Gurukul'. There is a strong need identified for this group of employees to provide technical knowledge & skill training as they are going to work on shop floor. They are trained on 40 identified skills to make them flexible for operating any process/ system on the shop floor. They are also provided training on daily work management & adherence to rule including safety and discipline.

## Development and Retention of Critical / High Skilled Manpower

### Succession Planning

KOEL follows an ongoing and a systematic approach to building Talent to ensure continuity, by identifying potential successors in critical work processes.

### The succession Planning framework as followed by KOEL is presented below:

All positions were assessed on 'Critical Position Assessment Form' and critical positions were identified as per the assessment against which Succession Planning is carried out.

After the identification of the critical positions, all employees from senior manager grade and above had undergone several assessments like 360-degree feedback, manager's assessment, psychometric testing, and potential successors are identified from this talent pool. The succession planning is an ongoing approach and is reviewed periodically by the HR and BU / Function heads.

### 360 Degree Feedback Assessment:

All employees from grade Senior Manager and above must undergo 360-degree feedback assessment to assess their current competency levels. The assessment is called 360 degrees because each employee undergoing this assessment gets assessed on the organizational level competencies and get review by all the stakeholders. Such practice of internal feedback and communication creates effective work environment which is also called the employees 'relation matrix' which includes – Manager, Peers, Direct Reportees and internal / external Customers.

### Assessment:

In this assessment all people that are defined under employee's

relationship matrix assess the individual on several questions which are indicators of the level on which the employee demonstrates that capability. In the figure depicted below, the example of few competencies and the indicative statements are mentioned'

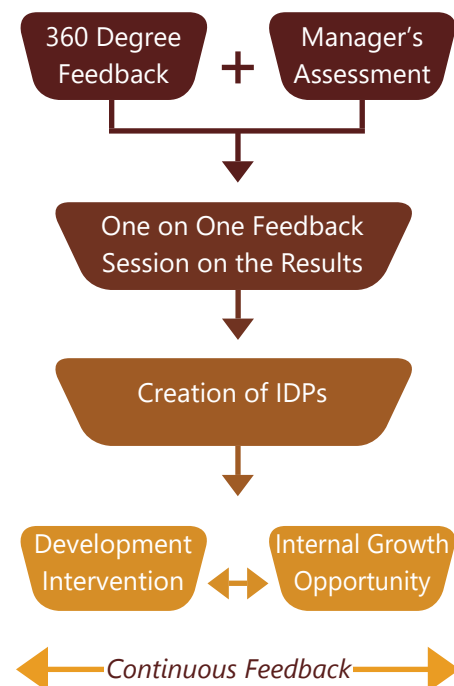
### Manager and Skip Level Manager Assessment:

Each participant was assessed by his Manager and Skip Level Manager on a Manager's Assessment questionnaire. While 360-degree feedback helps understand the level of current competencies of the employee, manager's assessment helps understand employee's willingness towards his own growth, his work approach, management style and his own aspirations. Potential assessment is done based on the results of 360-degree feedback and Manager's Assessment.

### Result of Assessment, Feedback and Development Initiatives:

On this basis each employee had been given one-on-one feedback resulting into creation of their individual development plans (IDPs). Their progress with respect to the IDP is been reviewed on a six-monthly basis. KOEL has set up a target of creating 60% - 70% positions to be filled internally in the grades M1 and above in next 3-5 years.

## Talent & Career Development through 360 Degree and Manager's Assessment



### Job Evaluation for introducing Technical Grade Structure in R & D:

Research and Development function is one of the functions where we have employees of high technical competencies, including niche competencies. It becomes utmost important and challenging to retain these employees to keep the knowledge base and the talent thriving in the company.

KOEL decided to introduce a Technical Grade Career Path for R&D function specifically to ensure that each job has its pre-defined career path. KOEL HR worked with an external consultant to undertake the job evaluation exercise in which evaluation of each job's description, span of control, managerial team reporting, along with evaluation of behavioural & functional competencies required for that role was done. This was done for all managerial level position across the company.

The result of this exercise led to



designing of new career path for all the technical jobs. HR worked on extensive communication with the R & D function head, Head of departments and subsequently with the employees to make them understand how the career for technical jobs will move in the organization, how it will be different from the managerial career path and what are the skills and competencies needed to be enhanced to move from one technical level to another.

KOEL has gradually moved employees from managerial to technical grade. The movement was done in phases so that employees have the time to familiarize themselves with the new structure as well as understand the benefits of moving into a technical grade.

#### **Employee Engagement:**

KOEL conducts employee engagement survey (EES) in collaboration with Aon Hewitt, to understand their engagement levels and take up several action planning strategies to bridge the gaps wherever company finds it plausible. The survey is administered across all locations for all Managerial employees and Team Associates in English and Marathi, respectively.

#### **Employee Engagement Survey:**

Survey is taken by all managerial grade employees and Team Associate employees and every time KOEL records survey, a participation level of around 95 – 98% is achieved. Survey results are first communicated to all Senior Leaders for across the company. These results are communicated to each BU / Function so that employees get to know about their BU / Function engagement scores.

#### **Introduction of several communication forums:**

KOEL introduced several communication forums to keep a constant on-going communication

dialogue with the employees to manage change agendas in the company:

- Introduction of various in-house e-magazines for enhanced communication: BaatCheet (digital quarterly newsletter of KOEL) and group newsletter 'Kite Post'.
- Coffee with RR' was introduced where the managerial employees get an opportunity to interact with the MD & CEO over a cup of coffee.
- KOEL has identified number of 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 initiative.
- Senior Leadership Team addresses the employees annually to provide updates of the business.

#### **Employee Engagement Events across locations:**

Over the year to engage employees KOEL conducts several events which are basically designed to bring together all employees of KOEL irrespective of their diverse backgrounds. Not only within the company but KOEL organizes events to bring together its employees and diverse communities of its societies together through intensive CSR activities.

KOEL has several initiatives organized throughout the year which helps the employees to come together in a frolic ambience to encourage and enhance collaboration amongst diverse employees:

- Celebration of various festivals like Holi, Ganapati, Independence Day, Garba Celebration, Diwali Celebration, Onam Celebration, New Year's and Christmas

Celebrations is conducted with grandeur.

- KOEL also conducts Group Level initiatives such as Fitness Challenge and Hobby Groups which bring all the employees from different Kirloskar companies together to pursue their shared passions.
- Many sports events such as volleyball, Badminton, cricket (especially the women employee teams), and Carom and chess competitions are conducted amongst the employees.
- KOEL conducts annual goal settings meeting scheduled for all the employees in the business unit, this generally include team building activities to facilitate collaboration in the entire unit.
- Kirloskar Vasundhara Film Festival – This international film festival is facilitated by cross functional teams of Kirloskar Group. The festival gives an international platform to various artists who are dedicating their work towards preserving the environment and Mother Earth.
- Kirloskar CSR Initiatives – KOEL has cross functional teams of employees across companies who have volunteered themselves for becoming CSR activities promoters. They not only encourage other employees to join and contribute but they are working in collaboration with CSR department to work on uplifting various diverse population in the society for instance training in all the schools in the nearby districts on the importance of hygiene through our 'WASH' initiative, working with women from under privileged backgrounds to teach them skills to earn their livelihood.

# CORPORATE SOCIAL RESPONSIBILITY

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

The Company has always believed in working for the betterment and upliftment of the society. Corporate Social Responsibility (CSR) has been practiced and ingrained over the years in the Company. The focus areas under CSR have remained consistent over the years and include Health, Education and Environment.

The Company strongly believes in 'Enriching Lives' of the people in the communities in which it operates. The company is committed to bring growth opportunities to each stakeholder including the most vulnerable sections of the society as also strongly believes in equitable distribution of wealth in the society. The company takes concrete steps in this direction especially through its CSR programs. The company's CSR activities are monitored, implemented, and reported by a CSR board constituted specifically for this purpose. The company has also formulated a CSR policy which is available on its website. The company collaborates with NGOs who along with the company volunteers help company implement its CSR policy and reach its goals. Also, a CSR report is published where the company details its CSR activities in great details. Some of the major initiatives taken up by KOEL are summarized below:

**Education:** KOEL's education assistance program has been concentrated mainly around Pune, Kagal and Nashik. KOEL has been providing financial assistance to students from weaker sections, also providing vocational trainings to women so that they can be income generators in the family, providing banking courses to the youth etc. Furthermore, KOEL has been involved in other such activities such as

distribution of school items, library support, providing sports materials to schools etc. and SLK Loan Scholarship for Higher Studies were carried out by the means of Kirloskar Foundation. Apart from this, computer literacy programs were carried out to provide basic knowledge about computers for school children of nearby communities. A career guidance workshop was conducted under the program named Disha for students at nearby school. Besides, a sensitization session for parents and teachers was conducted to make them aware of the mental needs of adolescent boys and girls.

**Health:** KOEL understands that good health is one the necessities for a fruitful and happy life ahead. Keeping this in mind, KOEL has initiated various programs for the people living in the vicinity of its plants. KOEL also conducts Eye check-up camps for senior citizens in the nearby communities. Also, various health awareness programs such as stress management, healthy diet and HIV/ AIDS awareness camps for the nearby communities was carried out to raise awareness for the same.

**WaSH (Water, Sanitation & Hygiene):** It is an extension of Kirloskar Foundation's 'Clean and Beautiful School Competition Project' that endeavours to imbibe value of cleanliness among the students. Kirloskar believes that cleanliness and hygiene are inherently related to healthy life. Hence, special efforts in this direction are necessary with particular attention to instilling values of hygiene in a child. It is with this in mind that the campaign WaSH was launched. In this year KOEL reached to 219 schools across all the Plant locations thus reaching around 54000 students & 7000 WaSH

club members. The program was implemented with the help of various government bodies & NGOs. Total 365 Employee-volunteers, comprising of managerial employees and team members, have been involved in implementing WaSH activities in the respectively assigned schools. This has grown from just 43 in 2009-10 to 149 in the reporting period. Total 4,628 man-hours have been invested by the KOEL volunteers for WaSH initiative. A significant amount of time (Close to 13,600 man-hours) was invested by Kirloskar employees for the program.

## 'SAAKAV'-Life Skills Training

**Program:** This program is an initiative intended to facilitate the development of adolescents with the help of life skills development process & initiating a dialogue on the same with the parents and teachers. Since last four years, special trainings for teachers were conducted by expert focusing on physical and emotional development stages of children, behavioural patterns and understanding the problems of children.

## 11<sup>th</sup> Kirloskar Vasundhara International Film Festival

**(KVIFF):** This year festival theme was 'Save River, Save Life'. KVIFF is an innovative attempt to explore nature and analyse issues related to environment, wildlife, energy, air, and water. The film festival is held each year in India.

The film festival lasts for eight days and combines exclusive films screening, presentations by experts and allied activities. This year KVIFF has showcased 155 Award winning, internationally/ nationally acclaimed films along with 70 allied activities. In addition to the film screening,

special activities such as Photography Exhibition, Eco-Bazaar, River Walks, Eco-Quiz, Sahitya Sammelan were also conducted. Awards such as 'Vasundhara Sanman', 'Vasundhara Gaurav' and 'Vasundhara Mitra' were presented to eminent personalities for their outstanding contribution in the field of environment protection.

**Environment:** The company follows ISO 14001 based Environmental Management System in line with its policy of Environmental protection & restoration. The company purchases renewable electricity through open access to improve its carbon offset. Other than this, various initiatives like tree plantation programs, process improvement & changes in operational practices are followed as part of company's environmental policy to reduce the carbon footprint. ENCON Initiatives such as, Hasat Khelat Paryavaran & Eco-club are also executed in local schools: These initiatives have been started to increase the interest about environmental issues amongst the students. Various types of competitions are organized such as drawing, essay, demonstration about solar cooker, making best from plastic waste, eco-friendly articles, awareness lectures & workshops on energy & water conservation were organized in the schools.

**Sustainable Livelihood:** Income generating trainings are being conducted which includes trainings for women on various tasks like preparation of snacks, spices, pickles, papad, decorative articles, crafts, rakhi making, Diwali lantern, paper bags and basic tailoring & Punjabi dress making etc. The CSR team at KOEL has been creating a strong platform for the community women to display & sell their homemade products.

#### **New Initiatives –Village Development Program**

KOEL's CSR team has taken new

initiatives to extend the reach beyond the communities around the Plants. Under these initiatives one tribal community (Kerle Dhangarwada) has been selected from Kolhapur District. The baseline survey was conducted with the help of an NGO to find out the needs of the community. Based on the survey findings, initiatives such as health check-up camps, educational help, library & sports material support, improved vegetable seeds distribution, manure making training were conducted in the reporting period.

Khadki Plant has also extended its CSR scope for the reporting period. The nomadic tribal community from Dehu Fata has been selected for its development. KOEL CSR Team have started extra classes for the school children, as a result of which, 5 school dropout children could restart their schooling. One library is also started for them & group reading is being practiced developing the reading skills.

Nasik Plant has extended its CSR scope for the tribal village Gajarwadi (near Trimbakeshwar, Nasik). E-Learning Computer System (K-Yan) has been provided to nearby primary schools which is enabling the tribal school children in improving their computer literacy.

**SKILL INDIA:** In line with the Government appeal of 'Skill India', from 2015, KOEL has started a specially designed ITI batch (Machinist Trade) with the help of Shirolu Manufacturers Association, Kolhapur (SMAK) ITI for improving employability of the unemployed youth from nearby villages. This ITI course includes 30% theory & 70% practical as required by the surrounding industries.

CSR initiatives at international locations include initiatives such as:

- Blood donation at Dubai by KDMCC employees

- This year 4<sup>th</sup> February 2018 was celebrated as Car Free Day in Dubai. We, at Kirloskar DMCC also contributed to reduction in carbon footprints where all of us avoided private cars, instead used public transport Bus / metro for office commute on 5<sup>th</sup> February 2018, this initiative garnered maximum availability & participation of team members.

#### **Improvement Action taken based on findings of Society Perception Survey:**

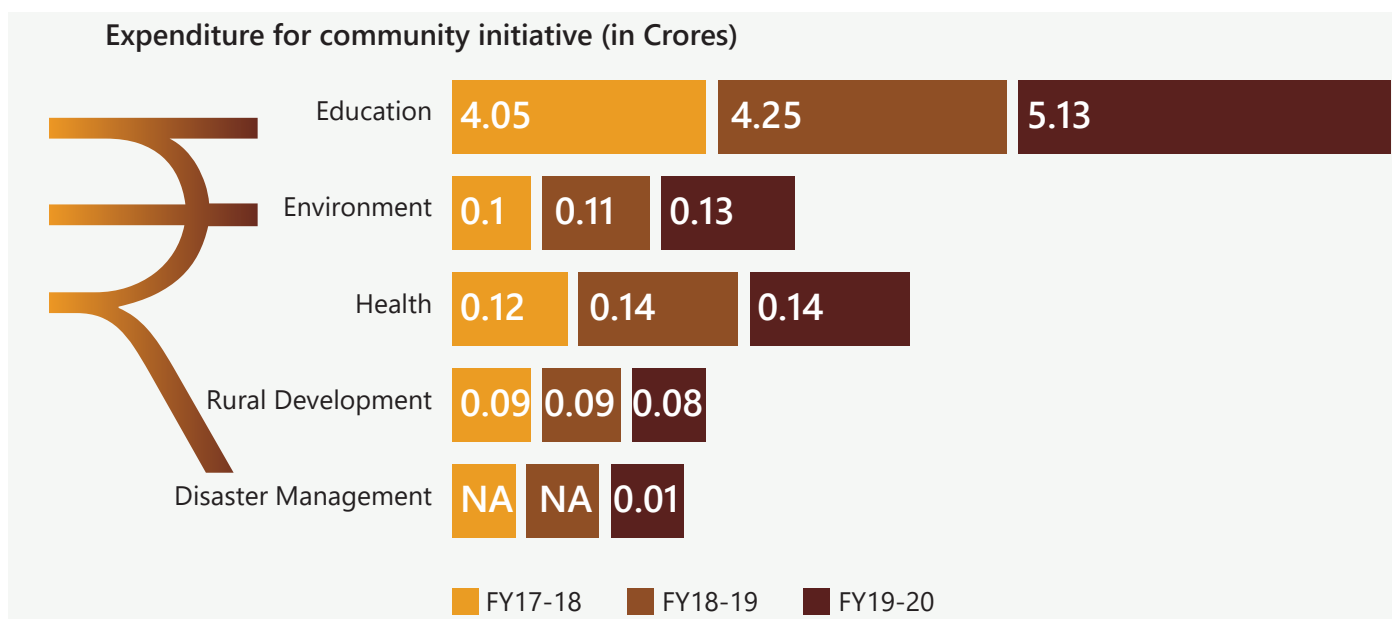
The survey indicated the need to undertake certain improvement actions, thus following actions were implemented to address the concern areas:

- Vocational Training for Youth with the help of SMAK Industrial Training Institute
- b."SAAKAV – Life Skill Training Program" for Adolescent Boys and Girls
- c. Designing of Save Water Campaign
- d. Employee participation in CSR activities
- e. Training for SHGs planned in co-ordination with Symbiosis Institute
- f. Workshop for children covering subjects like science
- g. Disha Career guidance, Scholarship, Library & Sports training & distribution of sports items

#### **ENCON Initiative at KOEL:**

Energy conservation activities were implemented at various manufacturing facilities during the report period. Each year KOEL Celebrates National Energy Conservation Week to accelerate the ENCON awareness mission at all Plant locations & participates in the Kirloskar-Group ENCON Award Competitions. KOEL Kagal unit have achieved another milestone in CII National ENCON Award Competition for receiving Excellence in Energy Management Award consecutively for five years in a row. Similarly, the unit also won State Level ENCON Award

by MEDA consecutively three years for Kagal & Nasik plants from FY 2017-18 to FY 2019-20. Some of these programs were implemented with Kirloskar Institute of Advanced Management and Studies (KIAMS), Vasundhara Club, Kirloskar Foundation and others.



#### KOEL CSR initiatives- number of beneficiaries' summary FY 2017-18

Health		Health		Health	Sustainable Livelihood
Health checkup camp	1,650	Disha Career & Counselling	775	ENCON	0
WaSH	7,500	Guidance on Parenting	150	KVIFF	15000
Sakav- Life skill training	520	Sports & Scientific Toys making Training	150		
HIV Testing & counselling	10,500				
<b>Total</b>	<b>20,170</b>	<b>Total</b>	<b>1,075</b>	<b>Total</b>	<b>15,000</b>
				<b>Total</b>	<b>350</b>

## Employee

The standard procedure of contacting reporting manager or HR department was communicated to the employees. The company also has a strong whistle blower policy which provides a mechanism for the employees to report to the chairman of Audit Committee regarding any instance of violation of company's code of conduct. Also, the company has an Internal Complaints Committee to address and resolve complaints of sexual harassment.

Particular	Company's Performance as a Responsible Citizen		Company's Involvement in the community where it operates		Reduction and prevention of nuisance and known from its operation and from throughout the life cycle of its product		Company Image	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
2013-14	75	75	75	77.8	90	90.5	90	92
2014-15	85	86	80	81.3	92	93	92	95.5
2015-16	90	86	85	77	94	93	94	95
2016-17	90	99	90	98	95	98	95	98
2017-18	95	99	95	99	95	98	95	99
2018-19	95	99	95	98	95	97	95	98

## Supplier

The standard procedure of contacting procurement / finance department was communicated to the employees via purchase and work orders.

## Customer

At KOEL engagement with customers takes place through various interactive mechanisms:

- One to one interaction on need basis
- Periodic campus exhibitions
- 24x7 helpdesks for addressing customer grievances
- Launching of customer helpline for international market
- Door to Door campaign to ensure farming machines are in good working conditions
- Introduction of SMS linked Customer Delight Index (CDI)
- Launching e-FSR i.e., Electronic Field Service Report system to connect with their Service Dealer Engineers

Besides these initiatives, the company also holds various customer engagement programs like Customer Mela, Van Campaign and Customer and Operators Training Program.

*Community Perception Survey for FY 2019-20 is not conducted due to COVID-19 pandemic Situation.*



# CLIMATE STEWARDSHIP

## GHG emissions and emission intensity

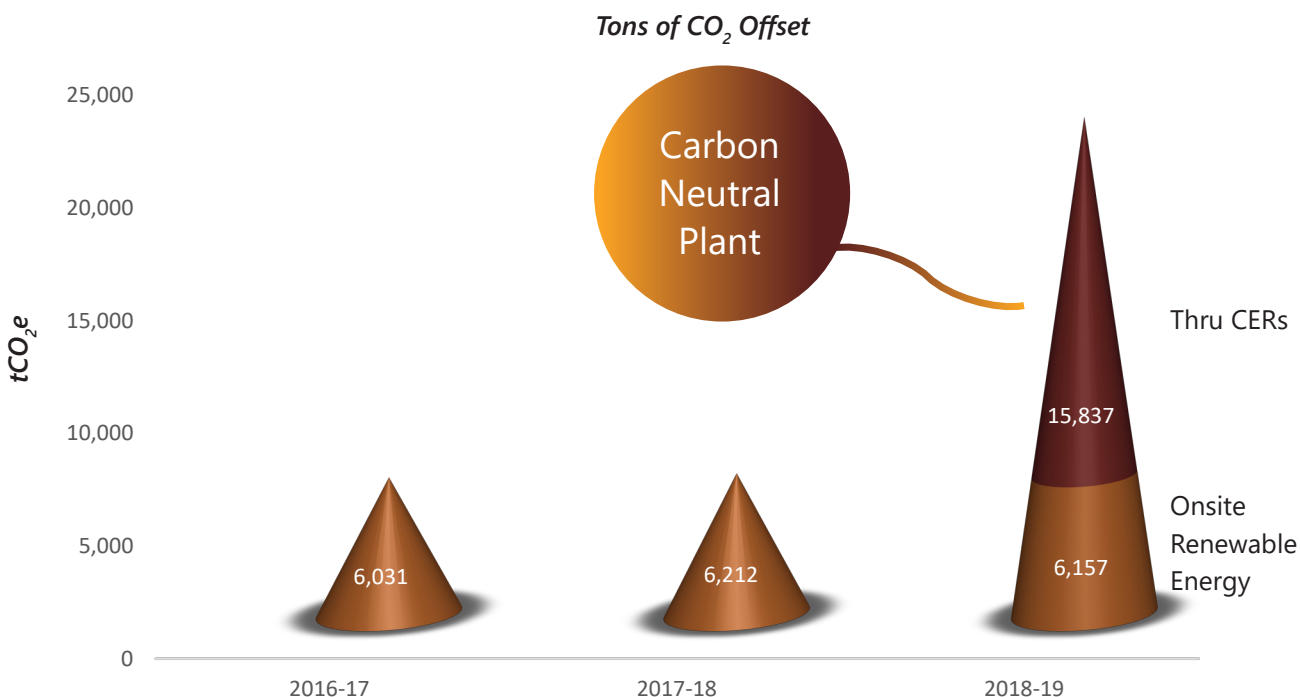
(GRI 305-1, 305-2, 305-4, 305-5)

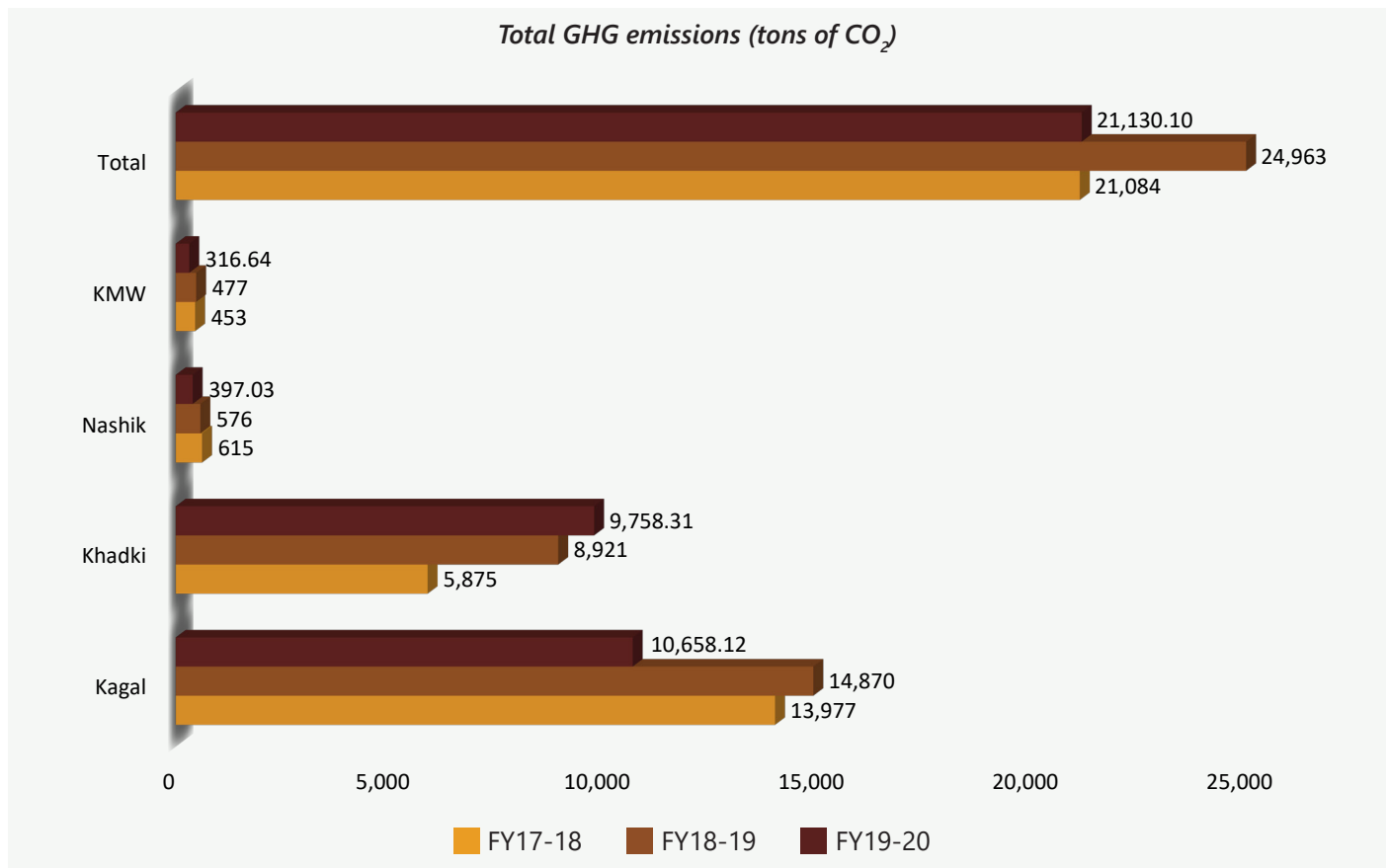
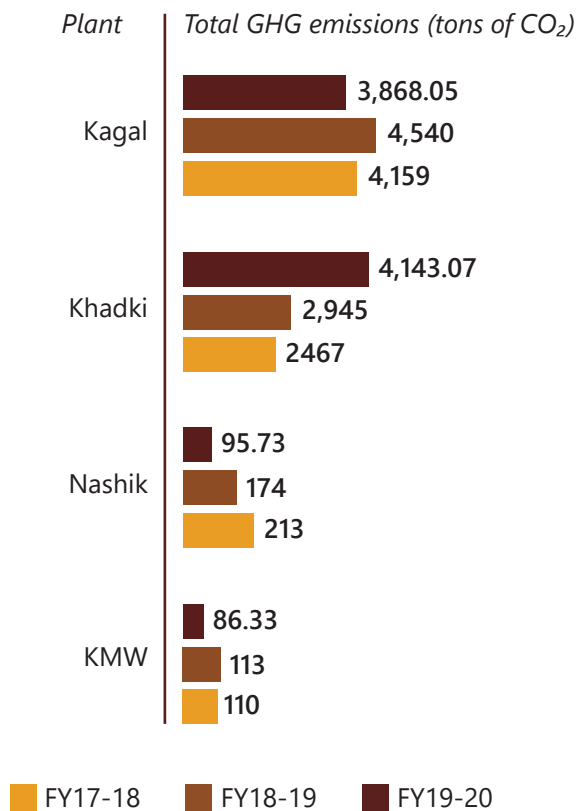
### Carbon Neutrality:

KOEL has already begun a remarkable journey towards environmental conservation early on. On World Environment Day, 2019 KOEL Kagal Plant has achieved Carbon Neutrality under the guidelines of PAS 2060:2014. The boundary for the study considered include - KOEL Kagal plant Scope 1 and 2 emissions for the reporting period April 2019 to March 2020. For the present year only CO<sub>2</sub> has been considered. Next year other emissions will be considered after discussions with higher management. At Kagal, KOEL has initiated a complete process of studying, analyzing, calculating, gap-finding, and offsetting. This entire process and its mapping are being audited through an international agency expert in this field. The consolidation approach for this emission calculation is under operational control for all the locations for Scope 1 and Scope 2.

KOEL has been a frontrunner in energy conservation, both in its processes and products. The Company is committed towards Nation's mission for Enhanced Energy Efficiency by making continuous efforts to optimize use of energy in operations and brings about continuous improvements in the efficiency of processes and products through use of energy efficient and renewable energy technologies. The Company has also formulated a policy on Energy Conservation and strictly adheres to it.

The factory located at Kagal, Kolhapur has been awarded with a certification for "Carbon neutral factory" aligning to PAS 2060:2014 "Specification for the demonstration of carbon neutrality" is also awarded as "National Energy Leader" by Confederation of Indian Industry.



**Total emissions:****Scope 1 emissions:**

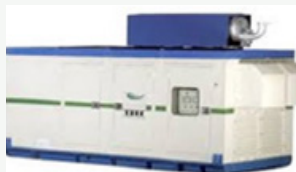
**Calculation reference:** Calculated from  
CEA Ver. 14 - diesel NCV, density, EF  
DEFRA 2018 (Ver. 1.01)



*LPG Bank used for process*



**Fork Lifts - HSD**  
Consumption for internal  
material handling



*HSD & FO  
DG sets*

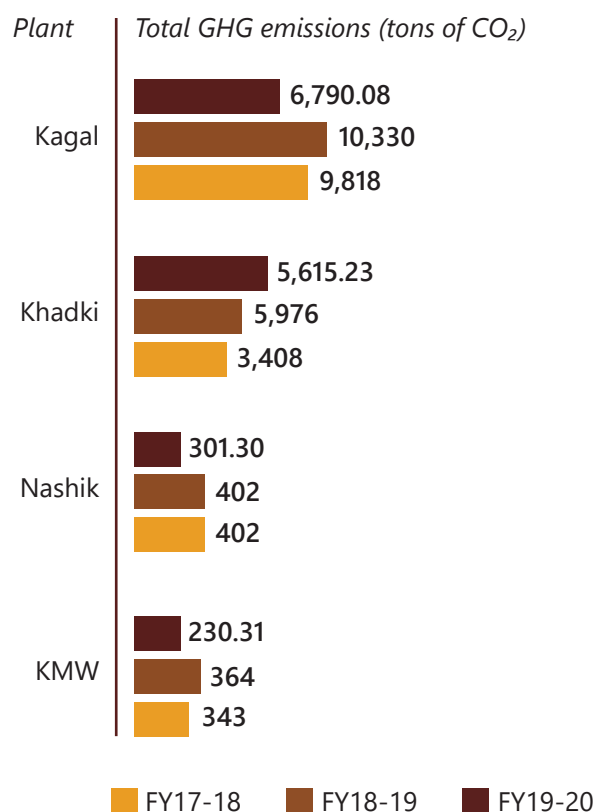


**Engine test beds** - test  
beds at ME, SE, HHP ATPP  
& GENSET shop consumes  
HSD during testing of  
engines



*CO<sub>2</sub> fire Extinguishers*

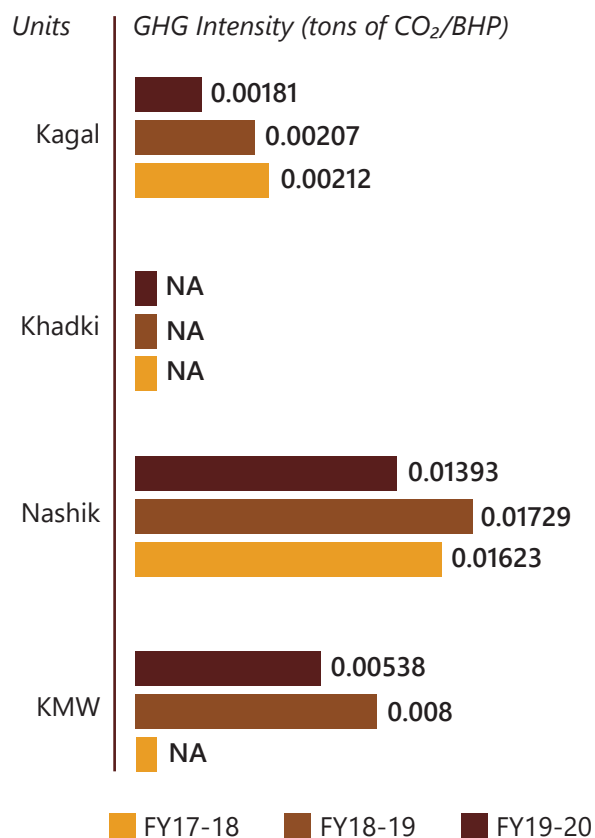
## Scope 2 emissions:



Consumption of Electricity from MSEDCL - Scope 2

Calculation reference: The Central Electricity Authority, "Baseline Carbon Dioxide Emission Database"

## GHG emission intensity and reduction: Baseline 2017-18



The intensity is calculated by Scope 1-2 combinations

	Tons of CO <sub>2</sub> emitted		Production (BHP)		tons of CO <sub>2</sub> emitted/BHP	
	FY 18-19	FY 19-20	FY 18-19	FY 19-20	FY 18-19	FY 19-20
Kagal	14870	11,504	71,72,612	63,65,614	0.00207	0.00181
Nashik	576	433	33,310	31,090	0.01729	0.01393
Khadki	8921	10,454	NA	NA	NA	NA
KMW	477	353	59,598	65,657	0.008	0.00538

As per suggestions and guidelines received from External Auditors, the company began monitoring of specific carbon emission tons of CO<sub>2</sub> emitted/BHP. Khadki plant does not have production activity, hence there is no BHP for Khadki plant so GHG intensity can not be calculated. At Khadki (corporate office), only limited research and development activity exists. But, KOEL has plans in place to monitor the specific carbon emissions for KAGAL facility including for Biogas, SF6 circuit breakers, fire extinguisher top-up data, AC refrigeration data as well during next report period as per the guidelines WBCSD protocol/ISO 14064.

### Energy Consumption:

KOEL's concentrated efforts in energy management have fetched CII National Award for "Excellent Energy Efficient Unit" at 20<sup>th</sup> national Award FY 2019-20. Energy Management, "Certificate of Merit" award at State level by MEDA during FY 19-20 for Kagal & "Certificate of Excellence" award for Nashik plant. Energy Conservation cell (ENCON) has representation from all functions and levels & has been anchored by the four pillars of the centralized energy monitoring system, knowledge building, technology Up-gradation, green energy, and products.

Optimization of energy usage in the manufacturing facilities and employing low carbon solutions for the various products and operations is the primary focus. Utilities have already adopted a systematic and structured approach to reduce environmental impacts through various energy-efficient process models and meticulous resource optimization. KOEL has implemented the use of alternate energy methods which serve a dual purpose of resource conservation as well as savings. KOEL has installed and commissioned 5.5 MWp Solar Captive Power plant to replace the conventional energy.

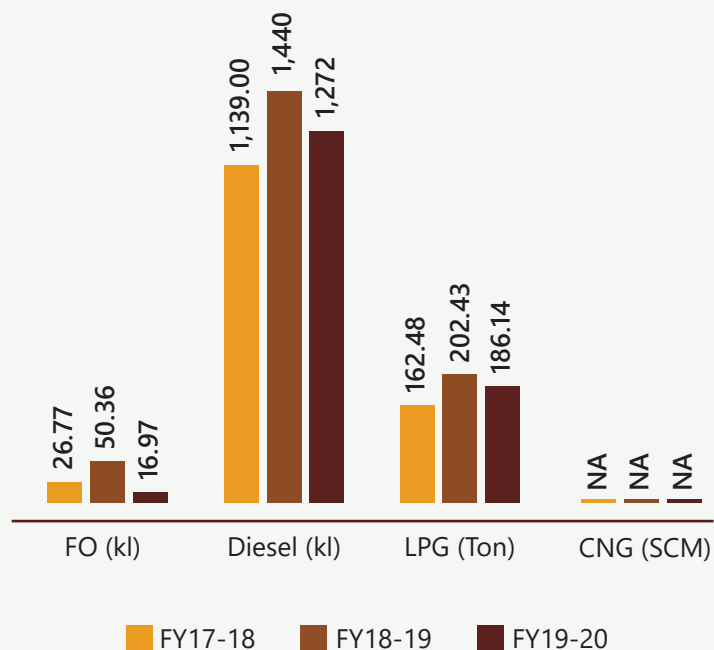
These targets are reviewed monthly by respective ENCON Cell & refined by external experts in K-Group ENCON Competitions and share best practices & various ENCON initiatives at Bi-Monthly K-Group Utilities meetings held at various locations of K-group plants.

Apart from the CII code, KOEL has corporate Energy policy which guides them in utilizing the energy resources. Our set targets for specific energy consumption are monitored through our advanced Centralized Energy Management System (CEMS). This CEMS is also helping us to identify the energy losses and undertake the ENCON projects. The targets are given to individual production lines and monitored and measured regularly by respective production managers. With respect to energy policy, KOEL has developed the strategy for Energy Audits at all its plants. Based on the outputs of our internal & external audits, we develop the ENCON Action plan for each financial year and resources are allocated. Also, KOEL's internal team of energy auditors completed a walk-through energy audits at Kagal, KMW, Khadki, and Nashik. Based on the recommendations various ENCON projects are identified and planned for implementation. (GRI 302-1, GRI 302-3, GRI 302-4)

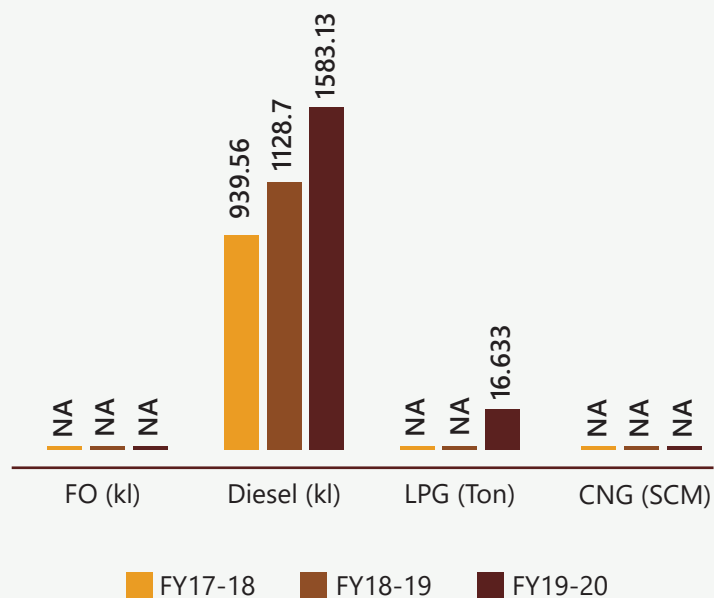
KOEL is committed to optimizing the use of energy in operations as also to bring about continuous improvement in processes and products through the use of energy efficiency interventions and renewable energy technologies.

Plant wise consumption of non-renewable fuels for the year 2019-20 are presented below:

### Kagal Plant

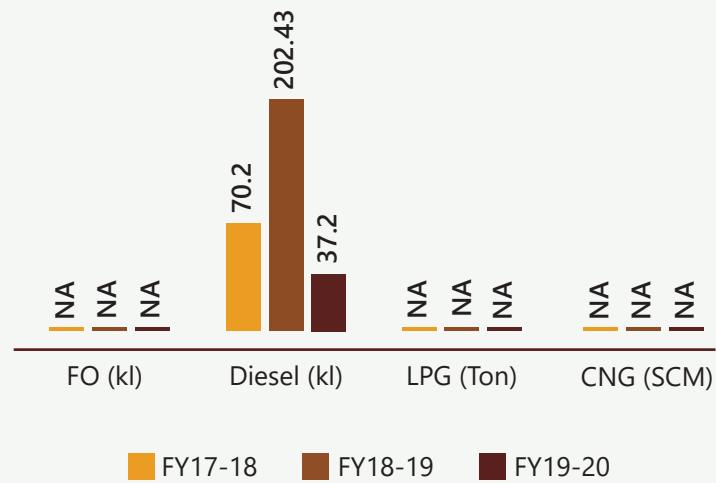


### Khadki Plant

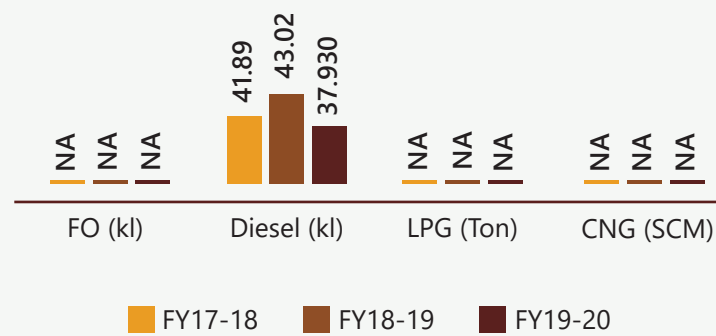




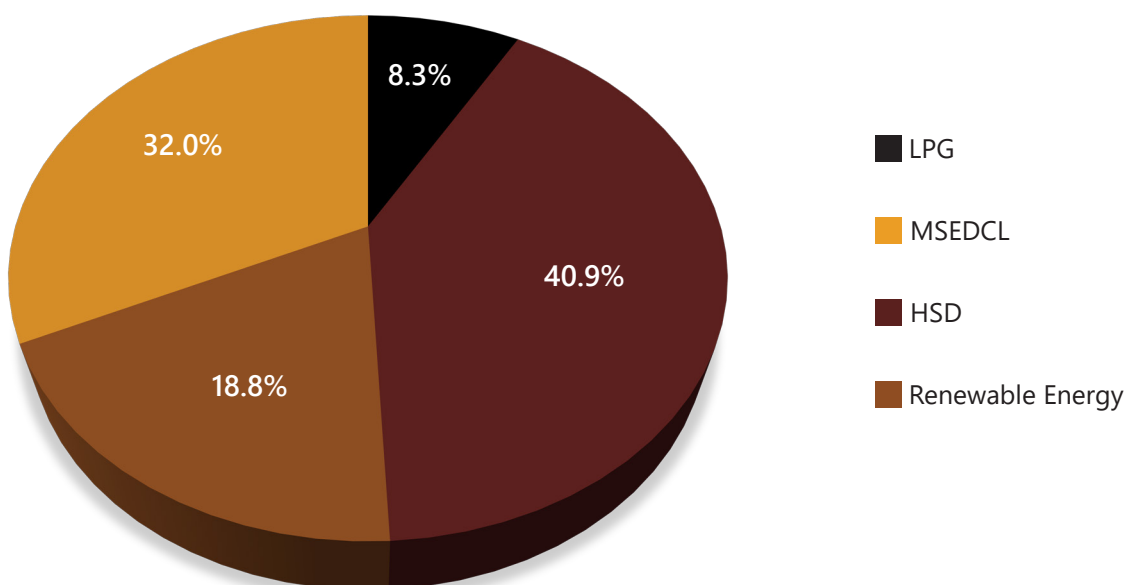
## Nashik Plant



## KMW Plant

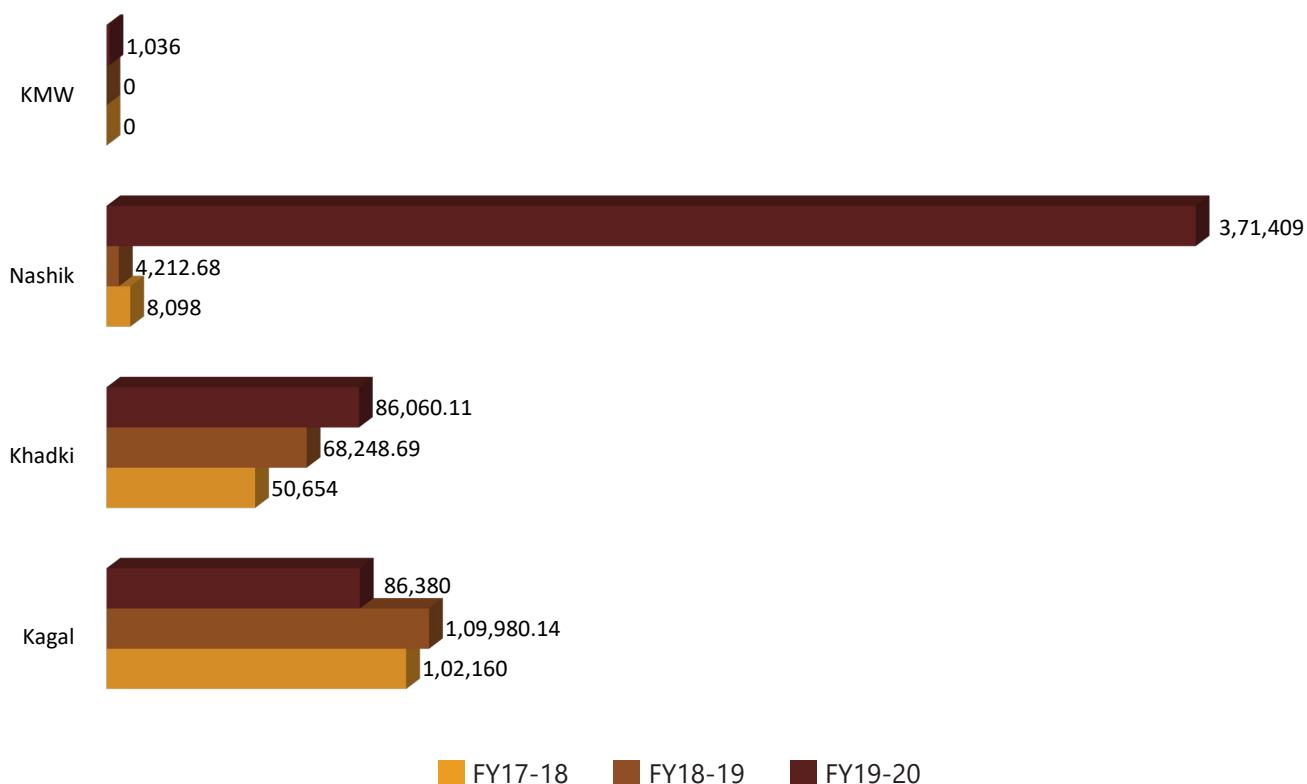


## Share of various energy sources

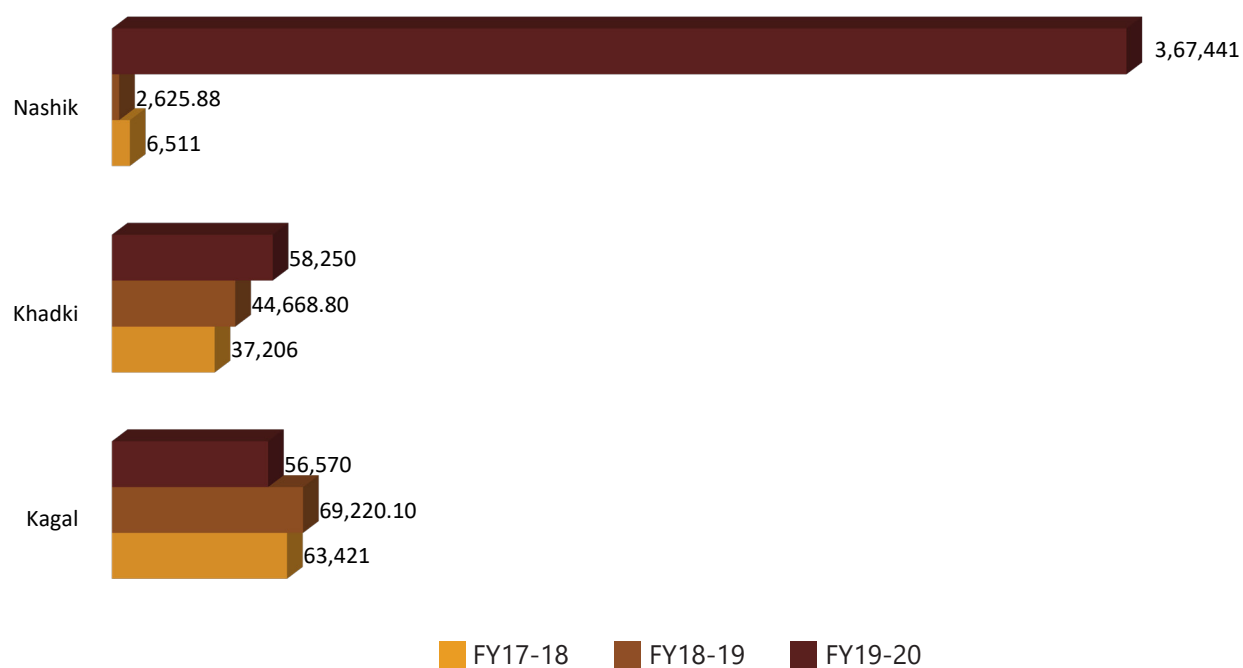


The fuel consumption is taken from the daily stock changes, issuance logs from stores and matched with purchase records for the respective year.

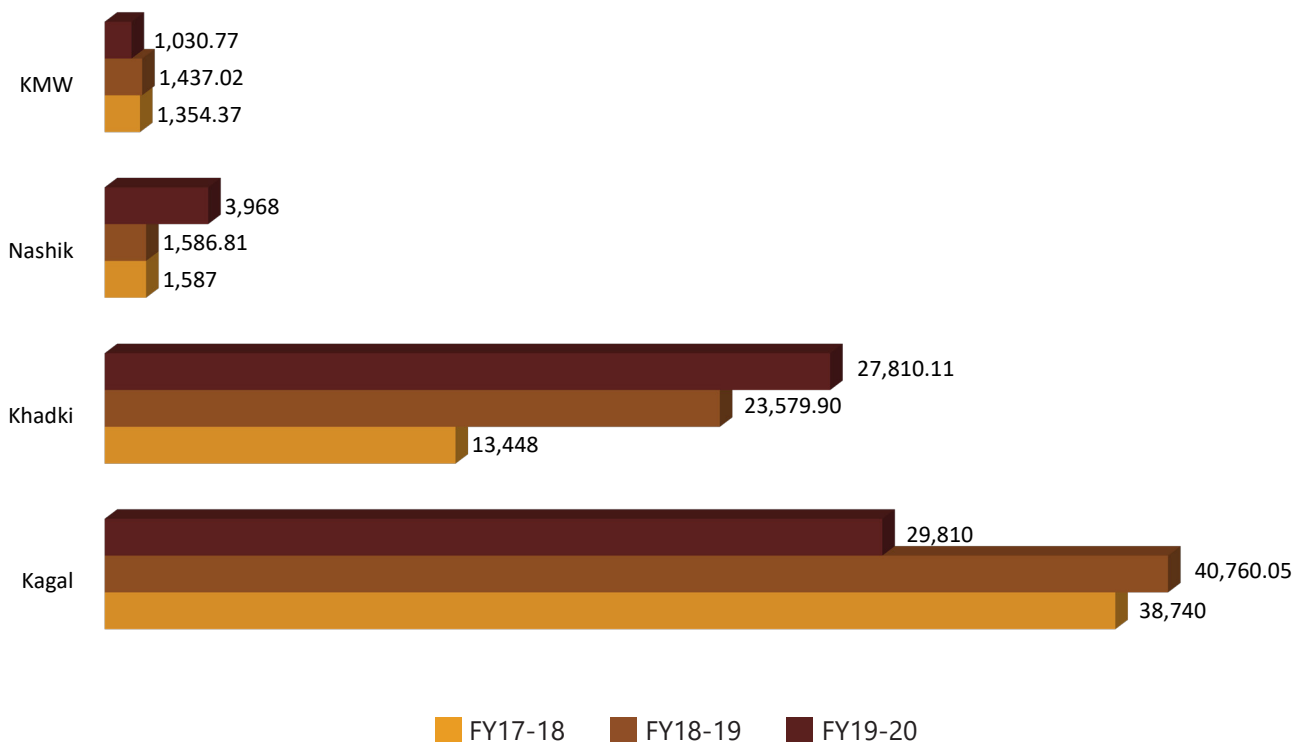
## Total Energy Consumption (GJ)



## Direct Energy Consumption (GJ)



## Indirect Energy Consumption (GJ)



Units	Energy Intensity (MJ/BHP)		
	FY 2017-18	FY 2018-19	FY 2019 – 20
Kagal	19.89	17.9	13.57
Khadki	NA	NA	NA
Nashik	316	#	43.006
KMW	NA	NA	34.99

Kagal, Nashik and KMW plants has been on a carbon reducing trend with the values of reduction in kgs of CO<sub>2</sub> emitted/BHP reported to be 12.8%, 19.5%, 32.8% and 8.7% respectively.

This positive impact is a result of optimum loading of equipment due to shift rescheduling, replacement of huge quantum of conventional lamps with LEDs, Use of plastic fuel as an alternative to HSD, ENCON projects at various facilities and renewable energy through 5.5 MWp Captive Solar Power Plant and third-party energy purchase.

Overall offset of CO<sub>2</sub> emissions is not increased as targeted, due to change in policy and tariff of MSEDCL for 33/22/11 KV grid. Due to increase in cross subsidy charge it is not economically viable to opt Open Access energy purchase. This resulted into less third-party open access renewable energy purchase.

### Renewable Energy:

KOEL has been generating and consuming renewable energy from its own windmills till 2016, and solar and wind energy plants are operated via open access. In the reporting period, Kagal and Khadki plant will receive renewable energy to the possible exhaustive limit with the new 5.2 MWp Solar Power plant. Other renewable options for Nashik and KMW plants will be evaluated and implemented. Kagal plant will become Carbon Neutral in FY 2020-21.

During the year under review, 46% of total electricity energy consumption at Kagal plant, with an approximate savings of Rs. 6.03 Crores was through units generated from Solar Captive Power Plant installed and Third-Party Windmill Units were purchased from independent Windmill generators under open access policy.

11% of total electricity energy consumption at Khadki, Pune plant, with an approximate savings of Rs. 0.87 lakhs were installed in this year and Third-Party Windmill Units were purchased from independent Windmill generators under open access policy. The Company made a capital investment of Rs. 1.08 Crores on energy conservation equipment.

To conserve environment and its impact, KOEL has adopted following initiatives at various plants during the reporting period:

### 1. Khadki Plant

- Adoption of LED lights. (T5 fittings replacement by 36W LEDs, 36W LED installation for streetlight alongside compound wall)
- Installed three APFC panels (900 KVAR, 450 KVAR, 250 KVAR) for improvement in power factor
- Installation of occupancy sensors in toilets
- Celebrated ENCON day & ENCON week by arranging various competitions, display and discounted rate sale of solar products
- Energy efficient VRF AC system installation at HR office, Inverter Split ACs installation at CSBU Shop floor office

### 2. Kagal Plant

- Development of in house small wind turbine for powering streetlights in the factory premises
- Installation of Power analyzer for energy measurement and power quality analysis
- Usage of electronic forklift instead of diesel forklift
- Installation of energy efficient pumps for Effluent Treatment Plant
- Construction of Rainwater Recharge Pit in order to increase level of groundwater
- Energy Efficient LED lights installed
- Certification for maximum usage of natural resources for building located in the factory premises

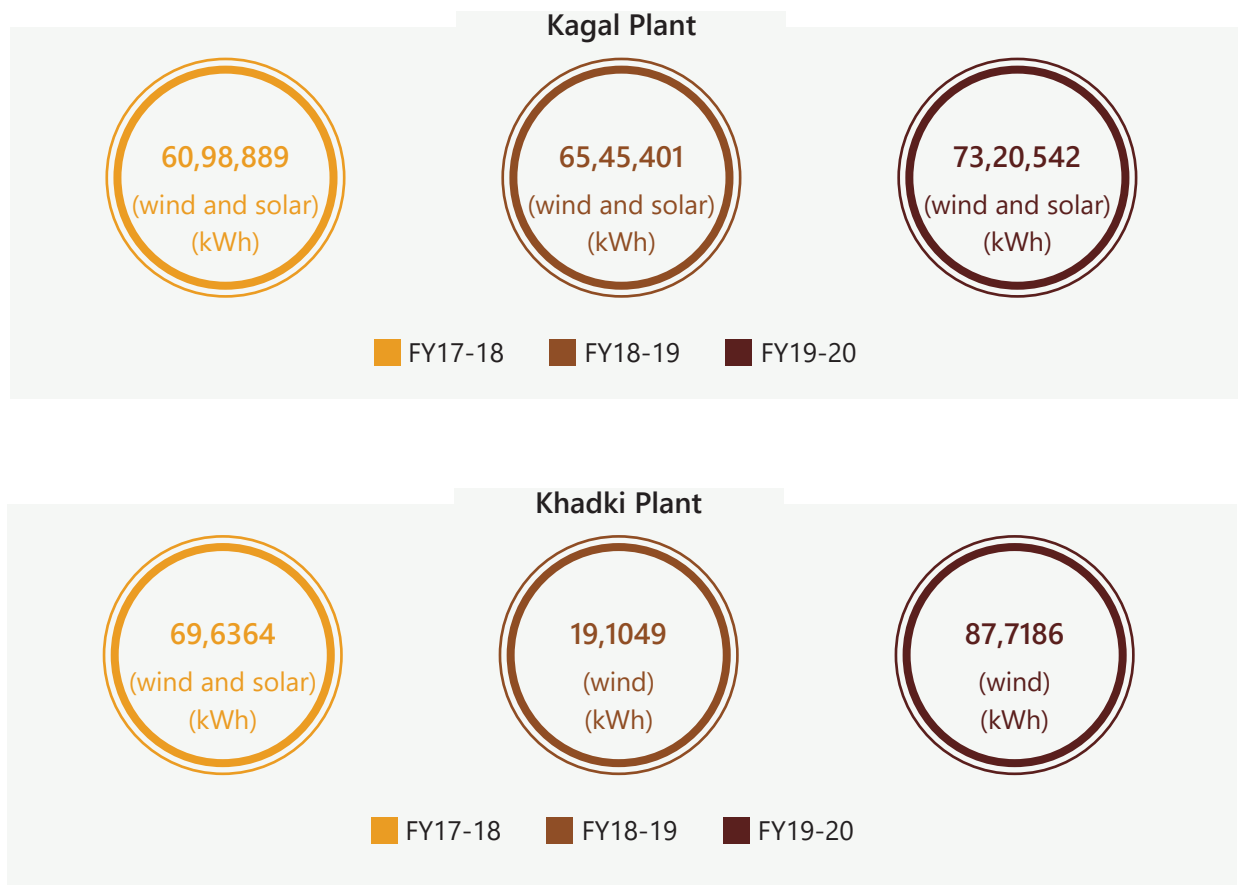
### 3. KMW Plant

- Energy Efficient LED lights installed
- Installation of water saver taps
- Installation of Solar hot water system instead of electric heaters to machine for components washing
- Installation of Energy monitoring system

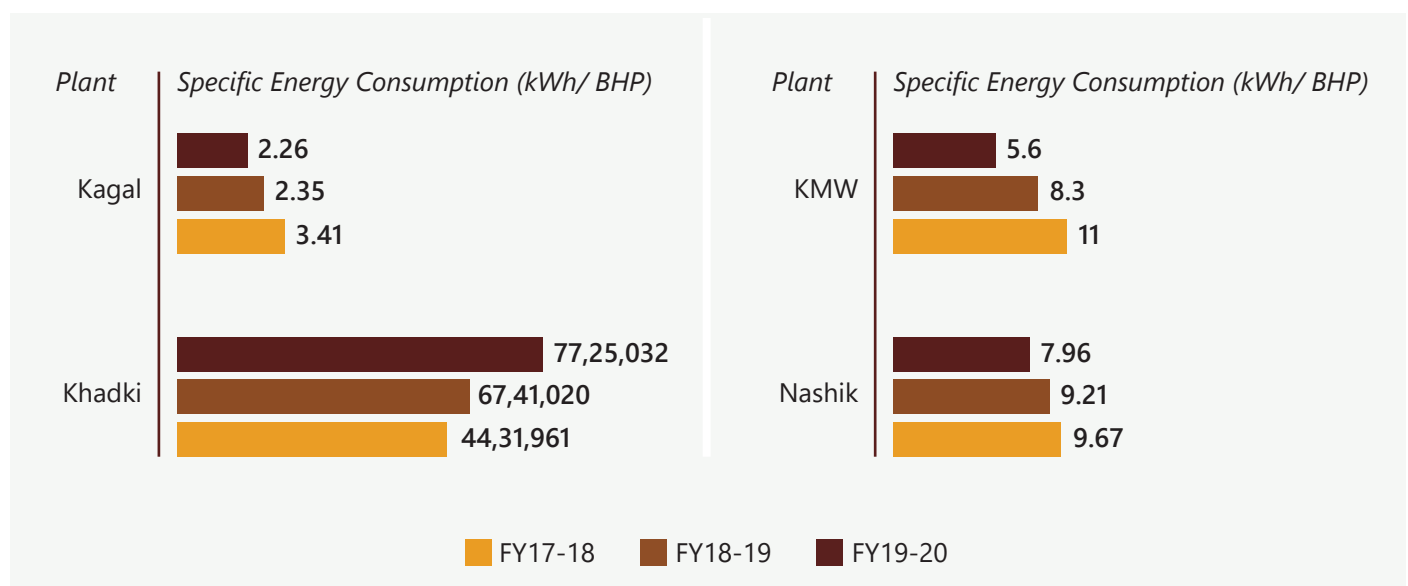
### 4. Nashik Plant

- Energy Efficient LED lights installed
- Installation of Fiber Reinforced Plastic fans for cooling tower in order to save energy

Plant wise disclosure of use of renewable energy are shown below:

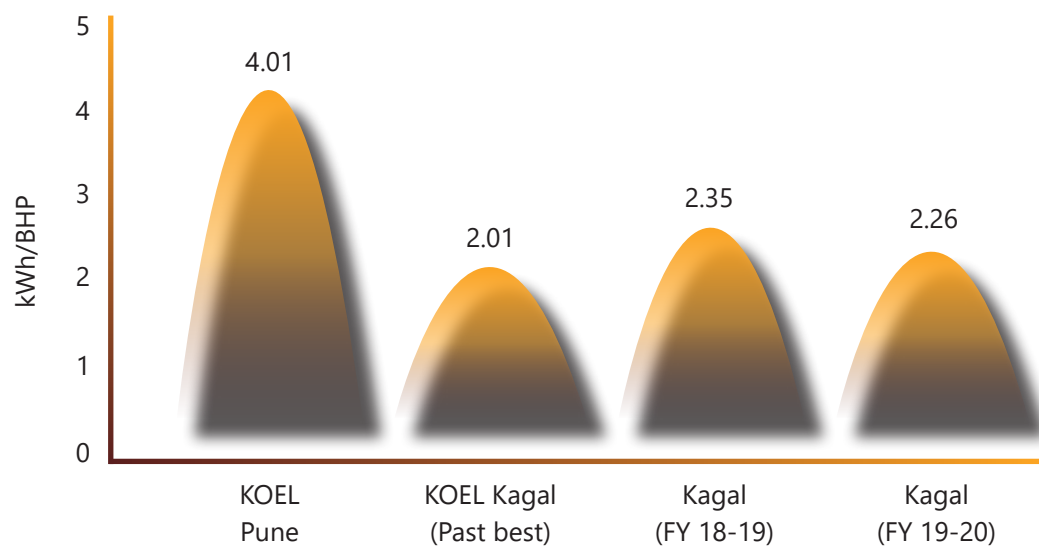


### Specific Energy Consumption Baseline 2017-18

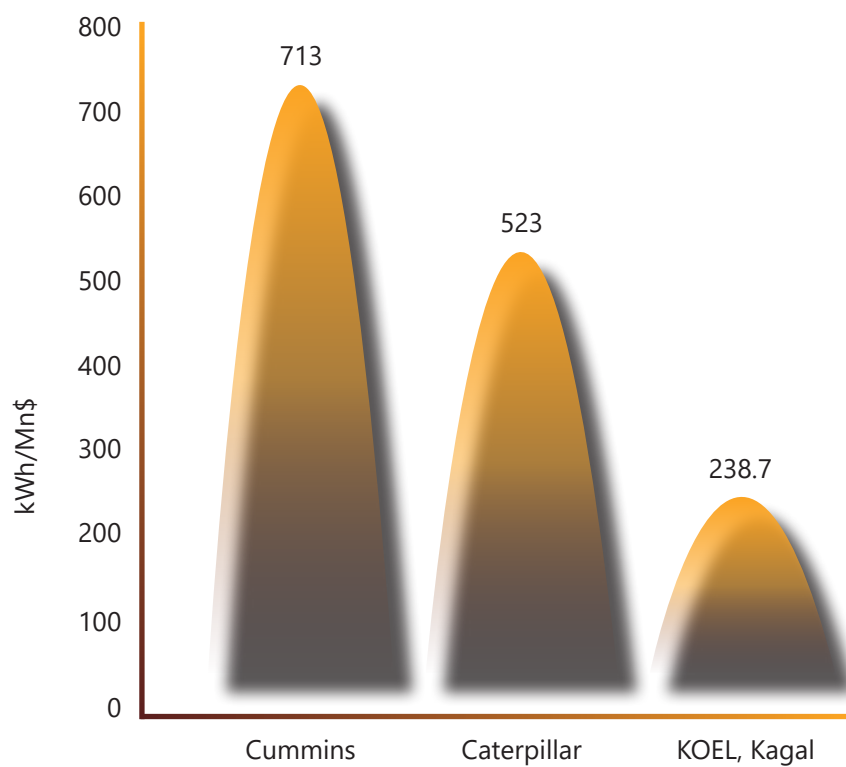




## Specific energy consumption, kWh/BHP (Internal)



## Specific energy consumption, kWh/million \$ of revenue (International)

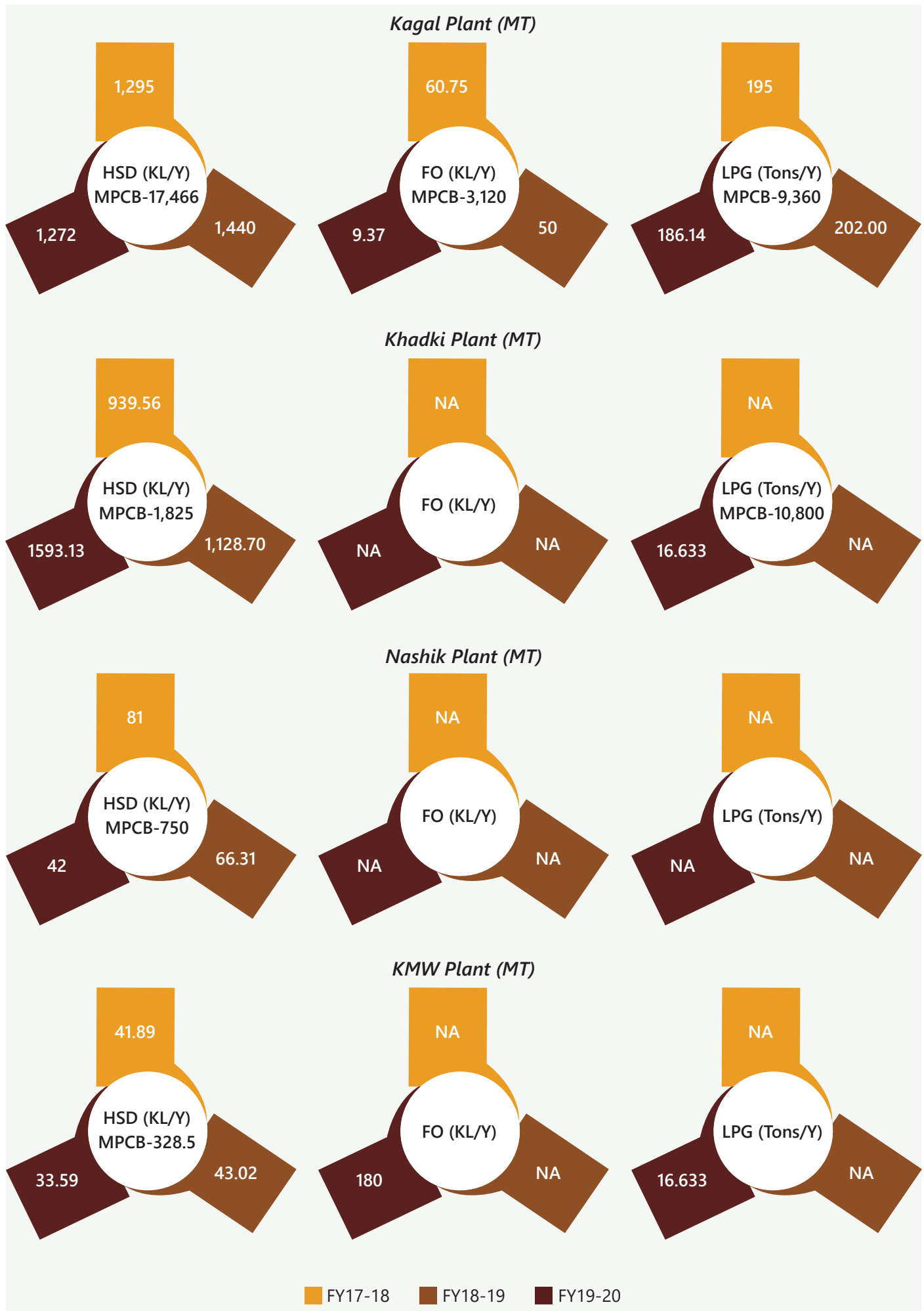


## Material:

(GRI 301-1)

KOEL's raw materials and components (spares required in company products, which are manufactured by other OEMs) include – components, non-ferrous metals, steel and steel strips, and others.

## Hazardous Chemical/ Non-Biodegradable Material



All of these materials were purchased from OEM and other suppliers/dealers. Further, the lube oil used in all our manufacturing facilities is recycled via certified oil recyclers. The Company also recycles plastic bags and covers used in packaging. In financial year 2019-20, the Company recycled packaging materials worth approximately Rs. 2.92 Lacs.

The Company has a defined Green Supply Chain Policy that aids alignment of actions along with supply chain in managing projects in an environmentally friendly manner, judiciously using resources, recycling waste and adopting responsible business practices such as minimizing the use of wood.

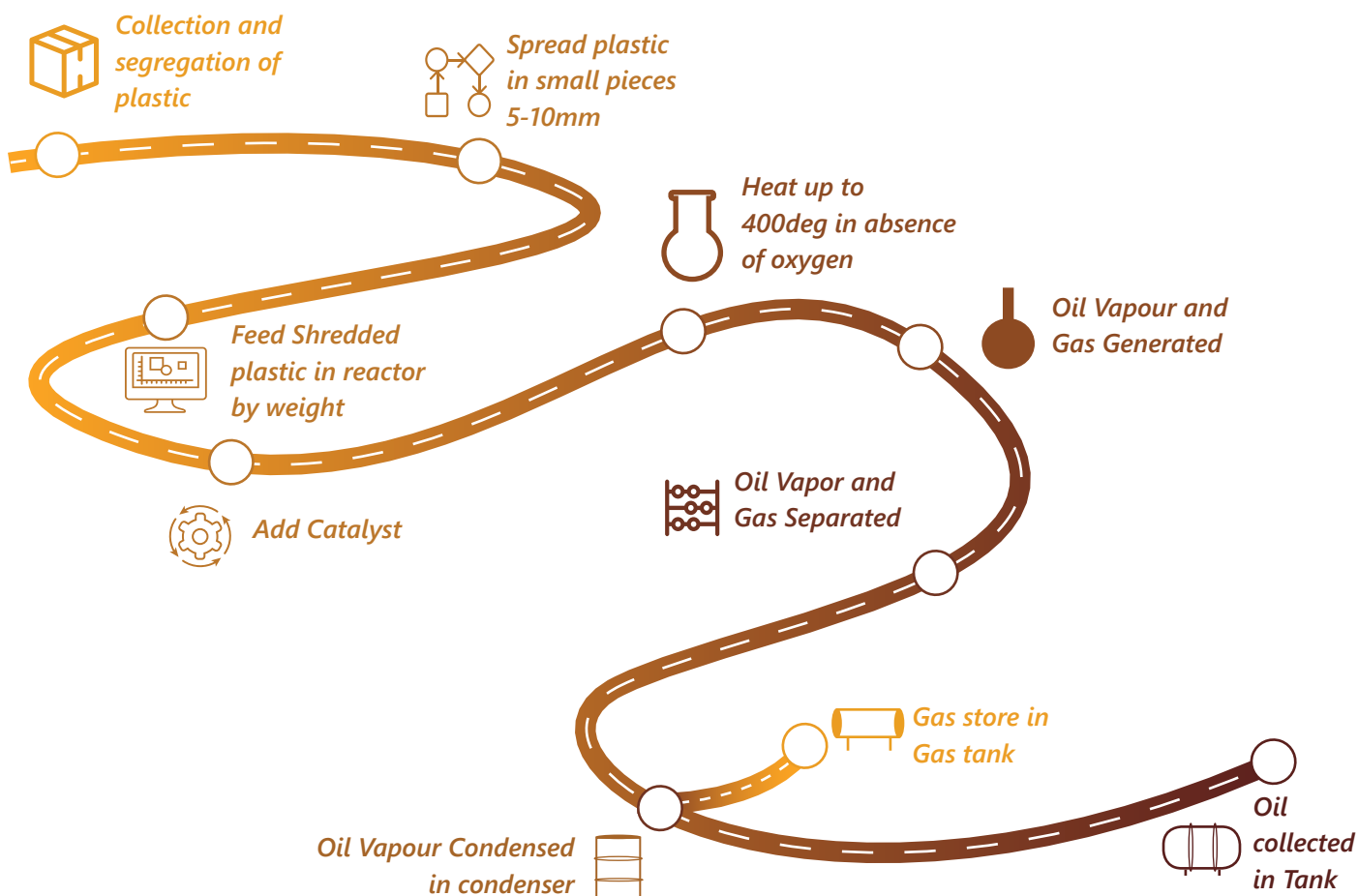
In tune with the Green Supply Chain Initiative, the Company has planted around 1500 trees during the year 2019-20. The total wood savings are to the tune of 33,985 CFT. The usage of plastic for packaging the finished product is as per norms laid down by the Pollution Control Board. Further the processes in place for receipt and disposal of plastic are also as per norms applicable within the jurisdiction of Maharashtra.

## Waste and Effluents:

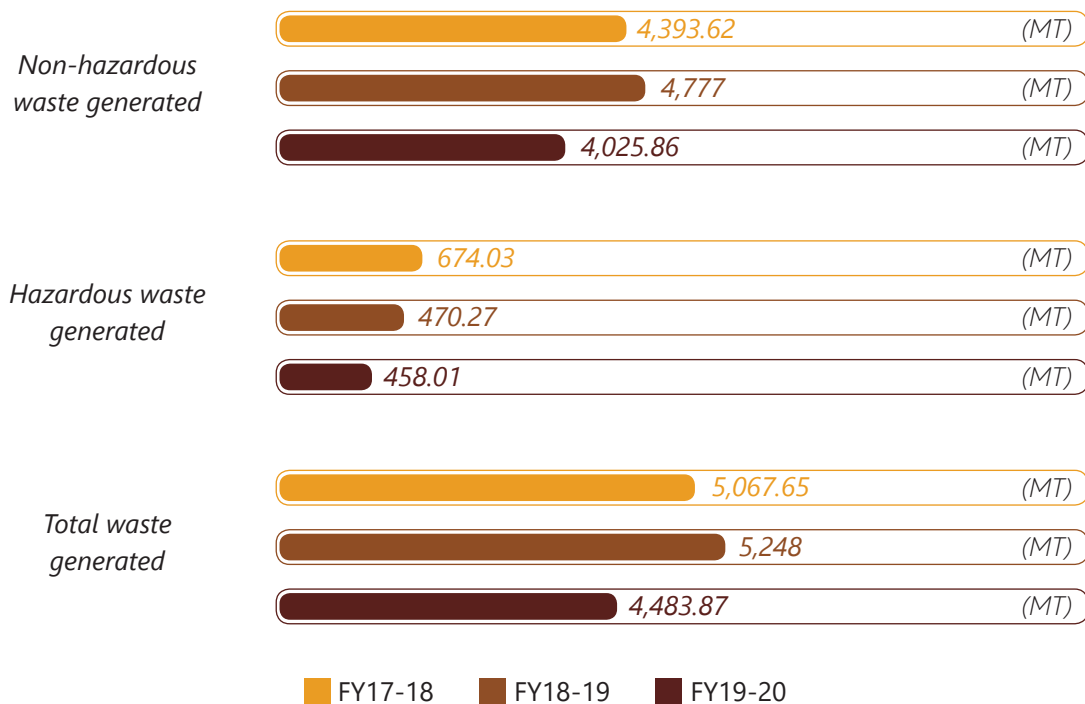
(GRI 306-2)

KOEL has at all its locations certified for ISO 14001 under Integrated Management System. The sound implementation enables to ensure going beyond compliance levels as prescribed by state authority for all related equipment, systems, and processes proactively and thus KOEL is setting an Industry Benchmark in Engineering Industry. Besides this, wholehearted employee involvement in energy conservations, Green initiatives, and effective resource management and policy enables the company to get a sustainable performance consistently. Ultimately this has enabled to create and sustain GREEN FACTORY.

### Waste plastic to fuel plant



## Hazardous/non-hazardous waste generated at Kagal Plant:



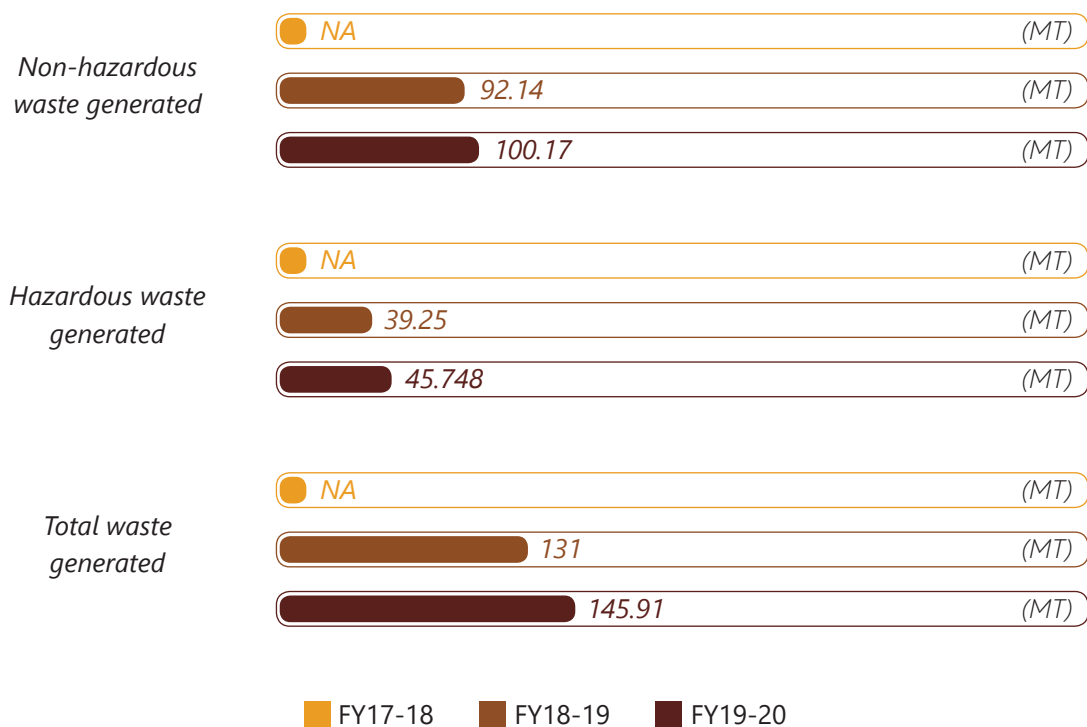
## Hazardous waste at Kagal Plant:

Type of waste	Annualise MPCB Unit	FY 2017-18	FY 2018-19	FY 2019-20
Used Oil/Waste oil	2100 KL / annum	248.03	293.35	282.95
Empty Barrels, Containers, Spray Bottles	499 MTA	NA	NA	91.90
ETP Sludge	552 MTA	114.31	109.12	75.16
Lead Acid Batteries	14 MTA	NA	NA	8

## Non-Hazardous waste at Kagal Plant:

Type of waste	Unit	FY 2017-18	FY 2018-19	FY 2019-20
Ferrous Metal Scrap	MTA	3019.07	3,218.00	2,848.2
Wooden Scrap	MTA	491.04	512.00	361.78
Rubber Plastic	MTA	800.47	924.27	737.6
Grinding Dust	MTA	83.04	123.00	78.28

## Hazardous/non-hazardous waste generated at Khadki Plant:



## Hazardous waste at Khadki Plant:

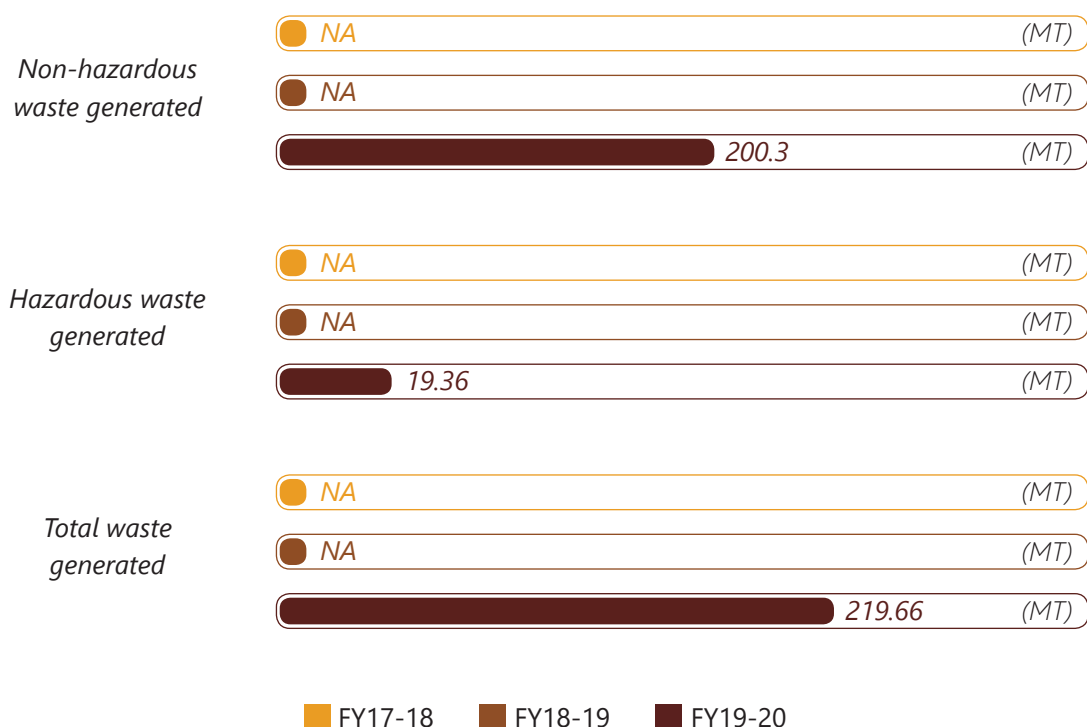
Type of waste	Annualise MPCB Unit	FY 2017-18	FY 2018-19	FY 2019-20
Used Oil/Waste oil	90 KL / annum	2.54	2.86	15.64
Empty Barrels, Containers, Spray Bottles	20 MTA	3.94	2.16	2.618
ETP Sludge	6 MTA	9.64	21.13	0.49
Lead Acid Batteries	120 MTA	5 Nos	10 Nos	27

## Non-Hazardous waste at Khadki Plant:

Type of waste	Unit	FY 2017-18	FY 2018-19	FY 2019-20
Ferrous Metal Scrap	MTA	94.97	36.31	53.79
Wooden Scrap	MTA	34.33	22.50	12.65
Rubber Plastic	MTA	51.29	29.3	33.73
Grinding Dust	MTA	0	NA	NA



## Hazardous/non-hazardous waste generated at KMW plant:



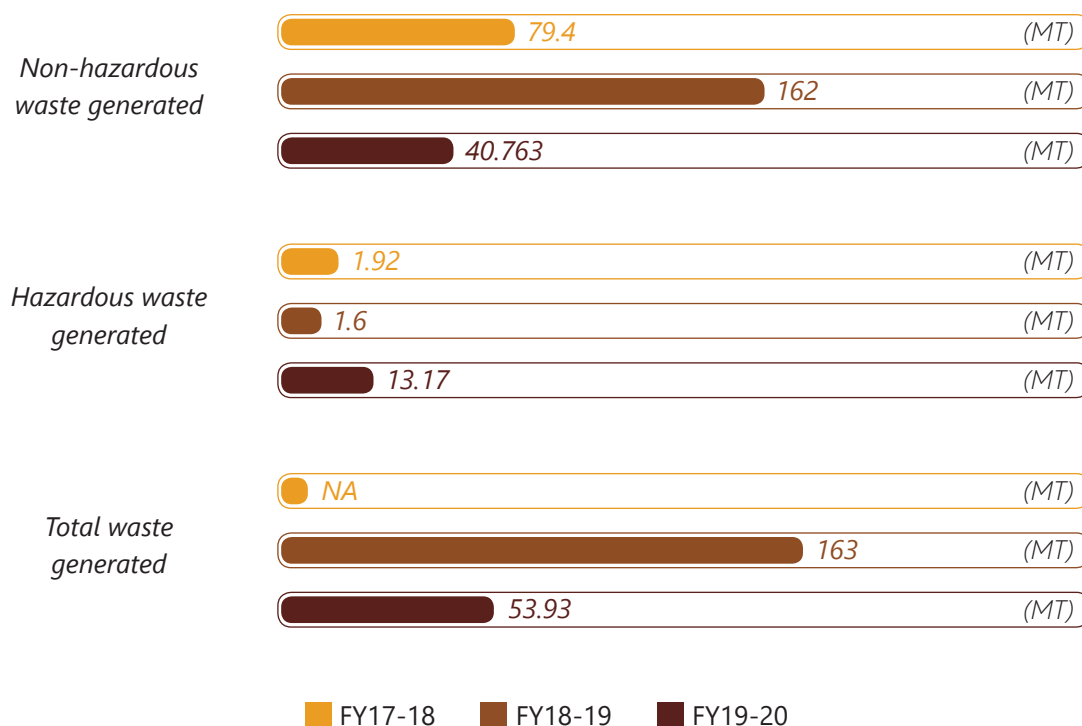
## Hazardous waste at KMW Plant:

Type of waste	Annualise MPCB Unit	FY 2018-19	FY 2019-20
Used Oil/Waste oil	9.60 MTA	NA	1.8
Empty Barrels, Containers, Spray Bottles	189.72 MTA	NA	16.26
ETP Sludge	36 MTA	NA	1.3
Lead Acid Batteries	NA	NA	NA

## Non-Hazardous waste at KMW Plant:

Type of waste	Unit	FY 2018-19	FY 2019-20
Ferrous Metal Scrap	MTA	49.34	62.9
Wooden Scrap	MTA	87.57	68.6
Rubber Plastic	MTA	22.3	5
Grinding Dust	MTA	NA	63.8

## Hazardous/non-hazardous waste generated at Nashik plant:



## Hazardous waste at Nashik Plant:

Type of waste	Annualise MPCB Unit	FY 2017-18	FY 2018-19	FY 2019-20
Used Oil/Waste oil	1.8 KL / annum	1.11	1.01	1.555
Empty Barrels, Containers, Spray Bottles	71.4 MTA	NA	NA	11.57
ETP Sludge	0.24 MTA	65.6	14	0.044
Lead Acid Batteries	Numbers/annum	5 Nos	10 Nos	NA

## Non-Hazardous waste at Nashik Plant:

Type of waste	Unit	FY 2017-18	FY 2018-19	FY 2019-20
Ferrous Metal Scrap	MTA	NA	75.94	22.022
Wooden Scrap	MTA	NA	43.84	12.579
Non-serviceable scrap/garbage	MTA	NA	NA	6.15
Grinding Dust	MTA	NA	0.3	0.012

**Ambient Air Monitoring for Kagal Plant (GRI 305-7)**

Parameters	Kagal Plant (MT)			
	MPCB Unit	FY 2017-18	FY 2018-19	FY 2019-20
PM 10 ( $\mu\text{g}/\text{m}^3$ )	<100	30.81	56.00	45.86375
SO <sub>2</sub> ( $\mu\text{g}/\text{m}^3$ )	<80	10.99	17	21.24583333
NO <sub>2</sub> ( $\mu\text{g}/\text{m}^3$ )	<80	13.47	18.00	15.37666667
PM 2.5 ( $\mu\text{g}/\text{m}^3$ )	<60	8.99	22.00	16.6775
CO ( $\mu\text{g}/\text{m}^3$ )	<2	0.1	0.50	0.1

**Ambient Air Monitoring for Khadki Plant (GRI 305-7)**

Parameters	Khadki Plant (MT)			
	MPCB Unit	FY 2017-18	FY 2018-19	FY 2019-20
PM 10 ( $\mu\text{g}/\text{m}^3$ )	<100	92.5	98.67	87.5
SO <sub>2</sub> ( $\mu\text{g}/\text{m}^3$ )	<80	26.92	24.23	24.52
NO <sub>2</sub> ( $\mu\text{g}/\text{m}^3$ )	<80	27.99	25.04	25.4
PM 2.5 ( $\mu\text{g}/\text{m}^3$ )	<60	54.16	41.25	49.17
CO ( $\mu\text{g}/\text{m}^3$ )	<2	<0.4	<0.4	<1

**Ambient Air Monitoring for KMW Plant (GRI 305-7)**

Parameters	KMW Plant (MT)			
	MPCB Unit	FY 2017-18	FY 2018-19	FY 2019-20
PM 10 ( $\mu\text{g}/\text{m}^3$ )	<100	NA	NA	89.68
SO <sub>2</sub> ( $\mu\text{g}/\text{m}^3$ )	<80	NA	NA	20.24
NO <sub>2</sub> ( $\mu\text{g}/\text{m}^3$ )	<80	NA	NA	22.67
PM 2.5 ( $\mu\text{g}/\text{m}^3$ )	<60	NA	NA	23

**Ambient Air Monitoring for Nashik Plant (GRI 305-7)**

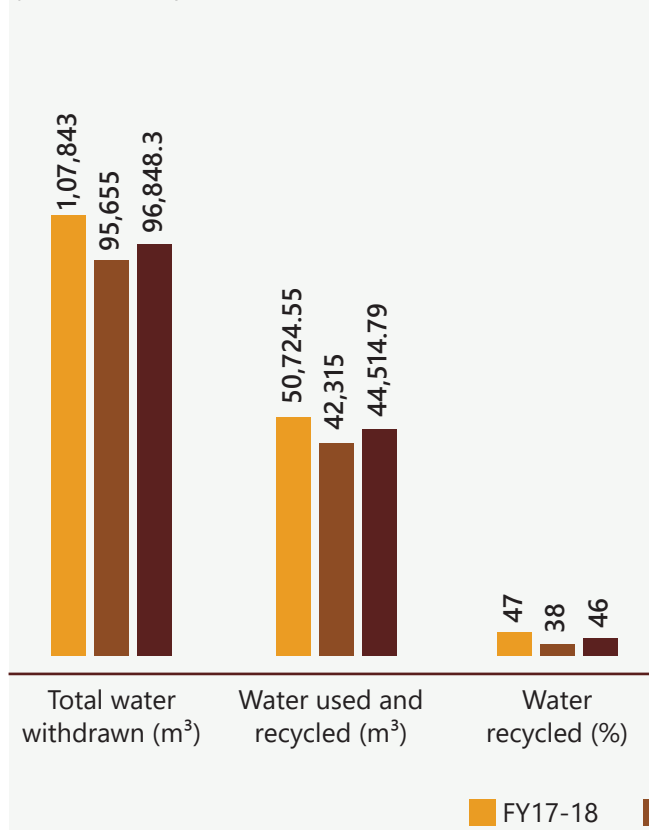
Parameters	Nashik Plant (MT)			
	MPCB Unit	FY 2017-18	FY 2018-19	FY 2019-20
PM 10 ( $\mu\text{g}/\text{m}^3$ )	<100	41.83	54.93	33.2
SO <sub>2</sub> ( $\mu\text{g}/\text{m}^3$ )	<80	15.09	16.99	9.3
NO <sub>2</sub> ( $\mu\text{g}/\text{m}^3$ )	<80	16.79	18.08	10
PM 2.5 ( $\mu\text{g}/\text{m}^3$ )	<60	5.22	6.51	10
CO ( $\mu\text{g}/\text{m}^3$ )	<2	1.82	1.30	2.7

## Water withdrawal

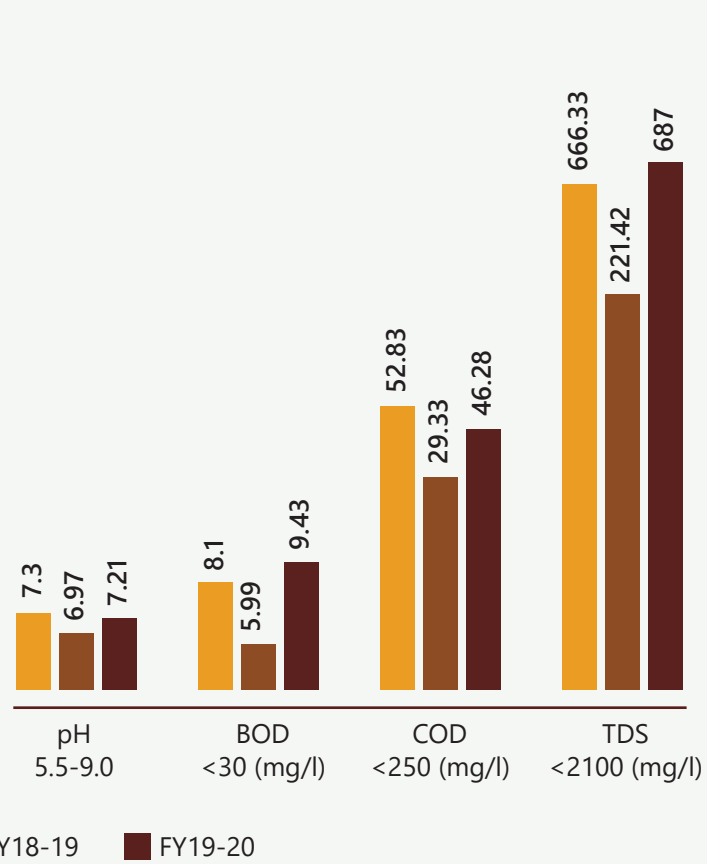
(GRI 303-3, GRI 303-2)

### Total water withdrawn at Kagal Plant

(Source: MIDC)

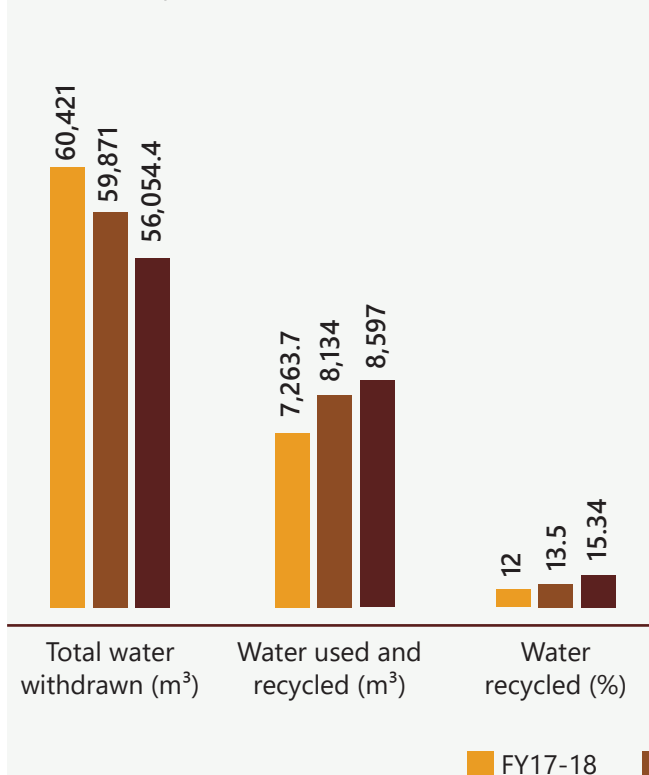


### Sample Water discharge at Kagal Plant

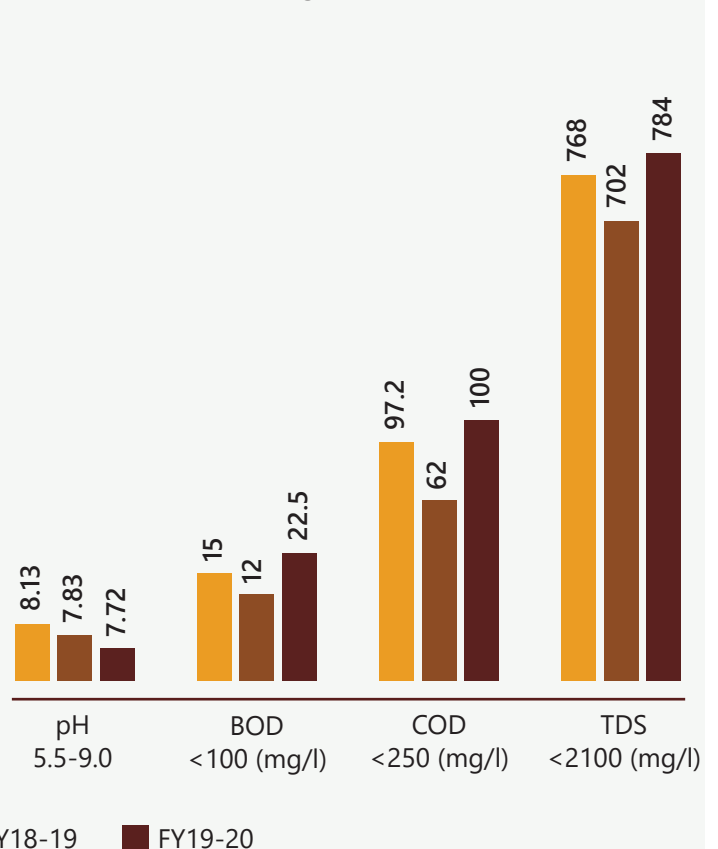


### Total water withdrawn at Khadki Plant

(Source: Pune Municipal Corporation, ground water and Water Tanker)



### Sample Water discharge at Khadki Plant

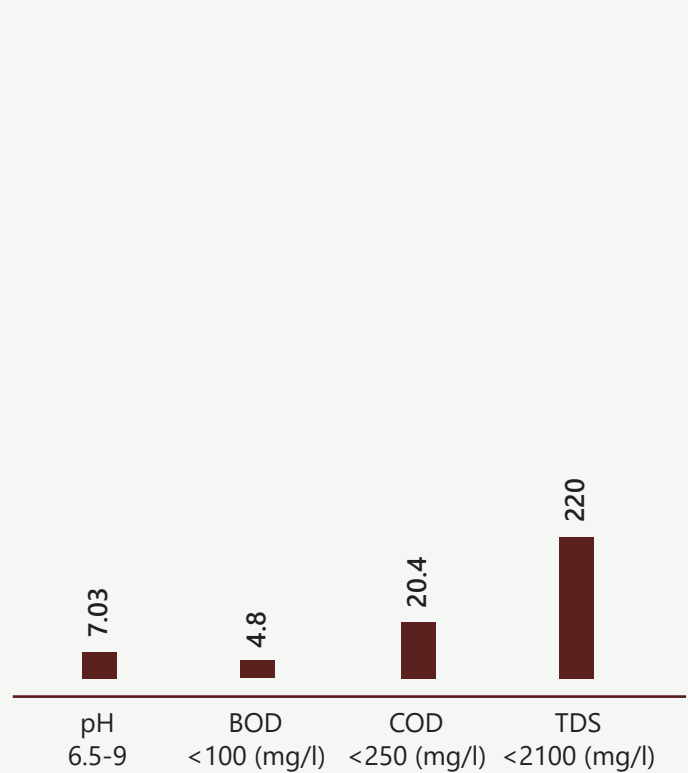


## Total water withdrawn at KMW Plant

(Source: MIDC)



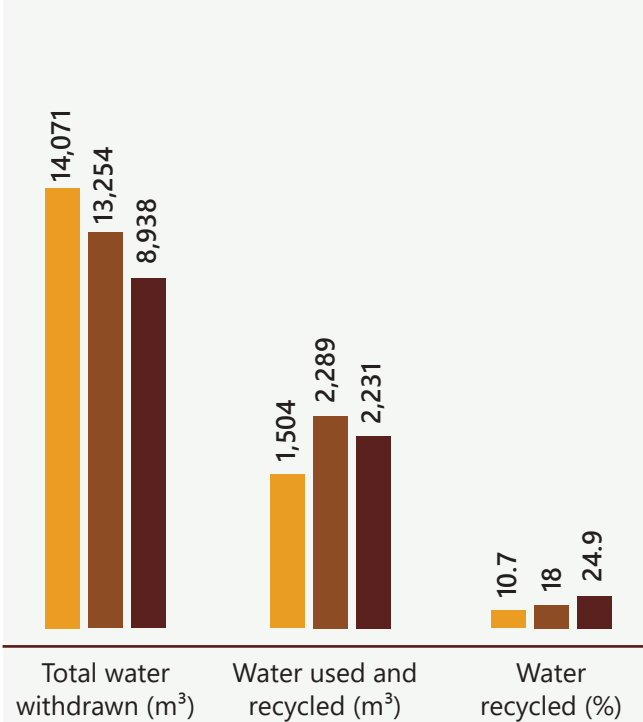
## Sample Water discharge at KMW Plant



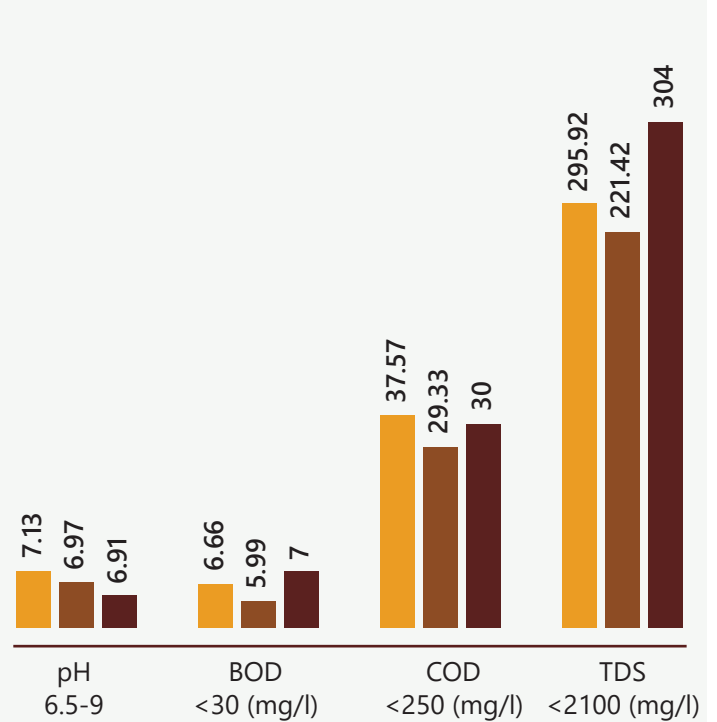
FY19-20

## Total water withdrawn at Nashik Plant

(Source: MIDC)

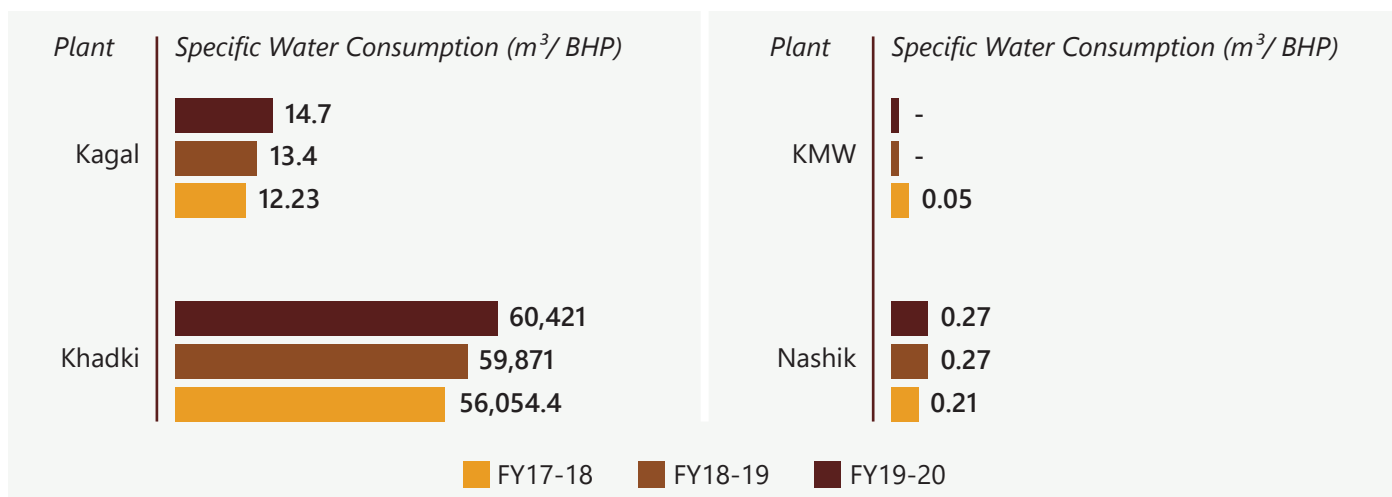


## Sample Water discharge at Nashik Plant



FY17-18 FY18-19 FY19-20

## Specific Water Consumption of Production (GRI 303-5)



The water consumption is calculated by noting down the meter readings directly as also water bills received from suppliers. The water withdrawal does not have a significant impact on sources and water bodies, since water consumption by KOEL is insignificant compared to the total source reservoir, which is being verified by a third-party hydro-geology study (via an independent company) for Khadki and Kagal.

Further, various water-saving projects are implemented including major rainwater harvesting initiatives at Kagal. This has resulted in significant specific water conservation savings.

KOEL took some initiatives to promote 3Rs, Reduce, Reuse & Recycle which can be summarized as follows:

- Zero Discharge-Modern Effluent Treatment Plants
- Treated water for gardening & construction
- ETP facility up-gradation to enhance the quality and usage of recycled water at Kagal
- Biogas from canteen waste - used for streetlights & cooking
- Reusing the Engine packaging skids, lube oil & wooden boxes. Wood-Free Packaging is used of corrugated recycled paper boxes specially designed.
- CSBG remanufactures the engines received against failure. Recycling of major casting and steel components to reduce waste & minimizing the need for raw material. There are total 6 rainwater harvesting structures, with cumulative capacity 40,000 cu.m. Discharge pit at Kagal, piezometer at Kagal to know the impact of our activities at Kagal

The water treated in ETP is used for gardening and flushing toilets etc. and all plants maintain compliance with respect to zero discharge commitment.



# PUBLIC POLICY








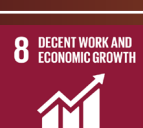




The Company participates in policy advocacy and discussions on issues relevant to its industry sector. The Company's Senior Leadership Team interacts with various professional bodies and organizations to anticipate and understand the economic scenario, industrial environment, future emission norms, government regulations and advancement of public goods and services. These inputs are used for defining future growth drivers and enabling new product development.

The Company is an active member of several industry and trade bodies and regularly participates in industry events and stakeholder consultation/ dialogue leading to policy formulation by various regulatory bodies.

The senior leadership team of KOEL interacts continuously with various professional bodies like IDEMA, CII, FICCI, ARAI, ACMA, FIFO, etc. This helps KOEL understand the business environment & pre-empt changes in government regulations like emission norms & changes in policy affecting its sector and helps KOEL in various aspects like managing risks & new product development.

Apart from this, the company believes in providing the right inputs to various regulatory bodies which would be beneficial for the overall sector. With a view to this, the company has been an active member of various industry & trade bodies and participates in various industry events & stakeholder consultations/dialogues.

# UNSDGS

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	Zero hunger	4-7, 25, 34, 58
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\* 2016 standard

# ASSURANCE STATEMENT



## INDEPENDENT ASSURANCE STATEMENT

### Introduction and objectives of work

Bureau Veritas (India) Pvt. Ltd. has been engaged by Kirloskar Oil Engines Limited (KOEL) to conduct an independent assurance of its Sustainability Report 2019-20. The Report has been prepared in accordance with Global Reporting Initiative (GRI) Standards: Core Option. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the Sustainability Report are the sole responsibility of the management of KOEL. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

### Scope of work

#### The scope of work for the assurance included;

- Data and information included in the Sustainability Report 2019-20 for the **reporting period 1st April 2019 to 31st March 2020**.
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Evaluation of the Report against the principles of Accuracy, Accessibility, Balance, Clarity, Comparability, Reliability, Timelines and Stakeholder Inclusiveness, as defined in the GRI Sustainability Reporting Standards 2016 and 2018, wherever applicable;

The level of assurance has been applied as '**Limited**' for all sections of the report.

### Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

1. Audit was done remotely<sup>1</sup> through video conferencing at KOEL from 10th to 13<sup>th</sup> March.2021. Bureau Veritas interviewed personnel of KOEL including;
  - Environment & Sustainability team
  - Senior Management from Environment & Sustainability
  - Department/Section Heads of Corporate Governance, Finance, Human Resources, Procurement, Engineering & Maintenance, Occupational Health & Safety.
  - Company Secretary
2. Review of documentary evidence produced by KOEL;
3. Remote audit of performance data on a sampling basis and data trail to its source;
4. Virtual Site tour of the facilities available at KOEL Kagal plant.
5. Review of KOEL's data and information systems for collection, aggregation, analysis and review;
6. Review of stakeholder engagement activities by a review of the records maintained in respect of the stakeholder engagement process facilitated by KOEL;
7. Evaluation of information against Global Reporting Initiative Standards and as per the reporting principles of GRI 101: Foundation 2016 viz., Stakeholder inclusiveness, Sustainability context, Materiality & Completeness (for content) and Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness (for quality);



Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The work was planned and carried out to provide "**Limited**"; rather than absolute level of assurance and we believe it provides a reasonable basis for our conclusions.

## Our findings

On the basis of our methodology and the activities described above,

- Nothing has come to our attention to indicate that the reviewed statements within the scope of our verification are inaccurate or that the information included therein is not fairly stated;
- It is our opinion that KOEL has established appropriate systems for the collection, aggregation and analysis of quantitative data on most of the sustainability indicators
- The Report provides a fair representation of KOEL's activities over the reporting period;

## Specified Sustainability Performance Data

Performance data within the report continues to be gathered through a variety of data systems and processes. We consider the data as presented in the report to be reliable but also highlight our recommendation that Kirloskar Oil Engines Limited utilise suitable processes for internal review of its data, gathering inputs against the key performance indicator stated in the report to ensure that performance against these metrics can be consistently and regularly reviewed and acted upon, wherever the performance does not meet expectations and continue to provide information that can be relied upon as accurate.

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

Bureau Veritas undertook an evaluation of KOEL's Sustainability Report 2019-20 against the GRI Sustainability Reporting Standards. This included cross checking the GRI index table against all the reference documents to provide an opinion on the self-declared GRI reporting option.

Based on our work, it is our opinion that KOEL's Sustainability Report 2019-20 has been prepared in accordance with the GRI Reporting Standards 2016 & 2018, wherever applicable, including appropriate consideration of the Reporting Principles and necessary disclosures to meet the requirements of GRI Standards' Reporting Option "**In accordance-Core**".

## Positives & Key Observations:

- Good awareness about sustainability amongst the employees
- No fines or any non-monetary sanctions or cases of non-compliance with environmental and social laws and regulations.
- Rain water Harvesting and ground water recharge initiatives taken up.
- Changes brought in the livelihood of people in the surroundings, as part of its CSR activities.
- Golden Peacock Award 2019
- Green Co Gold Award from CII Certified to Carbon Neutrality in accordance with PAS 2060:2014

## Opportunities for Improvement:

- Organization may take up long term targets for Water and Emissions.
- Data aggregation for the HR data may be further improved.
- Organization may look to report under Comprehensive Option.
- Contractor involvement may be further improved at Kagal plant.
- Awareness trainings may be conducted to all employees regarding GRI standards.

## Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (expressions of opinion, belief, aim or future intention by KOEL and statements of future commitment;
- Competitive claims in the report claiming "first company in India", "first time in India", "first of its kind", etc.
- Our assurance does not extend to the activities and operations of KOEL outside of the scope and geographical boundaries as well as the operations undertaken by any subsidiaries or joint ventures of the Company.
- Our assurance of the economic and financial performance data is based only on the audited annual report of KOEL for the financial year 2019-20 and our conclusions rely solely upon that audited report

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

## Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with almost 190 years history in providing independent assurance services, and an annual turnover of Euros 4.9 billion. Bureau Veritas operates 8 lines of business, serving 400,000 clients worldwide.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with KOEL, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 15 years' experience in this field and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

### Bureau Veritas (India) Pvt. Ltd.

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**R S Premkumar**

Lead Assuror



**Sanjay Patankar**

Technical Reviewer

Mumbai, India  
31-March-2021

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**THANK YOU**