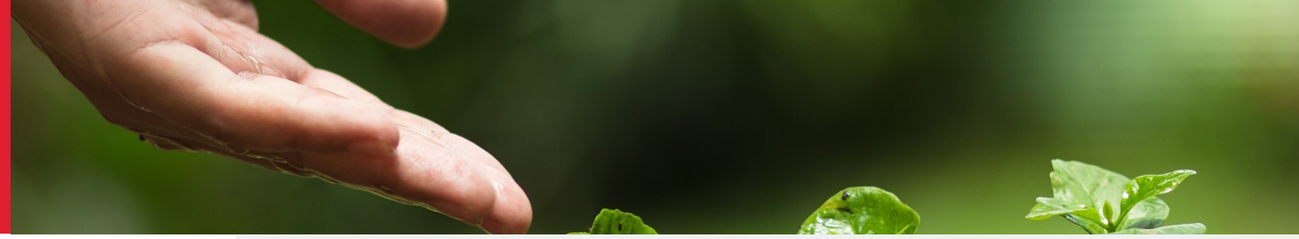
INDFRAG BIOSCIENCES

Sustainability in Action

CORPORATE SUSTAINABILITY REPORT 2021



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Managing Director's Message

INDFRAG BIOSCIENCES - **SUSTAINABILITY IN ACTION**

The COVID-19 pandemic has made an intense impact on economies, businesses, and people worldwide. The United Nations Sustainable Development Goals Report encourages us to view our collective response to the pandemic as a forerunner to addressing a larger crisis, that of climate change.

At IndBio, sustainability is at the heart of everything we do. We aim to create a resilient planet and happier communities by leveraging sustainability driven innovation. Since we commenced our sustainability journey in 2014, we have implemented initiatives that reflect IndBio's philosophy, namely sustainability at the core of a business strategy, ensuring long-term growth and stability. Supported by our customers and stakeholders, we have taken small steps to deliver sustainable impact where it matters the most.

Our supply chain goes back to all the most affected regions. It is our bounden duty to address this issue & do what we can. We truly appreciate that sustainability should extend down the supply chain in order for the whole world to prosper.

In 2016, we launched one of our largest and most critical programs, the Centella Asiatica project. This initiative has demonstrated significant results in the past four years and has impacted the lives of more than 3,000 small farmers in Madagascar. Together with key program stakeholders, we have ensured that our producers receive remuneration that is 1.5 times the national minimum wage. The program has also encouraged families to access education for children and aims to eliminate child labour in farming.

The Boswellia Serrata Sustainable Supply Chain Program in Madhya Pradesh has enabled producers to command and receive higher prices for the supply of Boswellia Serrata and contribute to the socio-economic development of their communities.

Moving forward, we aim to strengthen and expand our sourcing program. We are working to develop an all-encompassing environmental and social sustainability strategy. This strategy will enable the increase in the use of renewable energy in our manufacturing processes. It will articulate how we transition to a circular economy and to carbon and water neutrality in the next five years and will outline plans for conservation of natural ecosystems.

As we look ahead to new experiences, challenges, and outcomes in our sustainability journey, I would like to thank all of our stakeholders for their support, in good as well as difficult times.

Best wishes,
Philip Samuel

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Organizational Profile

INDFRAG BIOSCIENCES - **SUSTAINABILITY IN ACTION**

Indfrag Limited started out in 1989, extracting essences of natural flowers for the use in perfumery. Over the next two decades, we initiated multiple journeys, diversifying into botanical ingredients for healthcare in 1990, expanded into plant bio-actives for the cosmetics industry in 2000 and entered the food ingredients sector in 2009.

Today, we focus on producing botanical extracts for the cosmetic industry as well as contract manufacturing specific flavourings for the food industry.

IndBio is headquartered in Bangalore, India with manufacturing capabilities in India and Vietnam.

Our extraction facility in India is among the country's largest and comprises of five manufacturing units of varying capacities across three sites. This allows us the flexibility to supply extracts, from milligram quantities to several tons, based on customer requirements. We have the capacity to process 400 MT of raw botanicals every month and offer a comprehensive range of downstream processes for drying, powder processing and sterilization. As a leading player committed to the highest standards of safety, quality, and sustainability, we have ensured that all our processes comply with relevant ISO requirements.

We work with a large network of botanical raw material suppliers, located in Eastern Europe, South and Central America as well as Africa, South East Asia, China, and India. These relationships have been established over the last 30 years, with a focus on strategic planning and investment to ensure we have a continuous supply of raw materials that are otherwise seasonal in nature and vulnerable to the impacts of climate change.

Our key products comprise of variety of extracts and oils. Among the former, Centella Asiatica, procured from Madagascar and Boswellia Serrata sourced from Madhya Pradesh in India, are the largest contributors to revenue of IndBio's cosmetics division. These cosmetic active ingredients are bought by international companies in the European Union, North and South America and Asia for use in leading cosmetic brands.

As the effects of climate change have started to impact our operations in terms of continuous availability of raw materials, we too, have grown more conscious of the importance of a business with sustainability as its cornerstone. IndBio's Sustainability Program commenced in 2015 and has been imbibed into our value chain operations.

More details about the organization, our operations and products are available on our corporate website - ***https://www.Indfragbiosciences.com***

1.1

Memberships of Associations

As a provider of botanical extracts to the beauty industry, we adhere to high standards of excellence and sustainability. We have collaborated with several global non-profit organizations and have active collaborations with the following:

UNION FOR ETHICAL BIOTRADE SOURCING WITH RESPECT

FAIRTRADE INTERNATIONAL

RAINFOREST ALLIANCE CERTIFIED

CDP DISCLOSURE INSIGHT ACTION

ecovadis Business Sustainability Ratings

Certification

We strongly emphasize compliance with quality standard for all our products. Accordingly, all our employees are trained to follow practices that meet KOSHER, HALAL, ISO 9001, and HACCP standards of production.

INDFRAG BIOSCIENCES - **SUSTAINABILITY IN ACTION**

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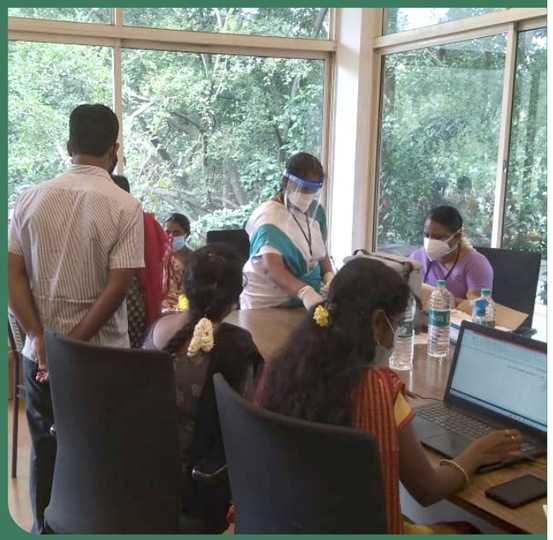
Response to Covid 19

In response to the outbreak of the COVID-19 pandemic, IndBio ensured compliance with government regulations with respect to closure of offices, remote working (where possible) and appropriate health and safety procedures were carried out at our manufacturing facility.

We have carried out vaccination drives at the manufacturing location in Hosur.

All of our 91 employees and their respective families were successfully vaccinated.

Our initial response to COVID-19 focused on relief activities including donations and contributions towards food services and medical expenses. In addition to this, we have supported the Government towards COVID-19 relief efforts.



03

About the Report

3.1

Approach to sustainability

This report highlights the Environmental and Social performance along with the Governance mechanism followed by IndBio's cosmetic division for the period 1st April 2020 to 31st March 2021. In this report, we have outlined our Sustainability strategy, priorities, goals and targets and our commitment to embed sustainability into our core business operations.

Reporting Boundary

This is our second consecutive year of publishing a sustainability report for the cosmetics division of IndBio. The scope of the report includes our botanical extracts manufacturing facility in Tamil Nadu and its respective value chain.

Data Management

Since the information presented in this report is drawn from multiple internal sources, in order to ensure accuracy and traceability, the data is subject to periodic reviews and audit trails. Further, an examination of conversion factors and assumptions made in our assessment were also carried out.

Approach to Materiality

The most material topics were identified based on engagement with internal and external stakeholders and various requirements of ESG indices and programs such as, Sustainability Accounting Standards Board (SASB), Morgan Stanley Capital International (MSCI), Dow Jones Sustainability Indices (DJSI), and Personal Care Product Council (PCPC).

3.2

Stakeholder Engagement and Materiality Assessment

For this report, we have considered topics that were identified as most material to generate sustainable value for our business, and all our stakeholders.

Material issues are those that have a direct or indirect impact on an organization's ability to create, preserve or erode economic, environmental, and social value for itself, its stakeholders and society at large.

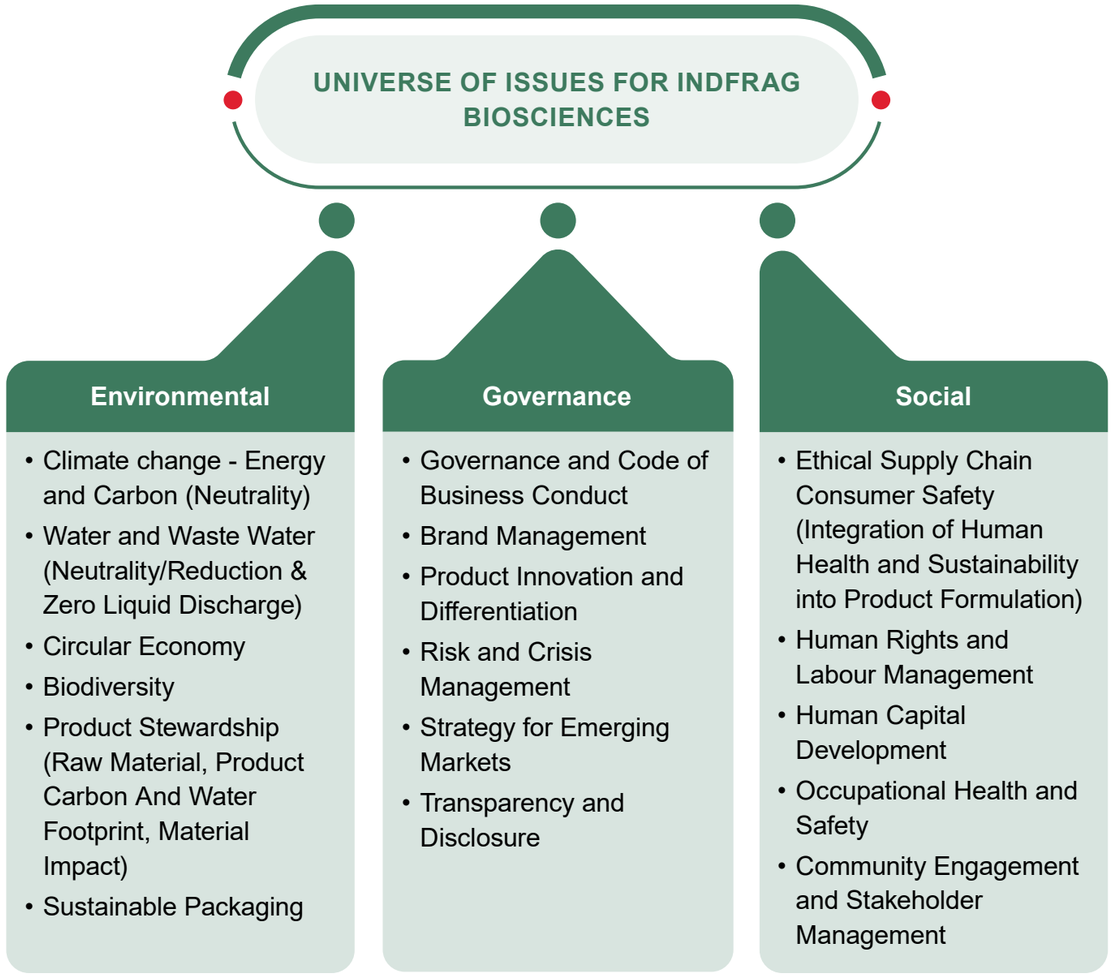
The topics most material to IndBio were identified using a robust 5 - step method as described below.

Materiality Analysis Method

Step 1: Universe of Issues

The first step in materiality assessment is to identify all issues that are material to the organization and its stakeholders. We referred to secondary sources such as industry sector reports and sustainability reports of peers. This review helped us to identify topics and validate broader trends that are relevant to the industry and to us.

Universe of Issues Relevant to IndBio



Steps 2 &3: Business Objectives and Risk Assessment

The universe of issues was mapped with respect to IndBio's business risks and objectives. Next, the issues were assessed with respect to their impact to the Company's strategic business objectives. The impact of each issue with respect to the business risks and objectives are used to assess the importance of these material issues for IndBio.

We have 4 Business Objectives namely:

- Uplift livelihoods and good working conditions
- Build environmentally sustainable business practices
- Strengthen business growth and stability
- Take responsibility towards climate change beyond business

Risk Assessment: In order to assess risks for the business, we have highlighted those that pose a high degree of risk to IndBio and require mitigation on priority. The risks identified are as follows:

Raw material

Margin erosion

Innovation

Supply chain

Law and regulation compliance

Geopolitics

Acquisition and integration

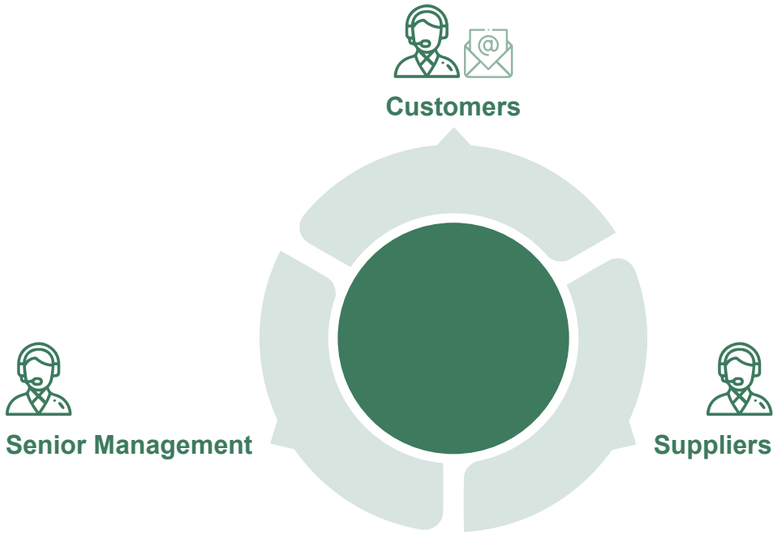
Talent management

Step 4: Stakeholder Analysis

In this step, each material issue identified was scored by key stakeholders, based on the importance of the issue to their operations, through telephonic conversations and e-mail correspondence as required.

Extensive one-on-one discussions were held with 10 individuals representing Senior Management, Customers and Suppliers of IndBio.

Stakeholders Participated in the Materiality Analysis

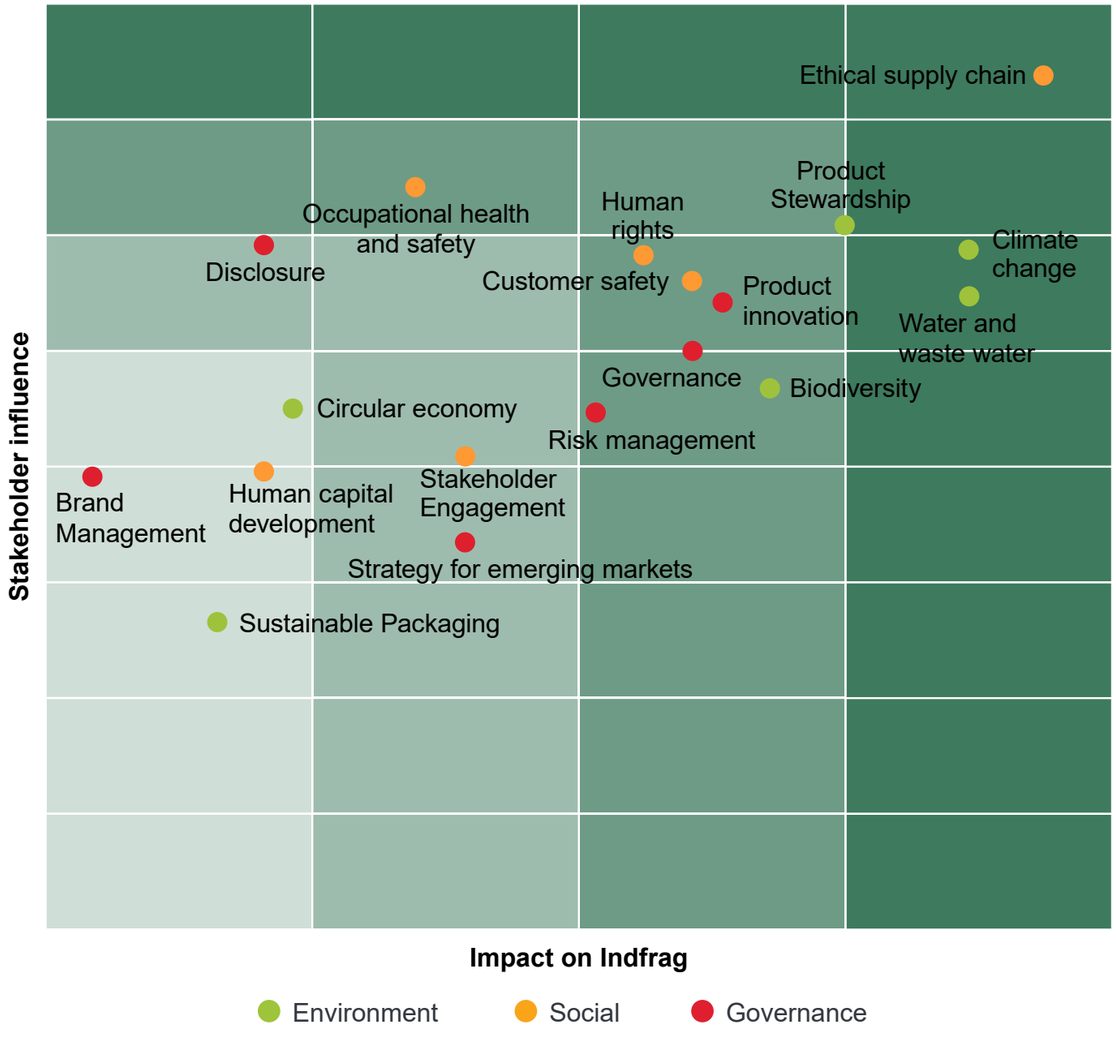


Step 5: External Requirements

Subsequently, the level of importance for the universe of issues was scored with respect to requirement of external standards to represent broader stakeholder concerns. The external requirements considered included Sustainability Accounting Standards Board (SASB), Morgan Stanley Capital International (MSCI), Dow Jones Sustainability Indices (DJSI), and Personal Care Product Council (PCPC).

Finally, the Company's Materiality Matrix was developed, which maps all material issues identified on 2 dimensions: Impact on IndBio versus Stakeholder influence.

Materiality Matrix



The important material issues identified through this process are summarized below:

Key material issue	Rationale for high materiality	
	Risk	**Opportunity**
Climate Change - Carbon & Energy	• Increased cost of energy sources • Dynamic regulatory landscape	• Increase the use of renewable energy in overall energy share; thereby reducing dependency on fossil fuels • Strategic plan to become carbon neutral/ positive
Water and waste water	• Ground water depletion • Dynamic regulatory landscape • Operations in water stressed areas	• Increased rainwater harvesting potential; thereby reducing dependency on fresh water • Strategic plan to become water neutral / positive
Product Stewardship	• Increased consumer awareness on the product environmental impact • Reputational risk	• Strategic plan on reducing the product's environmental and social impact • Brand enhancement & market expansion
Biodiversity	• Unavailability of raw materials • Regulation and reputational risk	• Uninterrupted supply of raw material • Minimizing the impact on the ecosystem
Human rights	• Social un-rest in operations • Operational and reputational risk	• Adherence to applicable human rights regulations • Increased productivity and loyalty • Talent retention
Customer safety	• Market and Reputation risk • Regulatory risk • Loss of customer base	• Increased communication with the customers through product labels • Increased customer base
Governance	• Susceptible to emerging risks and volatile market • Regulatory, operational, and reputational risk	• Increased accountability and resilience to changing market environment • Seamless operations and continued efforts on sustainability
Product innovation	• Falling behind global peers • Increased cost of manufacturing	• Development of new products in various geographies • Brand Image • Increased efficiency and cost savings
Risk management	• Dynamic regulatory landscape • Evolving market scenario	• Adherence to all the relevant laws • Increased resilience to changing market environment

The Global Risks Report (2021) published by the World Economic Forum (WEF) lists extreme weather, climate action failure, biodiversity loss and livelihood crises among the top ten risks, both in terms of likelihood as well as impact.

We are conscious of the implications of the risks in our value chain.

We hope to create

- ✓ *a resilient planet, happier communities by leveraging upon sustainability driven innovation*
- ✓ *a positive impact on planet, people, products*
- ✓ *truly sustainable products, regenerate ecosystems, and uplift communities*

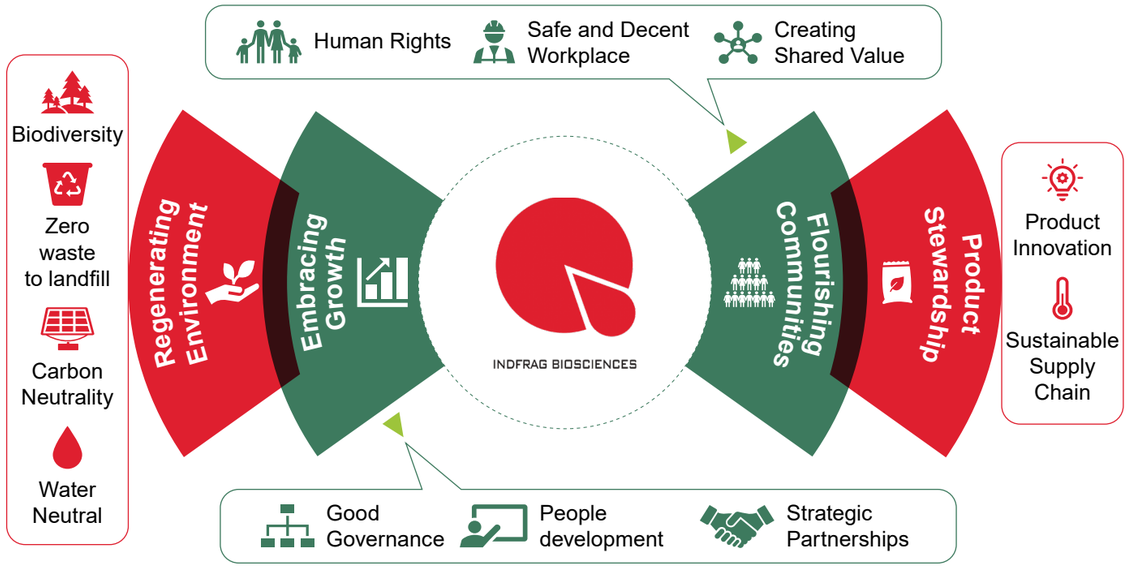
Our Approach

In FY 2020 – 21, we articulated and formalized our sustainability strategy, which rests on 4 pillars:

- Regenerating Environment
- Embracing Growth
- Flourishing Communities
- Product Stewardship

These pillars support 12 focus areas which in turn align with the material issues identified for our Company.

Sustainability Framework



Regenerating Environment:

At IndBio, we continue to emphasize access to safe water and a clean environment through measures towards zero liquid discharge from our manufacturing facility. We are also working towards becoming water neutral in the coming years.

We have taken steps to preserve biodiversity in the procurement process and through afforestation initiatives at our operations in India and Madagascar. These measures will also support our efforts in offsetting our carbon emissions.

Two of our key initiatives, the Centella Asiatica and Boswellia Serrata programs, have contributed significantly towards reducing our emissions.

At IndBio, we constantly engage with customers to decarbonise our operations. In this process, we have procured carbon offsets and have mitigated emissions towards our goal of achieving carbon neutrality by 2025.

Embracing Growth:

As we implement our sustainability strategy, we will continue to focus on human rights and sustainability compliance in line with relevant industry regulations and best practices. We ensure that the needs of our employees and local communities are respected and we strive to create a workplace that is safe and decent and create shared value for IndBio as well as for those associated with us.

Over the years we have developed strong alliances with international organizations such as Fairtrade and Union for Ethical Bio Trade (UEBT), which have supported us to enhance adherence to globally established ethical industry practices. Aligning our sustainability approach with that of our customers has strengthened mutual trust as well as the growth trajectory of our business.

Flourishing Communities:

We promote employee wellbeing through a range of benefits and policies such as the Environment Health and Safety (EHS) policy as well as training and development programs. Our emphasis on people's wellbeing will continue to be reinforced as we move ahead towards a sustainable future. IndBio's EHS policy has been developed in line with existing best practices in the industry, thereby enhancing safety standards at our facilities. Further, Human Rights issues will receive increased attention with appropriate public disclosure of our policy and trainings to sensitize our stakeholders on their importance.

Each focus area comprises of multiple well-defined and actionable goals, that we are working to fulfil by 2025.

Sustainability Goals for 2025

People Development
Employee Wellbeing

Water Neutral

Good Governance
Integrity, fairness, ethical standards

Supply Chain
Suppliers in line with Indfrag's supply-chain policies

Sustainability Oriented
Product Innovation

Health & Safety
Zero loss time injury and fatality

Biodiversity
Strive towards conservation of natural ecosystems

Strategic Partnerships

Human Rights
Zero non-compliance

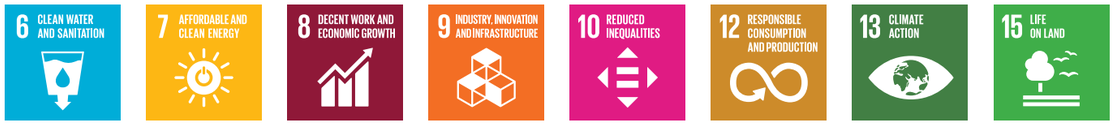
Waste
Zero Waste to Landfill

Carbon Neutral by 2025

Creating Shared Value
Integrate goals with regenerating the environment

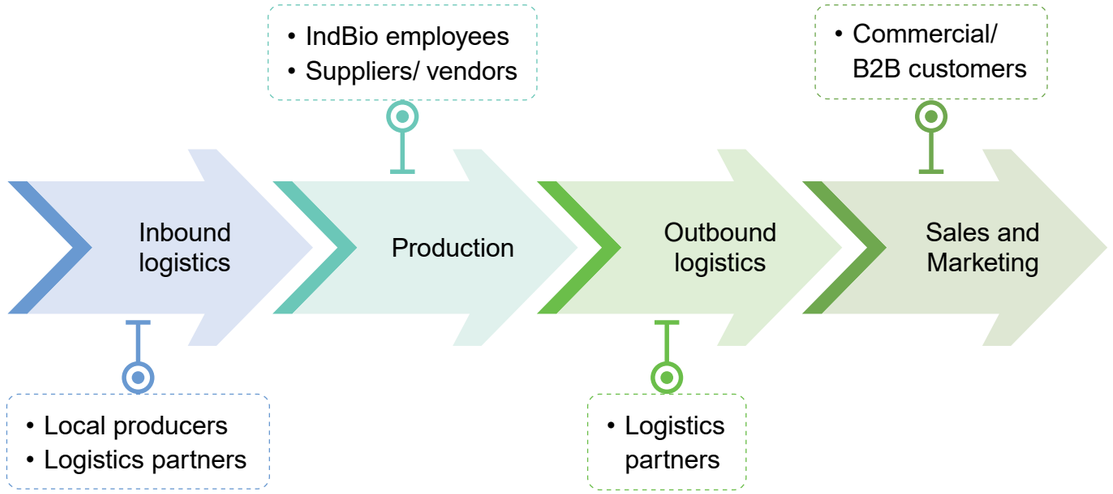
These goals further align with several of the United Nations Sustainability Goals (SDGs). Also known as the Global Goals, the SDGs are a set of 17 goals, designed to be a "blueprint to achieve a better and more sustainable future for all". Adopted by all UN Member States in 2015, the SDGs represent a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. For organizations, they constitute a comprehensive framework to align and deliver long-term sustainable value to the business as well as the entire ecosystem it operates in.

We are working towards fulfilling our sustainability goals across 12 focus areas that enables us to address the following SDGs.



INDFRAG BIOSCIENCES - **SUSTAINABILITY IN ACTION**

While the impacts of climate change are visible more than ever, we are conscious of the importance of building capacity among our supply partners, enhancing supply chain resilience and ensuring raw material security.



We work with over 50 suppliers spanning 7 countries and source the bulk of our raw materials from those who work on plantations and forests in India and Madagascar. These suppliers are local to the areas where the raw material is grown, and it is a priority for us to strengthen our relationship with them by improving the quality of their lives.

Total Number of Suppliers and Local Suppliers, FY 2020 – 21

Number of Suppliers	FY 2019-20	FY 2020-21
Total Suppliers	50	55
Local Suppliers	41	42

The local suppliers have been trained in improved harvesting practices which have resulted in higher yields, lower waste, and extended life of plants for multiple cycles of procurement. These initiatives have not only resulted in strengthening raw material security but have also deepened suppliers' commitment to continue to engage with IndBio and to support our sustainability objectives such as reducing GHG emissions in the supply chain.

Together with our program partners in Madagascar, we have set up a traceability system that enables 100% traceability of the raw material in the supply chain. This is accompanied by a local monitoring system as well as training producers for adherence to traceability requirements such as good collection practices.

Our Ethical Sourcing and Biodiversity Policy guides the Company to engage with suppliers who demonstrate adherence with local/national regulatory requirements and awareness of the impact of their operations on the environment and social ecosystem.

Additionally, all our supplier agreements are accompanied by a Signed Letter of Commitment that aligns their business conduct with our polices of:

- Prohibition of Child Labour and Forced Labour
- Environment, Health and Safety
- Freedom of Association and Right to Collective Bargaining

This commitment also encompasses participation in biodiversity management and conservation programs, non-discrimination, minimum wages, and good working conditions among other aspects.

In the coming months, we plan to further develop our Ethical Sourcing Policy and formulate a Supplier Code of Conduct.

Case Study: Centella Asiatica Sustainable Supply Chain Program

IndBio is the largest producer of Centella Asiatica in India and we source the key ingredient for Centella from local producers in Madagascar. Centella is critical to our business as it accounts for about 88% of the Company's cosmetic division. This business reality, combined with the need to align our sustainability goals with those of our key customers, naturally focused our attention to securing the Centella Asiatica supply chain and enhancing its sustainability.

Funded by IndBio and designed by Union for Ethical Bio -Trade (UEBT), the Centella project commenced in 2016 with a baseline survey, conducted in collaboration with UEBT. This study identified several areas in which local producer communities required to be supported in order for us to meet our objective of securing the supply chain and strengthening its sustainability. Along with a commitment to new and sustainable business practices, the program also focused on improving the quality of their lives and working conditions.

Thus, we identified 3 broad domains for the project's initiatives:

1. Addressal of wage Issues:

As part of the program, we pay a higher price per kilogram of Centella raw material procured to match the minimum wages prescribed by the Government of Madagascar. The project has attracted women into its ambit and enabled them to earn livelihoods. This in turn not only empowers them but also holds the potential for community development.

2. Training in Sustainable Procurement:

Training programs were designed and delivered to improve adoption of efficient and sustainable procurement methods and to generate awareness of good working practices among local producers and suppliers.

3. Addressing Community level challenges:

Together with local communities, we identified 2 major challenges faced by the communities and those were access to school education and appropriate nutrition. Collaboratively with our project partners, we have implemented plans that will see IndBio support 4,200 children access school education, train 100 teachers and develop infrastructure for 5 schools by 2022. Additionally, producers are trained in growing vegetable gardens that will impact the nutritional intake of over 1,000 people.

With their socio-economic challenges addressed, local producers and suppliers in Madagascar have demonstrated strengthened commitment to the project. This has resulted in all concerned parties coming together and taking action on climate change and preserving biodiversity, thereby ensuring a sustainable supply chain for Centella. It is noteworthy, that several of the new practices implemented have emanated from the expertise and experience of the local community.

The project has implemented changes at various stages of procurement.

At the harvest stage, the entire Centella plant is no longer uprooted, and only the leaves are harvested. This extends the life of the plant for future procurement cycles and preserves biodiversity. The weight of raw material and waste from uprooting the irrelevant parts of the plant has also decreased, resulting in a decrease in emissions from the upstream transportation of this plant.

At storage stage, the standard open warehousing model has been replaced by a sheltered and localized model. This has minimized product deterioration and wastage owing to the raw material's water sensitivity. It has also reduced the weight of raw material transported by the supplier.

At the supply end, we have installed compression machines which have made the packaging more efficient. Consequently, the space taken by raw materials in shipping containers has reduced and fewer GHGs are emitted in downstream transportation.

The amended harvesting practices have doubled the active principal content of Centella Asiatica product from 4% to 8%. A lifecycle analysis was conducted in 2018 to assess the impact of this outcome. The findings showed that owing to improved quality, the quantity of raw material required had reduced by about 65% per kg of output. This in turn has reduced the GHG emissions from procurement, transportation, and extraction.

In less than 5 years, we have achieved our target of reducing Scope 1, 2 and 3 GHG emissions (CO_2e metric tons) per 1 kg of Centella Asiatica by 50%. The lifecycle analysis also revealed that our revised processes consume ~70% less water, less fuel, and less electricity per kg of output compared to the earlier processes. As of today, we continue to implement these procurement practices to obtain a larger volume of the Centella Asiatica raw material. Encouraged by the positive results so far, the initiative has been extended for another three years from 2019-20 to 2022-23.

Case Study: Boswellia Serrata Sustainable Supply Chain Program

Boswellia Serrata, a gum-based plant extract, comprises of a high share of the raw materials we use; hence the sustainability of this supply chain is crucial to IndBio. During our engagement with tribal communities who produce the raw material in Madhya Pradesh India, we realized that, owing to a lack of knowledge about prices, fair trade practices and good working conditions, their livelihoods were often jeopardized.

Therefore, the Boswellia Serrata Sustainable Supply Chain Program was formulated in 2018. Since its inception, we have supported the community of producers to set up a certified producer company that ensures producers are able to command and receive higher prices for supplying Boswellia Serrata. Starting with 10 members, the Gwalior Boswellia Serrata Producer Company Limited comprises of 450 members today.

Together with Fairtrade NAPP, IndBio has implemented Fairtrade practices that ensures that local communities not only receive fair remuneration, but that they also have access to a decent quality of life. Above minimum price, the members receive 15% premium on each order which is an extra income for them and can also be utilized for socio-economic development in the villages.

Strengthening the sustainability of the supply chain of Boswellia Serrata is the overarching objective of this program. In collaboration with Fairtrade NAPP, we have designed a sustainable procurement workflow and have trained over 400 producers in sustainable procurement practices and conservation of biodiversity. These include adjustments to the time of harvest and other sustainable practices. These new methods were implemented in collaboration with Fairtrade International, which certifies our supply chain for Boswellia Serrata.

As a result of the new methods and consistent training of producers over the past 2 years, we have seen the raw material yield increase by 6-7%. In turn, this increase has reduced the raw material required per kg of output by 28% leading to 16% reduction in GHG emissions from transportation in a single year.

This initiative not only addresses the imperative need to take action against climate change, but also enables the conservation of biodiversity and improves lives of the producers.

IndBio's governance is overseen by the Board of Directors comprising 3 whole time Directors, with final oversight for the Company's strategic development and operations resting with the MD.

We work consistently addressing the needs of our customers, who are key to the growth of the organization. Further, through Corporate Social Responsibility (CSR) initiatives, we endeavour to enhance access to healthcare and education for less privileged communities.

Policy Framework

The Board of Directors of the Company have approved various policies including the following to ensure ethical and lawful behaviour and integrity of the organization.

Environment and Health (EHS) Policy:

Our EHS policy emphasizes safe working conditions for all our employees and supply partners. With respect to the environment, we make continuous efforts to minimize the carbon and environmental footprints of our operations.

Equal Opportunity Employer Policy:

We are an equal opportunity employer and ensure the absence of discrimination in any form for our work force and the communities we work with to obtain supplies.

Anti-Sexual Harassment Policy:

IndBio is committed to providing a safe work environment for all its employees and takes a strong view of any form of harassment including sexual harassment. The Company's policy in this regard extends to all employees regardless of gender and any other basis of harassment.

Human Rights Policy:

We mandate that all professional interactions among employees and with all associates, business partners and other stakeholders of the Company be conducted fairly, with respect and maintain the dignity of all concerned.

Prohibition of Child Labour and Forced Labour Policy:

This policy ensures that the Company does not directly or indirectly employ or engage with persons below the age of 18 and those forced into labour for any of its business activities.

Freedom of Association Policy:

This policy ensures that IndBio personnel have the freedom to legally form themselves into unions and interest groups, and that they are not discriminated against for asserting this choice.

Ethical Sourcing and Biodiversity Policy:

This policy ensures IndBio buys raw materials from suppliers who comply with the regulations applicable in their area/country of operations. Further it requires that IndBio's supply partners take steps to minimize the adverse impact of their operations on the environment and the communities they work with.

Corporate Social Responsibility (CSR) Policy:

This policy represents IndBio's sustained commitment to the socio - economic development of communities within and outside the areas of our operations and to environmental preservation.

Anti-Bribery Policy:

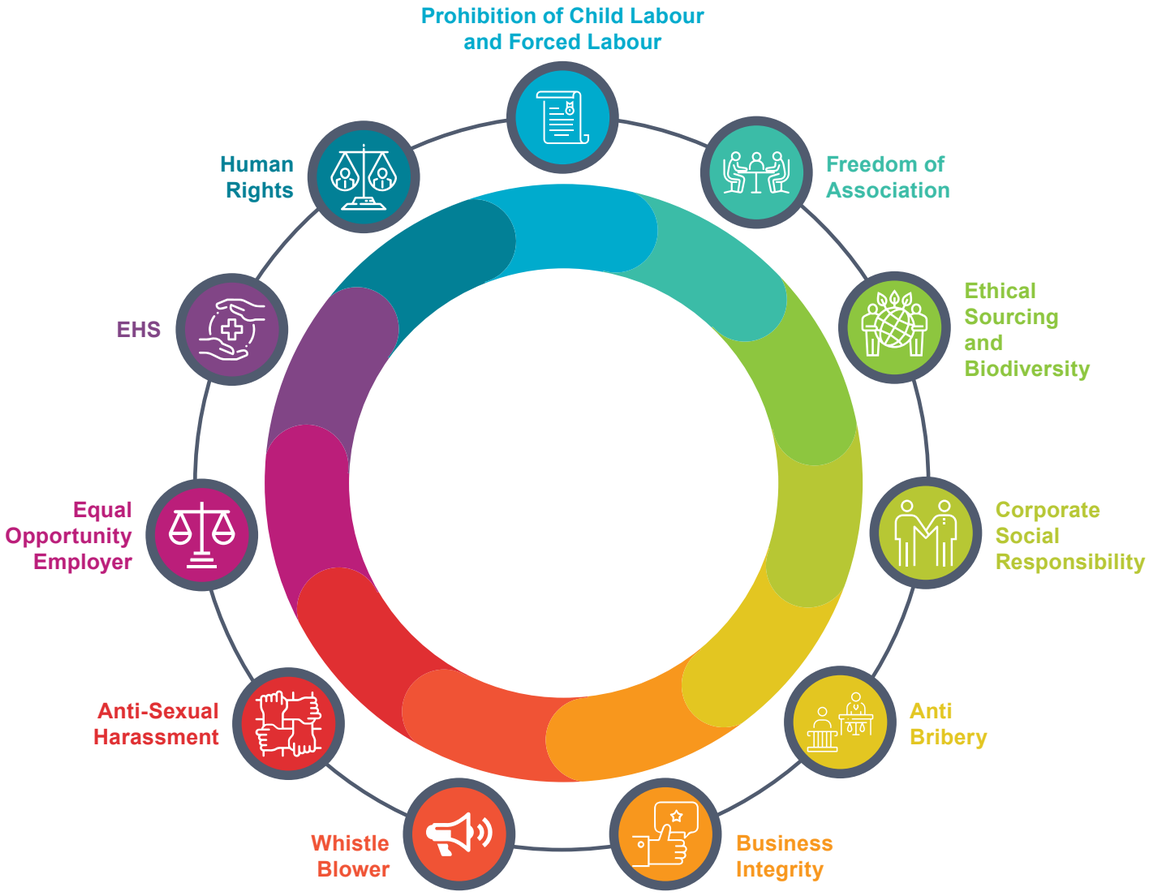
In all our professional interactions, whether of IndBio personnel or those who act on our behalf, we are committed to conducting a business, free of bribery and corruption, in all geographical areas of our operations.

Business Integrity Policy:

This policy represents our commitment to ensure all business conducted by IndBio's personnel and those who act on our behalf, is done in a manner that is honest, fair and in compliance with legal requirements of the land.

Whistle Blower Policy:

This comprises of guidelines and procedures for any stakeholder to report the actual or suspected violation of ethical business practices in the course of IndBio's business.



07

Environmental Performance

We understand the need for sustainable manufacturing processes and have initiated steps to embed sustainability in our operations.

We have aligned our environmental activities and performance to the following SDGs.

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

7.1

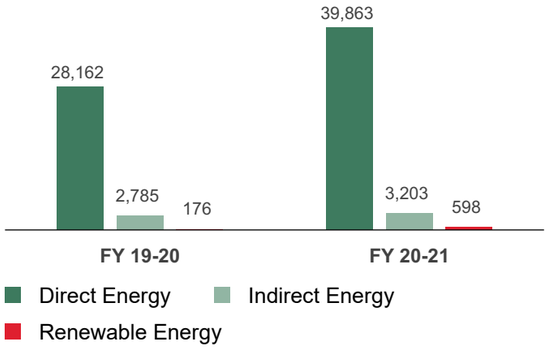
Energy

GRI 302-1, 3, 4; GRI 103-1,2,3

IndBio's efforts to reduce energy emissions began in 2014. We have implemented several initiatives, including the installation of solar panels to decrease reliance on purchased conventional energy. In FY 2020-21, 56% of the electricity consumed at the Head Office was generated by the solar power panels while 44% comprised of grid electricity.

In 2018-19, we conducted a life cycle analysis for Centella Asiatica. The life cycle analysis for Centella Asiatica revealed an opportunity for us to reduce GHG emissions by decreasing the use of conventional energy in the production process. Having transitioned to renewable energy at the Head Office, we decided to do the same at our manufacturing facility. IndBio has partnered with a third-party vendor to supply solar power to our facility via an open access arrangement.

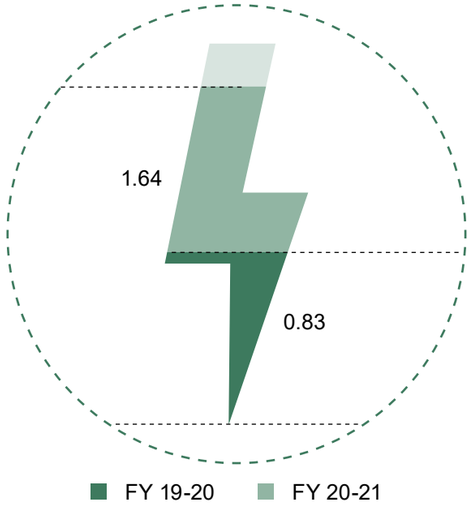
We aim for dual targets – first, to obtain 80% of energy consumed from renewable sources by 2022 and second, to transition to zero emission electricity sources by 2024 – 25.



Energy Intensity

Compared to FY 2019 – 2020, energy intensity has increased, due to an increase in the raw material processed, thus leading to higher energy consumption and production.

Energy Intensity (GJ/kg)



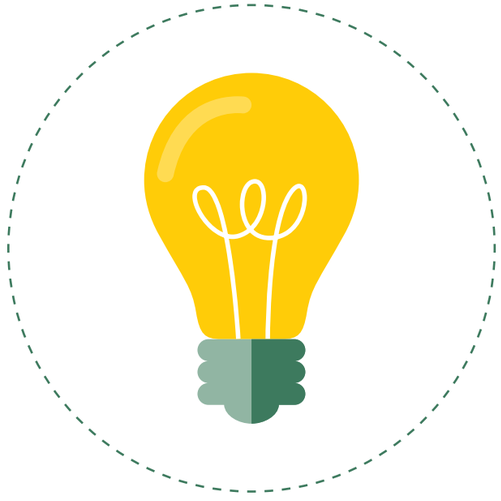
Reduction of energy consumption

To meet our energy efficiency targets, we installed air and water pre – heaters at our manufacturing facility. These have delivered the desired outcomes; namely lower emissions, and savings on purchase of electricity and firewood (which is used as fuel in the production process).

In FY 2020 - 2021, these measures enabled savings of 5% in electricity and 10% in firewood consumption, in comparison to the previous year.

Energy Savings

1,68,648
Firewood
(kg)



38,686
Electricity
(kWh)

Case Study:

Installation of air and water pre-heaters for efficient energy consumption

The objective of reducing GHG emissions plays an integral role in our sustainability journey.

The consumption of fossil fuel-based electricity is a major contributor to emissions in our business. Thus, to reduce emissions, we needed to reduce our energy consumption at our manufacturing facility in Hosur. This was achieved by installing air and water pre-heaters that made the production process more energy efficient.

As a result, our energy consumption reduced by 5% and with it, the GHG emissions decreased as well. Additionally, our consumption of firewood fell by 10%, which helped reduce Biogenic emissions. This initiative also led to an improvement in our operational costs.

Emissions

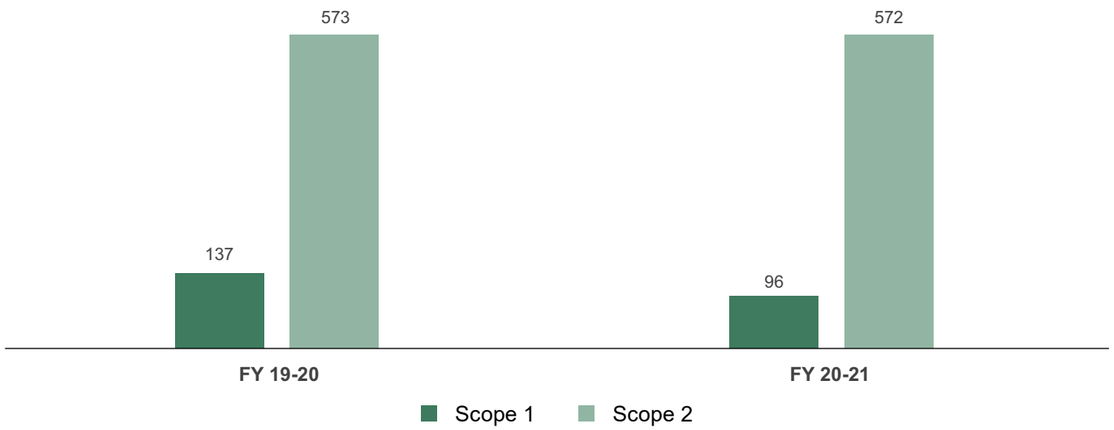
IndBio's emissions at the manufacturing facility and Head Office are assessed using internationally established methods, namely, IPCC Guidelines for National Greenhouse Gas Inventories, 2006, and The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Through various initiatives like the use of renewable energy, implementation of energy efficiency measures and the procurement of Verified Emissions Reductions (VERs), we have achieved carbon neutrality for FY 2020-2021.

According to the GHG Protocol, Scope 1 emissions are those that occur from sources owned or controlled by the organization. Scope 2 emissions comprises of those that occur from the generation of purchased energy. The GHG protocol also defines a third category of emissions, namely, Scope 3.

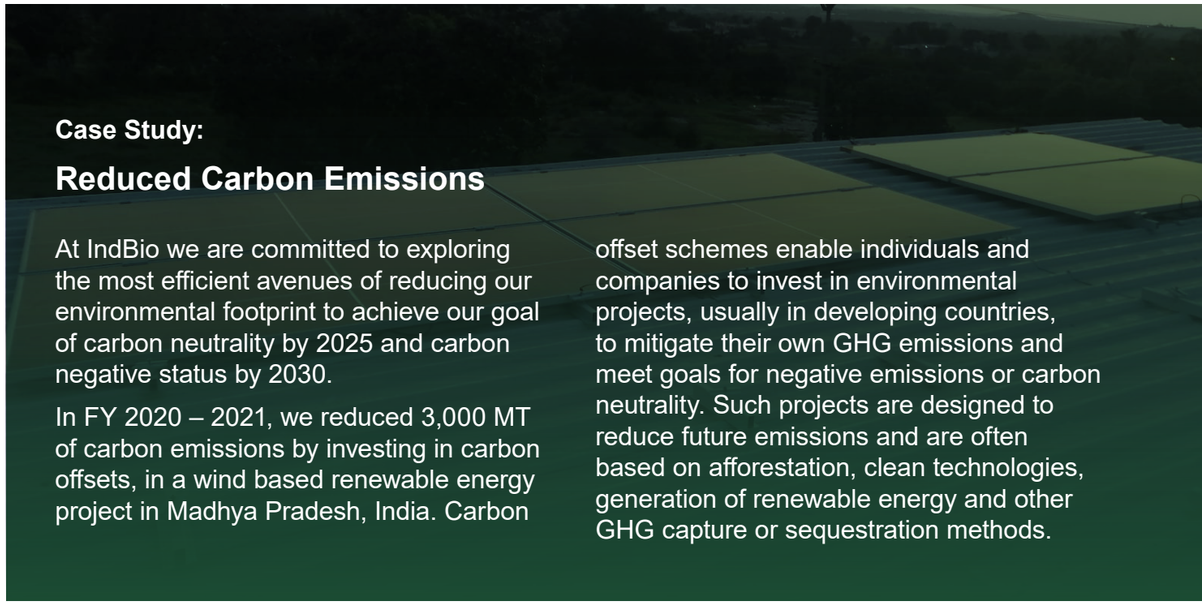
Our carbon footprint accounting so far comprises Scope 1 and Scope 2 emissions. In FY 2020 - 2021, we have included Scope 3 emissions as well. With respect to Scope 1 and 2 emissions, the GHG source is identified based on the type of fuel processed at our facility. These include diesel and firewood, used for electricity and steam generation in the manufacturing facility respectively. For Scope 3 emissions, we have considered upstream transportation of raw materials, downstream transportation of finished products, employee commute, and purchased goods and services.

In other efforts, to further reduce emissions, we now use electric vehicles to transport goods within the facility.

GHG Emissions



Carbon Neutrality



Case Study:

Reduced Carbon Emissions

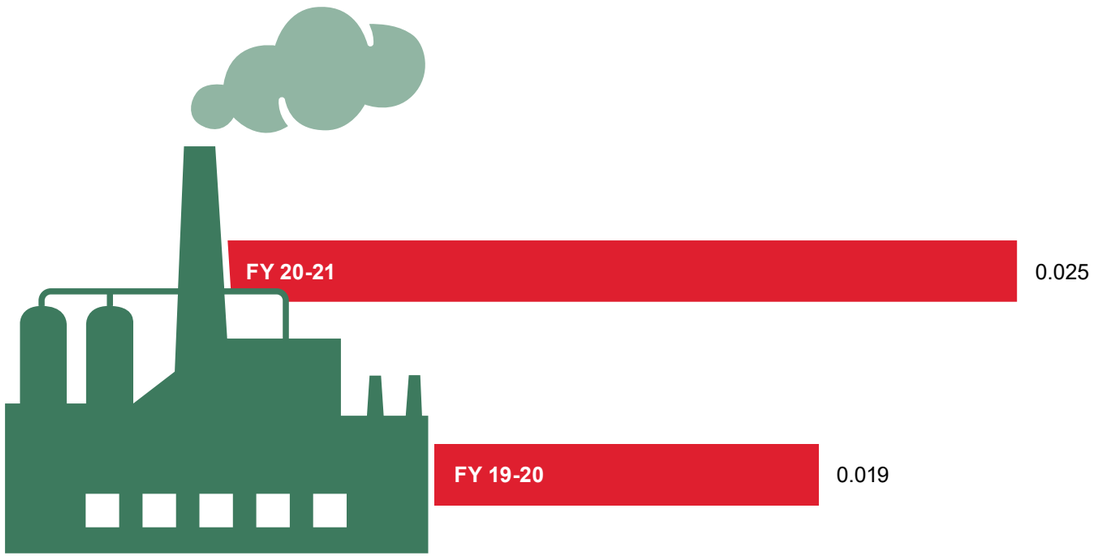
At IndBio we are committed to exploring the most efficient avenues of reducing our environmental footprint to achieve our goal of carbon neutrality by 2025 and carbon negative status by 2030.

In FY 2020 – 2021, we reduced 3,000 MT of carbon emissions by investing in carbon offsets, in a wind based renewable energy project in Madhya Pradesh, India. Carbon offset schemes enable individuals and companies to invest in environmental projects, usually in developing countries, to mitigate their own GHG emissions and meet goals for negative emissions or carbon neutrality. Such projects are designed to reduce future emissions and are often based on afforestation, clean technologies, generation of renewable energy and other GHG capture or sequestration methods.

Emission Intensity

Relative to FY 2019-20, we have seen a 30% increase in emissions intensity in FY 2020 -21, due to higher production levels.

Emissions Intensity (tCO_2e/kg)



7.2

Water

The Composite Water Management Index (CWMI) report, released by Niti Aayog in 2018, states that about 60 crore Indians face high to extreme water stress as over 40% of annually available surface water is used every year. It is estimated that by 2050, this situation of water stress will become even more dire as demand will outstrip supply.

We at IndBio, are aware of the need to take steps to conserve this precious resource for the sustenance of our business as well as people around us. Our manufacturing facility is located in Hosur, a water stressed area. Using the World Resources Institute's Aqueduct tool, we have assessed water risk such as drought and contamination and have put in place processes to minimize the contamination of local water supply.

We comply with the requirements of the Tamil Nadu Pollution Control Board and river basin management authorities. We also maintain regular communication with water utilities whose actions can not only affect the quality of water but also disrupt the functioning of our facility. With the help of regular dialogue, we can assess the risks involved and plan for their mitigation.

Water Withdrawal

The total volume of water consumed at our facility is verified by Bio Safe Analytic Systems, who also help to measure the quality of wastewater generated and the quantities recycled/reused. Looking ahead, we believe that the measures already in place, will further reduce the quantities of wastewater produced in the manufacturing facility.

7.3

Waste

At IndBio, we view waste as a resource. In this spirit, we use pest wood (classified by the State Government) as fuel for boilers and the organic waste generated is sold to local farmers as manure. Thus, not only do we use this waste constructively, but we also contribute to disposing waste in a relatively sustainable manner.

Among the other initiatives, the technique used to harvest centella asiatica by picking only the leaves, instead of uprooting the entire

[1]. https://www.business-standard.com/article/current-affairs/40-of-indians-will-have-no-access-to-drinking-water-by-2030-niti-aayog-118062500074_1.html

plant which was done earlier, has reduced waste generated from the remains of the raw material.

The application of Green Chemistry principles is foreseen to reduce the quantity of effluent generated in the production process, thus contributing to reduced waste at IndBio's facility. We have applied these principles successfully by reusing solvents, recycling metal scrap and repurposing boiler ash and solid waste from production to create fertilizers.

To manage liquid waste at the manufacturing facility and to prevent its discharge into the external environment, we have installed a combination of multi-effect evaporator and an agitated thin film dryer that circulates liquid waste within the facility's machines and eventually releases it as solid waste, which is sold as manure.

Case Study:

Mitigating a Transitional Risk in Waste Management

In FY 2020 - 2021, we initiated the process of mitigating a transitional risk which stemmed from an emerging regulation requiring us to ensure a Zero Waste Discharge manufacturing facility. All liquid waste or effluents will be recycled or reused within the facility and eventually released as vapor, while solid wastes are to be used as fuels.

A cost-benefit analysis for one year showed the cost of this risk to be high and detrimental to the revenues of IndBio's cosmetics division. We formulated a plan to invest in and install the systems necessary for compliance, and in turn mitigated a substantial risk for the Company.

The risk mitigation plan was strategized by IndBio's MD and COO with the active involvement of the Heads of the Production and Finance departments and our Sustainability Manager. While the COO assumed responsibility for financial approvals, the implementation of the plan was managed by the Sustainability Manager in collaboration with the Production and Finance Heads.

We have planned to install a combination of multi-effect evaporator and an agitated thin film dryer to circulate wastewater within the facility's machines, which will eventually be released as vapor. Although the initiative increased the cost of energy and effluent treatment, the production process is now more environment friendly. Importantly, it has enabled us to take a step forward in embedding sustainable practices in our business.

Case Study:

Recycling of Wastewater

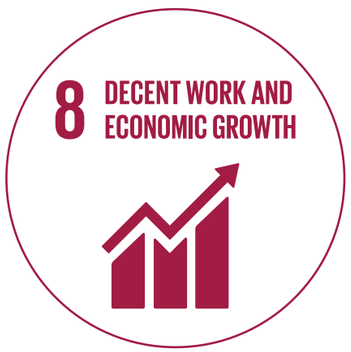
The emerging regulatory requirements to maintain a Zero Waste Discharge (ZLD) facility, combined with the need to ensure sustained supplies of clean water for our operations and the communities around us motivated us to consider a ZLD system for our facility in Hosur.

We have opted for a ZLD system which combines a Multiple Effect Evaporator and an Agitated Thin Film Dryer. We installed a model with capacity of 30 KLPD through which 95% of water is recovered and is of a completely reusable quality. The remaining wastewater runs through the machines in the facility and is eventually released as vapor.

08

Social Performance

At IndBio, we aim to foster a work environment that is equal, flexible, fair, and progressive, which promotes the wellbeing of our employees, maintains diversity and nurtures them into better professionals. We have aligned our social performance to the below mentioned SDGs.



8.1

Workforce

It is important for us at IndBio to be aligned with our approach, for the development of our organisation. We believe that, to receive commitment from our employees and those we collaborate within the supply chain, we must first ensure that their needs are addressed.

We strive to create good working conditions for our supply associates as well as IndBio's contractual staff and employees. We are moving from minimum to living wages, as well as bonuses to our facility workers, based on performance and years of service. Employees' remuneration also includes an incentive for performance with respect to sustainability and climate action activities. These include emissions reduction, environmental criteria incorporated in purchase decisions, Company's performance with respect to climate related sustainability indices.

As of 21st March 2021, IndBio has a total workforce of 116, across the Head Office in Bangalore and at the manufacturing facility in Hosur. Out of the total, 76 are full time employees and 40 are contractual staff. While women currently account for 6% of our total workforce, we are committed to enhancing the organization's gender representation as we strive to be a truly sustainable company.

In the last financial year, we hired 37 new employees including 25% representation of women. A majority of the new hires are young professionals and recent entrants in the workforce who have set out to contribute to the nation's economy with their skills and efforts.

An organization's rate of employee retention is closely linked to their levels of satisfaction. This is the outcome of several factors, such as good working conditions, remuneration, training and development and growth opportunities, to name a few.

8.2

Training and Education

We emphasize skill development and have, over the years, established a robust training framework for everyone at IndBio. The training delivered is differentiated by level of skill, and addresses Managers and Support teams (housekeeping, maintenance, among others). For all groups, the training comprises of 3 modules, namely:

- Induction training: for new employees which aims to familiarize them with the company's business, systems, processes etc.
- On the job training: these are long term programs, designed by the Head of each department
- Classroom training: This program aims to familiarize employees with technical concepts.

Participation records are maintained and feedback for each type of training is collected from the employees. This enables the Department Heads to assess the effectiveness of the training and this forms the basis for the design of the training program in the following year.

Apart from the trainings above, we also provide external trainings for skill development and conduct awareness trainings for labour laws to enable our employees to be well informed of their requirements.

8.3

Occupational Health and Safety

Occupational Health and Safety and Our Environment, Health and Safety (EHS) policy represents our commitment to ensure a safe environment for our people as well as those who visit or live in the vicinity of our facility.

The EHS policy provides guidelines for action to prevent occupational injury or related illnesses. These actions have been incorporated into everyday operations, which includes the provision of first aid for all workers. We monitor these actions and conduct regular audits to ensure that the guidelines are in compliance and we take steps for improvement.

The production team receives a weekly health and safety training to ensure adherence to the safety protocols for hazardous waste management, use of protective equipment and other safety procedures. Our internal crisis management team designs and implements trainings for emergency preparedness for example, mock drills, firefighting and first aid response.

In the reporting year and the 3 years prior to it, we have not had any accidents or reports of work-related illnesses at our manufacturing facility.

Health and Safety at IndBio is overseen by our Health and Safety Committee comprising of the Plant Manager, Department Heads and the Sustainability Manager. The committee ensures that all occupational health and safety related issues are discussed and resolved jointly by management and non-management personnel.

As part of our sustainability strategy, we plan to reinforce our EHS policy with a view to ensure a safe work environment with sharply defined safety practices, geared towards no work-related accidents, injuries, and illnesses.


ADMINISTRATIVE

GHG	Greenhouse Gases
CSR	Corporate Social Responsibility
DJSI	Dow Jones Sustainability Indices
EHS	Environment, Health and Safety
GHG	Green House Gas
HACCP	Hazard Analysis and Critical Control Points
IPCC	Inter-Governmental Panel on Climate Change
ISO	International Organization for standardization
MSCI	Morgan Stanley Capital International
NAPP	National Association of Patent Practitioners
PCPC	Personal Care Products Council
SDG	Sustainable Development Goals
SASB	Sustainability Accounting Standards Board
TNEB	Tamil Nadu Electricity Board
UEBT	Union for Ethical Bio Trade
WEF	World Economic Forum

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